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1. Часопис “Економика” покренут је јула 1954. године и под називом “ Нишки привредни гласник” излазио је до јуна 1957. године, а као “Привредни гласник” до краја 1969. године. Назив “Наука и пракса” носио је закључно са бројем 1/1973. год. када добија назив “Економика” који и данас има.

2. Часопис су покренули Друштво економиста Ниша и Друштво инжењера и техничара Ниша (остало као издавач до краја 1964. године). Удружење књиговођа постаје издавач почев од броја 6-7/1958. године. Економски факултет у Нишу на основу своје одлуке броја 04-2021 од 26.12.1991. године постао је суиздавач “Економике”. Такође и Економски факултет у Приштини постао је суиздавач од 1992. године. Почев од 1992. године суиздавач “Економике” је и Друштво за маркетинг региона Ниш. Као суиздавач “Економике” фигурирали су у току 1990-1996. године и Фонд за научни рад општине Ниш, Завод за просторно и урбанистичко планирање Ниш и Корпорација Винер Брокер Ниш.

3. Републички секретариат за информације СР Србије својим Решењем бр. 651-126/73-02 од 27. новембра 1974. године усвојио је захтев “Економике” за упис у Регистар новина. Скупштина Друштва економиста Ниша на седници од 24. априла 1990. године статутарном одлуком потврдила је да “Економика” има статус правног лица. На седници Скупштине Друштва економиста Ниш од 11. новембра 1999. године донета је одлука да “Економика” отвори посебан жиро-рачун.

4. Према Мишљењу Републичког секретариата за културу СР Србије бр. 413-516/73-02 од 10. јула 1973. године и Министарства за науку и технологију Републике Србије бр. 541-03-363/94-02 од 30. јуна 1994. године “Економика” има статус научног и ранг националног часописа “Економика” је поћев од 1995. добила статус међународног економског часописа.

5. УРЕДНИЦИ: др Јован Петровић (1954-1958), Миодраг Филиповић (1958-1962), Благоје Матић (1962-1964), др Драгољуб Стојиљковић (1964-1967), др Миодраг Николић (1967-1973), др Драгољуб Симоновић (1973-1984), др Миодраг Јовановић (1984-3-4/1988) и др Драгољуб Симоновић (1990-до данас).

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1. The journal EKONOMIKA was initiated in July 1954. It was published as "Nis Economic Messenger" till June, 1957 and as "The Economic Messenger" till the end of 1969. The title "Science and Practice" it had till the issue 1/1973 when it changed its name into EKONOMIKA as it entitled today.

2. The Journal was initiated by the Society of Economists of Nis and the Society of Engineers and Technicians of Nis (the latter remained as the publisher till the end of 1964). The Society of Accountants became its publisher starting from the issue no. 6-7/1958. The Faculty of Economics, Nis, on the basis of its Resolution No. 04-2021 from December 26, 1991, became the co-publisher of EKONOMIKA. Likewise, the Faculty of Economics of Pristina became the co-publisher since in 1992. Starting from 1992, the co-publisher of EKONOMIKA has been the Society for Marketing of the Region of Nis. Other co-publishers of EKONOMIKA included, in the period 1990-1996, the Foundation for Scientific Work of the Municipality of Nis, the Institute for Spatial and Urban Planning of Nis and the Corporation Winner Broker, Nis.

3. The Republic Secretariat for Information of the Socialist Republic of Serbia, by its Resolution No. 651-126/73-02 from November, 27, 1974, approved of EKONOMIKA's requirement to be introduced into the Press Register. The Assembly of the Society of Economists of Nis, at its session on April 24, 1990, by its statutory resolution, confirmed the legal status of EKONOMIKA. At the session of the Assembly of the Society of Economists, Nis, on November 11, 1999, the resolution was adopted the EKONOMIKA was to open its own bank account.

4. According to the Opinion of the Republic Secretariat for Culture of the Socialist Republic of Serbia No. 413-516/73-02 from July 10, 1973 and the Ministry for Science and Technology of the Republic of Serbia No. 541-03-363/94-02 from June 30, 1994, EKONOMIKA has the status of a scientific and national journal. Starting from 1995, EKONOMIKA has been having the status of international economic journal.

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MARKETING KOMUNICIRANJE DOMAĆIH HOTELIJERSKIH ORGANIZACIJA⁴

Апстракт

У раду се истражују могућности, принципи и ефекти маркетинг комуникације у хотелијерству Србије. Сходно томе, у фокусу анализе су: трендови у хотелијерству и угоститељству Србије, правни оквир маркетинг комуникације, односи са јавношћу, директан маркетинг и промотивна продаја, као и менаџмент односа са корисницима услуга. Маркетинг комуникација у хотелијерству је посебна и прилагођена потребама туристичке делатности. У хотелима у којима је у потпуности примењен маркетинг концепт о корисницима услуга не брине само одељење за маркетинг већ сви запослени. Наиме, пословање хотела има за циљ успостављање односа са корисницима, повећање њиховог задовољења, промену структуре трошкова током времена, изградњу веће лојалности са корисницима, и на крају побољшање учинка тако што ће се повећати пословни приход хотела.

Кључне речи: маркетинг, комуникација, хотелијерство, угоститељство, корисници услуга.

JEL classification: M31, Z30, Z32.

MARKETING COMMUNICATION OF DOMESTIC HOTEL ORGANIZATIONS

Abstract

The paper examines the possibilities, principles and effects of marketing communication in the hotel industry in Serbia. Consequently, the focus on the analysis is: trends in hotel industry and catering for Serbia, legal framework for marketing communication, public relations, direct marketing and promotional sales, as well as

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management of relations with service users. Marketing communication with the hotel industry is special and adapted to the needs of the tourist industry. In hotels where the marketing concept of service users is fully implemented, not only is the marketing department concerned, but all employees. Namely, the hotel's business aims to establish relationships of between customers, increase their satisfaction, change the structure of costs of time, build greater loyalty to customers, and ultimately improve the performance by increasing the hotel's business income.

Key words: marketing, communication, hotel management, catering, service users.

Introduction

In the last decade of the last century, the tourist market has received extremely large dimensions and significance. It has become dominant in comparison with other markets of goods and services in the world. It includes domestic and international tourist movements, where international tourism is by its scale smaller in relation to domestic tourism. He, however, has a special significance, primarily because of the impact on the balance of payments of the country and the multiplier effects of the consumption of foreign tourists. Tourism today is at the turning point of its own development with the opening of completely new tendencies: health, religious, cultural tourism, shorter breaks in parts (Vukonjić, 1987). Observed from the perspective of consumers, the quality of services in tourism, i.e. its expectations, are growing and increasing every day (Stepanov et al, 2017).

From a marketing point of view, tourism is at a stage of maturity characterized by the saturation of the market with existing ways of meeting tourist needs (Cvijanović, 2014). Consequently, marketing is important to the hospitality industry, especially marketing communications. At present there is no institution that normally exists on a marketing department, and the importance of marketing is even growing day by day (Yurievna & Anatolyevna, 2017). In the literature there are numerous definitions according to which marketing is:

- Process of planning and executing the concept of prices, promotion and distribution of ideas, goods and services with the goal of achieving an exchange that meets individual and organizational goals (the definition of the American Marketing Association - AMA).
- A management process by which individuals and groups provide themselves with what they need and what they want through the creation and exchange of products and values with others (Kotler & Keller, 2006).
- A complete system of interconnected activities for planning, pricing, promotion and distribution of products and services that meet the needs of current and potential customers (Stenton, 1967).

According to these definitions, marketing is a set of activities that are used to guide the flow of products and services from the producer to the consumer (user, customer, and client) (Cvijanović et al, 2011). Marketing was created to solve the problems of production and producers when the supply was higher than demand, and the ultimate goal was the realization of the produced goods and the achievement of profit for the

company. Today, the essence of marketing consists in solving consumers' problems - faster and better than competition. Accordingly, it is rightly pointed out that “having a competitive advantage is the same as having a pistol in the fight against knives” (Kotler, 2003). How marketing has changed since its inception to date is also the fact that there is now two terms with the concept of marketing in the literature: 1. Business marketing relates to material goods, that is, products and services designed to solve some economic problem of man or organization; 2. Social marketing is focused on solving some non-economic problems of society related to the quality and safety of life (Kotler, 2003). According to the same source, in addition to some of the aforementioned, today are current: 1) Ecological marketing - which aims to preserve the environment, and then profit; 2) Intellectual marketing - involves the creation and sale of information. It does not apply to material goods, but to new values for people and societies; 3) Relational marketing - the central place takes the orientation to the relationships between the target groups i.e. the buyer / user is indirectly introduced into the organization, through a certain value chain.

Marketing is a process whose primary importance is reflected on the establishment of a communication flow between the producer and the buyer or consumer (Cvijanović et al, 2009). However, in the hospitality industry, the communication process is much more specific. Namely, communication refers not only to communication between partners but also within the hotel among staff, between staff and guests, between hotel companies and media, etc. Many hotel companies define the rules of conduct to the communication process so as not to make improvisation, which affects the entire process of communicating hotels and all stakeholders (Čerović, 2013).

Trends in hotel industry and catering in Serbia

According to the ministry responsible for tourism, by the end of 2015, the number of categorized facilities for accommodation of types of hotels (including garni and apart hotels), motels, pensions, tourist and apartment settlements (no private houses, rooms, rural tourist households, hunting villas and camps) amounted to 358 (Table 1). The number of accommodation units in these facilities reached a figure of 18,244, and the number of beds was 30,417. (Strategija razvoja turizma Republike Srbije za period 2016 – 2025).

Table 1: Capacities of categorized catering facilities for accommodation

Serial number	Type of catering facility for accommodation	Number of objects	Number of accommodation units	Number of beds
1	Hotels	339	17.687	29.392
2	Motels	11	249	426
3	Pensions [†]	3	78	122
4	Tourist and holiday resorts	5	230	477
	In total	358	18.244	30.417

Source: Tourism Development Strategy of the Republic of Serbia for the Period 2016-2025, Ministry of Trade, Tourism and Telecommunications, Belgrade, Government of the Republic of Serbia, November, 2016.

In a total number of catering facilities for accommodation in the Republic of Serbia, hotels have the largest share, both in number of facilities, and by number of accommodation units and beds. In the period from 2010 to 2015, the number of hotel accommodation facilities (including garners and apart hotels) increased from 251 to 339 (Table 2), or 36.1% (Strategija razvoja turizma Republike Srbije za period 2016 – 2025).

This growth was partly accompanied by an increase in the number of accommodation units, which in 2010 was 15,537, and in 2015, 17,687, which is an increase in 13.8%, while the number of beds in that period increased from 24,186 to 29,392, or 21.5%(Strategija razvoja turizma Republike Srbije za period 2016 – 2025).

Table 2: Number of hotels and accommodation capacities from 2010 to 2015

Years	Hotel number	Number of accommodation units	Number of beds
2010.	251	15.537	24.186
2011.	262	16.250	26.384
2012.	297	16.723	28.296
2013.	301	16.382	27.742
2014.	328	16.963	28.501
2015.	339	17.687	29.392

Source: Tourism Development Strategy of the Republic of Serbia for the Period 2016-2025, Ministry of Trade, Tourism and Telecommunications, Belgrade, Government of the Republic of Serbia, November, 2016, pp. 17;

The hotel market of Belgrade is the leading in the Republic of Serbia according to the achieved performances, since the largest number of accommodation facilities is concentrated in the territory of the city of Belgrade, which currently operates 86 hotels, of which 51 hotels, 34 garni hotels and one apartment hotel. Of the 21 newly opened facilities that were first categorized in 2015 in the Republic of Serbia, eight are located in Belgrade (Strategija razvoja turizma Republike Srbije za period 2016 – 2025). The total turnover of catering to the Republic of Serbia in 2016, at current prices, amounted to 72,243 billion rsd (Table 3) and was by 7.3% higher than in the previous year, while the value of fixed-price turnover was higher by 7.5%. The structure of catering services in 2016, observed by type of services, shows that the highest share of food and beverages (51.1%), followed by alcoholic and non-alcoholic beverages (26.8%), and overnight stays (19.6%) (Turizam i ugostiteljstvo, 2017). Chain indices of transport at constant prices ranged between 100.4 and 107.5 in the period 2013-2016 (Table 4).

Table 3: Basic indicators of Catering

	2013	2014	2015	2016
Turnover, in thousands of RSD	64,685,091	65,104,515	67,318,055	72,242,666
Beds	107,256	102,940	106,102	109,469
Turnover, in thousands of RSD ¹	55,249,090	55,166,002	56,198,655	60,430,695
Indexes, 2010 = 100				

Turnover	117.6	118.4	122.4	124.1
Beds	89.8	86.2	88.8	91.7
Turnover t ¹	100.4	100.3	102.2	109.9

¹) in 2010 prices;

Source: *Tourism and Hospitality, Statistical Yearbook of the Republic of Serbia 2017, RZS, Belgrade, p. 388;*

Table 4: Catering, 2013-2016

	Republic Serbia			
	Years	In total	Serbia – north	Serbia– south
Turnover, in thousands of RSD	2013	64,685,091	36,656,718	28,028,373
	2014	65,104,515	36,785,459	28,319,056
	2015	67,318,055	38,320,773	28,997,282
	2016	72,242,666	41,268,196	30,974,470
Chain indices traffic in current prices	2013	106.3	106.6	105.9
	2014	100.6	100.4	101.0
	2015	103.4	104.2	102.4
	2016	107.3	107.7	106.8
Turnover, in thousands of RSD ¹	2013	55,249,090	31,309,383	23,939,707
	2014	55,166,002	31,169,984	23,996,018
	2015	56,198,655	31,991,059	24,207,596
	2016	60,430,695	34,520,677	25,910,018
Chain indices traffic in current prices ²	2013	100.4	100.7	100.0
	2014	99.8	99.6	100.2
	2015	101.9	102.6	100.9
	2016	107.5	107.9	107.0

¹) in 2010 prices;

²) The calculation was made by deflating the turnover at current prices with the corresponding index of prices of catering services;

Source: *Tourism and Hospitality, Statistical Yearbook of the Republic of Serbia 2017, RZS, Belgrade, p388;*

The tourism sector in the Republic of Serbia is still largely dependent on travel to the main administrative centers. In June 2017, 109,000 tourist arrivals and 218,400 overnight stays were registered in the main administrative centers in the Republic of Serbia (Table 5). Also, the Danube region and mountain resorts, such as Kopaonik, Stara Planina and Zlatibor, are also becoming an important nucleus of development - predominantly through public sector initiatives in building competitiveness and destination management.

Table 5: Number of tourist arrivals and overnight stays by types of tourist resorts – thousands

Period	Republic of Serbia									
	Arrivals					Nights				
	Main administrative centers	Spa resorts	Mountain resorts	Other tourist resorts	Other resort	Main administrative centers	Spa resorts	Mountain resorts	Other tourist resorts	Other resort
2016										
VI	94,3	47,1	45,3	56,0	10,0	178,5	209,4	166,0	113,9	24,0
VII	99,8	67,9	46,5	60,5	12,8	197,2	313,3	191,4	135,2	28,6
VIII	100,5	86,1	48,0	65,6	23,3	188,2	380,3	192,7	151,0	60,8
IX	106,3	45,6	34,6	57,3	10,0	200,9	245,9	99,8	108,9	22,6
X	101,5	35,6	39,1	59,9	8,9	202,5	163,1	107,3	105,5	21,6
XI	80,8	23,6	26,2	40,4	6,5	165,6	104,2	74,4	83,3	18,0
XII	85,0	27,0	40,4	42,6	7,2	167,6	84,7	133,7	78,6	17,1
2017										
I	51,6	19,8	54,4	27,7	5,1	107,9	71,7	242,3	55,5	13,4
II	56,5	18,9	53,8	30,6	4,9	112,9	71,1	254,0	65,0	12,1
III	83,9	28,0	42,0	41,0	7,3	173,3	104,5	171,6	86,9	16,8
IV	102,1	39,4	46,5	67,2	9,6	205,1	148,0	151,5	117,1	20,4
V	121,1	47,4	59,8	85,7	11,9	235,4	194,6	195,6	145,0	26,9
VI	109,0	56,7	47,7	69,5	11,5	218,4	244,2	180,3	139,3	27,6
I-VI 2017										
I-VI 2016	113,6	109,8	105,8	115,5	112,7	115,4	105,1	105,9	109,9	115,8

Source: Monthly Statistical Bulletin, Republic Statistical Office of RS, Belgrade, 6/2017

Legal framework of marketing communication

Strategic decisions on marketing have far-reaching consequences of the company as a whole and for the management of specific functions, such as production, product development or financial control (Mihailović et al, 2008). Such decisions require a marketing research that aims to bring benefits to both the hotel and service users. However, despite these good intentions, there are four ethical dilemmas regarding marketing research: confronting privacy; Abuse of marketing research findings; compilation of competing information; using marketing research as an excuse for sale (Jobber & Fahy, 2006). The intricate nature of marketing research is detrimental to many consumers, whether people are asking questions about their age and income, stopping on the street where they are asked to participate in a personal test, or calling on the phone at an inconvenient time (Cvijanović & Mihailović, 2010).

Marketing ethics interests were formulated as marketing and advertising ethics, developed in 1937 by the International Chamber of Commerce (ICC). The content of these regulations is often changed and modified, gaining new and more powerful provisions (today the New Ethical Rules in Marketing Communications, adopted in 2006

in Paris). At the same time, efforts can also be made to develop and publish ethical rules in the field of marketing research, by the European Society for Marketing Research and Public Opinion (ESOMAR), 1948. The importance of marketing ethics has also led to the initiative of the American Marketing Society to adopt declarations relating to ethics in 2004, a declaration that relates to ethical rules and values that must be respected in the business, which at the same time serve as an instruction for the work of experts for marketing in their business and designing activities. According to this declaration, marketing professionals must adopt the highest ethical standards and values pertaining to professional practices, taking responsibility for consumers, employees, investors, media members, etc. It is about the standards of professional organizations and / or society, as well as the values that represent the collective attitude of the people on what is considered appropriate, desirable, important and just, from a moral point of view, and consequently serve as criteria for assessing the activities of others. The general rules contained in the declaration relate to the following aspects:

- *Workers in marketing should not harm anyone, which means that in practice they have to use what they know and what they have learned to bring added value of their organizations and consumers, by law and regulations, by adopting the highest ethical standards in the elections they make.*

- *Marketing workers must maintain confidence in the marketing system, which means they have to promote products so that they match the intended purpose of them. Communication with marketing should be formed so that products or services can not disappoint or deliberately deceive consumers.*

- *Marketing workers must transfer and practice in practice the basic ethical values that increase consumer confidence in the honesty of the marketing system.*

These basic values are goals that weigh and must include:

- *honesty (to be honest and correct in dealing with consumers, among which, among other things, are asked to offer products at the value expressed through marketing communications);*
- *responsibility (accept the consequences of marketing decisions and strategies, among other things, not abusing certain sensitive categories of markets, such as children, elderly or disabled people);*
- *equity (to provide a clear view of products during sales, as well as in commercials or other communications);*
- *respect (respect for the human dignity of all members of society);*
- *openness (transparency in marketing activities);*
- *respect for civic duties (meeting economic, legal, philanthropic and social responsibilities).*

In companies where the marketing concept of consumers is fully implemented, not only the marketing department but all employees are concerned, working with the awareness to work for consumers. Consumer commitment to these companies is particularly relevant to employees that are in direct contact with them (Mihailovic et al, 2011). In order to achieve this, the rules communicate simultaneously with consumers and advertisers, set clear standards that marketing communications must respect and a minimum level of consumer protection, so as to maximize confidence in the methods used.

Public Relations

A more favorable market positioning of the hotel can also be achieved through public relations (PR). Namely, public relations actions are aimed at creating a certain opinion on the public about the hotel and its services. In order to have a positive effect on the public opinion, the messages must be in accordance with the existing value system in the company or in the specific part of the public to which the message is addressed (Cvijanović et al, 2009). According to the same source, the audience interested in public relations is not only made up of existing and potential buyers, but also employees, cooperators, suppliers and the society as a whole. The correct or congenial image of the hotel directs and shapes the behavior of people as a service user. It is necessary to identify the strong and weak sides of the image and take appropriate and timely measures in order to maintain and adapt the image. However, the other instrument used in marketing communication and the controversial area that relates to a lower degree of ethics is precisely the relationship to the public. The first ethical controversy associated with public relations activities is whether the correct positive image of a company sent by the PR to the world is correct. Namely, the created picture is an impression, and this impression is the result of working with the public relations.

The importance of respecting ethics in public relations is emphasized in the content of the International Ethical Rules in Public Relations, adopted by the International Society for Public Relations (IPRA) in 1965, which were amended and amended in 1968. These are the rules by which, among other obligations, members of the association must properly inform the public, without omission and transformation of the truth, taking into account the interests in all parties.

Among the aims at PR activities, we count on creating and maintaining a favorable image of companies in the public, their products, and minimizing the negative impact on the public or another component of the external market environment, which is manifested in the way the company is displayed or in its business strategy. One of the most commonly used public relations techniques used by public relations professionals depending on what image they want to achieve is cooperation with the media (through announcements, press conferences, etc.).

Under media advertising, we mean commercial propaganda in a narrow or original sense. It is a form of mass communication with the public and consumers through local, national or global media (Rakita, 1999). This relationship is intensified in cases of unpredictable and crisis situations. For this reason, the main ethical problem with which these experts face is the way in which the ideas are presented to the public and the degree of their correctness and accuracy. Regardless of the situation in which public relations techniques are used (crisis situations or related to certain events of a positive significance, etc.), the public should not be manipulated in relation to certain events and business activities.

Direct marketing and promotional sales

Improving business performance of the company is impossible to achieve without knowing the market trends and activities expected from the marketing department (Mihailović et al, 2008). Marketing is not one promotion or appearance at a fair or sale -

it is already a process that lasts and encompasses marketing research, strategic marketing planning, defining goals, formulating a marketing strategy, developing a marketing mix, marketing analysis, controlling and auditing (Mihailović et al, 2011). The marketing program should contain an interactive marketing system that uses one or more media of propaganda in order to influence the market demand.

Specifically, it is about direct marketing, which is an effort to attract and maintain consumers based on a contact without an intermediary (Cvijanović et al, 2009). Due to the importance of communication, direct marketing and electronic communications are activities regulated internationally or in certain countries of the world (for example, European Direct Negotiated Rules of Directors, approved by the European Federation of Direct Sales Associations - FEDSA, 1995, Ethical Code of Conduct for sales activity in Romania, published by the Association for Direct Selling in Romania - RODSA, Code of Conduct in E-Commerce, etc.).

When marketing employees decides to organize a promotional sales campaign, they must take into account national standards of security, cultural differences, prejudices and suspicions, so as not to violate regulations in different countries. For example, in a campaign organized by a detergent manufacturer in Thailand, consumers were offered the chance to win a house if they found in the detergent boxes six gold coins. Rows were made in front of the detergent shop very quickly, and the customers spilled the contents of the boxes of the streets to find coins. Only five coins were found, but people continued to buy a detergent for a long time after the campaign ended, until the government intervened (Kotler et al, 1999).

The interest in achieving and maintaining high moral standards of marketing communications has led to the development and improvement in some declarations and rules, including ethical rules for marketing communications. Under these rules, marketing and marketing professionals need to devise their own activities in terms of expressing faith and respect for the public, responsibly and honestly, with care and consideration of the needs and characteristics of people, the environment and society.

Relationship management with service users

The very nature of the service in the first place emphasizes its quality. Hence, the issue of productivity growth appears to be very important to hotel management. It is necessary to achieve the goal of the business and at the same time to ensure the satisfaction from the guest. As known productivity is quantitatively expressed as a ratio derived from the relation between what has been achieved (the results) and what is invested. Although the tendency towards every business entity is to achieve as much productivity as possible, service equilibrium must strike a proper balance. This seems to be to ensure the satisfaction from guests. For example, if the same number of waiters serves a larger number of guests then productivity per employee is higher. However, the question is whether all the guests received the same quality of service, or whether they were satisfied went away from the restaurant. The quality of the service is of particular importance to the user and his decision to buy it. Therefore, the service firm must understand and determine what quality means for the service user (Cvijanović & Mihailović, 2010). In the twentieth century, a multidimensional character of service quality is often proposed (Parasumaran et al, 1991).

- The firm must first provide a reliable service, charge it accurately, store all purchase reports, and provide the service in a timely manner.
- *Healthiness* implies the willingness of employees to provide service. It refers to timelines, communication, quick response to user questions, quick appointment of a meeting, fast service, etc.
- *Expertise* depends on the possession of the necessary skills and knowledge in the provision of services, that is, the knowledge and skills of employees in the field of contact and those who work on technical support or research.
- *Accessibility* is reflected of accessibility and ease of contact.
- *Courtesy* is, above all, the attitude to employees towards the customers with respect, then their pronounced friendly attitude, smoothness, neat appearance, and with all this discreet smile that radiates confidence.
- *Communication* means that employees are informed on the subject of their interest in an understandable way and that they can listen to their remarks, comments, wishes, etc. It is especially important to identify communication barriers and define ways of overcoming them (Figure 1).

Figure 1: Communication barriers and ways of overcoming them

Barriers	Way of overcoming
Individual <ul style="list-style-type: none"> • Interpersonal dynamics • Channels and media • Semantics • Inconsistent mime 	<ul style="list-style-type: none"> • Active listening • Selection of adequate channels • Knowing others' views • Developing a formal contact
Organizational <ul style="list-style-type: none"> • Differences in status and power • Needs and goals of the department • Inadequacy of the task network communication • Lack of formal channels 	<ul style="list-style-type: none"> • Creating a climate of trust • Development and use of formal channels of communication • Adapting the organizational or structural group to the communication needs • Use of more formal and informal channels of communication

Source: Daft, R., Marcic, D. (1998): *Understanding Management*, Dryden Press, p. 497.

- *Credibility* is the result of trust, perseverance, honesty and service to the best interests of the users.
- *Security* is viewed as a lack of danger, risk or suspicion, that is, it implies physical safety during service, financial security, and confidentiality.
- *Understanding* and knowledge of the user is important for acquiring its impressions and satisfying the offer. For such an effect, efforts must be made to understand the needs of the users, that is, they must understand and accept the specific requirements of the users.
- *Material aspect*, as an element of quality of service, refers to the physical appearance of the building, the impression that leaves the employee, the tool and the equipment used in the provision of services, the physical representation of the service, the appearance and behavior of other users in the facility, etc.

Conclusion

Tourism today is one of the leading industries in many countries of the world. This is evidenced by statistical indicators, such as, for example, revenues earned by these countries on the basis of tourism, number of nights, etc. In the light of the rapid expansion of tourism, and especially in the second half of the twentieth century, the task and role of marketing should also be considered, and they must observe their mutual relationship. Perhaps the easiest thing to say is that marketing in tourism has the task of facilitating an easier process of exchanging with tourist demand and supply. In such conditions, the nature of the hotel services to emphasize its quality, and hence the issue of improving marketing communication appears to be very important to hotel management. Consequently, it is necessary to achieve the goal of the hotel business and at the same time to ensure the satisfaction from the users. Different factors such as scientific and technical progress, the development of transport means, the increase in the level of culture, education and the level of standards have led to various changes in tourism trends. The importance of hotel management is reflected on its close connection with a range of activities, such as: traffic, culture, health, politics... The size and structure of the population, economic potential, technological innovations, political and cultural movements are most often represented by factors influenced by the direction of the development of hotel industry in the following period. In such conditions the significance of marketing communication with the development of hotel industry in Serbia is enhanced.

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INTELLECTUAL CAPITAL IN THE THEORY OF THE FIRM³

Abstract

Intellectual capital has an inevitable role in the value creation process and represents significant determinant of the firms' market success. In the contemporary circumstances, firms achieve and sustain their competitive advantages by mobilising and profitably exploiting intellectual resources. Therefore, the aim of this paper is to overview the evolutionary process of intellectual capital through theoretical examinations of different theories. The first notion of intellectual capital is connected with the resource-based view, then the dynamic capabilities and finally, the knowledge-based approach. The paper points toward increased importance of intellectual capital in contemporary circumstances.

Key words: *intellectual capital, theory of a firm, resource-based view, dynamic capabilities, knowledge-based view*

JEL classification: *D83, L25, O34*

ИНТЕЛЕКТУАЛНИ КАПИТАЛ У ТЕОРИЈИ ФИРМЕ

Апстракт

Интелектуални капитал има неизоставну улогу у процесу стварања вредности и представља значајну детерминанту тржишног успеха фирме. У савременим условима, фирме постижу и одржавају конкурентску предност мобилизовањем и профитабилним коришћењем интелектуалних ресурса. Отуда, циљ овог рада је да прикаже еволуциони процес интелектуалног капитала кроз теоријско испитивање различитих теорија. Први помен интелектуалног капитала је повезан са ресурсним приступом, затим са динамичким способностима и на крају, са приступом заснованим на знању. Рад указује на повећани значај интелектуалног капитала у савременим условима.

Кључне речи: *интелектуални капитал, теорија фирме, ресурсни приступ, динамичке способности, приступ заснован на знању*

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Introduction

One of the main research topics in the area of strategic management is to understand the source of sustainable competitive advantage of a firm. Starting from 1960s onwards, studies have mainly been structured on the basis of a single framework which implied that firms achieve sustainable competitive advantage by implementing strategies that use their own internal power (resources), through responding to the opportunities outside the firm, thereby neutralising external threats and avoiding internal weaknesses (Barney, 1991, p. 99).

Most of the research on sources of sustainable competitive advantage are focused on identifying opportunities and threats (Porter, 1980; 1985), describing the strengths and weaknesses (Penrose, 1959; Stinchcombe, 1965), or analysing their connection with the selected strategies. Although certain attention is paid to the internal analysis of organizational strengths and weaknesses, the primary focus of research in this period was directed towards the external analysis of opportunities and threats in a competitive environment (Barney, 1991, p. 100), and researchers aimed to describe the favourable background conditions that lead to achieving high business performance (Porter, 1980; 1985). Thus, for example, Porter's five forces model (Porter, 1980) identifies the characteristics of the attractive industries, hence suggesting that opportunities will be greater, and threats smaller in such industries.

Until the 1980s, mainstream managerial theories focused on the external environment of a firm (i.e. industry structure) as a basis for understanding the competitive advantages (Roos & Roos, 1997, p. 414). Within the strategic analysis of the external environment impact on the competitive position of a firm, little attention was paid to the influence of unique, specific characteristics of a firm on its competitive position. Specifically, these models of competitive advantages were based on two simple assumptions: 1) firms within the same industry (or strategic group) are identical in terms of strategically important resources that control and strategies that follow (Scherer, 1970; Porter, 1981; Rumelt, 1997); 2) in the case of the occurrence of heterogeneous resources in a particular industry or group, this heterogeneity will be short-term, because the resources that firms use in implementing their strategies are very mobile, i.e. they can be bought and sold in the production factor market (Barney, 1986; Hirshleifer, Glazer, & Hirshleifer, 2005). In other words, according to neoclassical economic theory, it was believed that resources are identically distributed within the industry and that are easily accessible by competing firms. Accordingly, the role of management was to come up with new, better ways to combine products and markets considering the bargaining power of suppliers and buyers, entry barriers and potential substitute technologies and/or product (Roos & Roos, 1997, p. 414). The key message of Porter's theory of competitive advantage was that the environment is more important for creating competitive advantage than actions inside the firm (Roos & Roos, 1997).

However, in the 1980s, this view was replaced with a new perspective - the resource-based theory of the firm. Based on some elements raised by Penrose in her work in 1950s (Penrose, 1959), the proponents of this theory believe that the competitive advantage cannot be only attained through different combinations of products and markets in a particular industry, but through the differences that exist in the combination of the different resources in the firm, where the resources are considered as strength or weakness of a certain firm (Wernerfelt, 1984, p. 172).

By further elaboration of these ideas, Barney (Barney, 1991) has developed four criteria for determining what kind of resources provide a sustainable competitive advantage:

1) value for the consumer; 2) rareness in comparison to the competition; 3. inability to imitate; and 4. sustainability. The only resource that seems to be able to meet such set of criteria is “knowledge”: invisible assets (Itami, 1987), the absorptive capacity (Cohen & Levinthal, 1990), core competencies (Prahalad & Hamel, 1990), strategic assets (Amit & Schoemaker, 1993), organizational skills (Zander & Kogut, 1995), intangible resources (Hall, 1992), organizational memory (Walsh & Ungson, 1991) and so on. For example, Itami (1987) considers the invisible assets as the most important resources in the production process, which are based on a free exchange of information, both within the company, as well as with the environment.

The next logical step of the researchers who tried to understand the nature of knowledge was the categorization of knowledge. Although there have been various proposals such as: embedded knowledge, encoded knowledge, procedural knowledge (Blackler, 1995; Lam, 2000), the most used distinction is on implicit and explicit knowledge (Polanyi, 1966). Further, there is a distinction in terms of individual and organizational explicit and implicit knowledge (Lam, 2000, p. 491; Krstić, 2014, p. 104).

Based on all this, it can be pointed out that research in the field of strategic management shifted its focus from studying the external environment or industry structure to the study of heterogeneous resources within the firm or its capabilities, competencies and knowledge as a source of sustainable competitive advantage. Therefore, the aim of the paper is to overview the evolutionary process of intellectual capital through the lens of various theories.

The paper is structured as follows. The introduction gives the brief overview of the subject of the paper. The first section is devoted to the intellectual capital theory. Afterwards, the resource-based theory, the dynamic capabilities theory, and the knowledge-based theory are overviewed. At the end, the conclusion sums up the main findings and points out the importance of intellectual capital within the different theoretical stands.

The Theory of Intellectual Capital

The theory of intellectual capital draws its roots from both management and macroeconomic theory. The intellectual capital theory is a new prominent theory which is based on the premise that, in the contemporary circumstances, intangible assets not disclosed in the balance sheet are very important for the firm’s operations, since they can significantly increase the value of assets or the market value of the firm (Kolaković, 2003, p. 925). This theory is based on the belief that the wealth of the firm depends on the human, structural and relational capital, and value is created by converting one form of capital into another form (Kolaković, 2003, p. 925).

The origins of the concept of intellectual capital in the 20th century are associated with Taylor and his book “The Principles of Scientific Management” from 1911, in which he writes about knowledge, experience and skills of employees (Taylor, 1911). Sometime later, the idea of intellectual capital has also been found in the works of Chamberlin (1933) and Robinson (1933), who emphasized that firm’s capabilities, technical know-how, trademarks, brands, patents, etc. are key to the business success.

Further progress in the economic theory was done by Schumpeter (1934) “who emphasised the recombination of knowledge as a necessary precondition for the appearance of new innovative products” (Rađenović & Krstić, 2017b, p. 191). Elements

of the theory of intellectual capital can be found in Simon’s “Administrative behaviour”, who believed that intellectual capital was limited only by a bounded rationality of employees in a firm, i.e. human cognitive capacities (Kolaković, 2003, p. 928).

A significant contribution to the development of the theory of intellectual capital gives Penrose in her “The theory of the growth of the firm” from 1959, in which she points out that the unique intangible intellectual resources and unique capabilities of the firm are the key determinants of business performance (Krstić, 2014). At the same time, she emphasizes the importance of management in using available internal resources, i.e. their experience and skills in converting resources into products that will meet the needs of the consumers, thus contributing to the exploitation of market opportunities. Otherwise, the term intellectual capital is originally linked to Machlup (1962), who coined it to highlight the importance of knowledge for growth and development of firms and national economies (Rađenović & Krstić, 2017a).

A special contribution to the development of the theory of intellectual capital gave Polanyi (1966) by differentiating the explicit and implicit knowledge and emphasizing that the success of a firm could be achieved only through their interaction. Inevitable place in the development of the concept of intellectual capital certainly belongs to Romer (Romer, 1990), who made a significant contribution to the endogenous growth theory.

In addition to Romer, many other authors, who independently studied intangible assets, are important for the emergence of the concept of intellectual capital. Namely, there are three different schools which in their own way contributed to the development of the theory of intellectual capital (Kolaković, 2003, pp. 930-931):

- The “Japanese school” led by Itami, who in the 1980s studied the contribution of invisible assets in the case of Japanese firms, and stressed the importance of intangible assets for the modern firms thus prompting the significant research of intangible assets worldwide. Within this school it is important to mention Nonaka and Takeuchi (Nonaka & Takeuchi, 1995) who dealt with the issue of knowledge management and described how Japanese firms innovate their business by implementing and disseminating explicit and implicit knowledge, thereby highlighting that organizational knowledge cannot be created by firms, but only individuals who work in them.
- The resource-based theory, which starting from the positions of Penrose (1959), Rubin (1973), Wernerfelt (1984), Barney (1991) and Rumelt (1997), put an emphasis on resource efficiency, with special attention to the management of intangible intellectual resources, and strategies for the use of existing resources. Also within this group following contribution could be added:
 - o Nelson and Winter (1982), in the context of evolutionary theory, who viewed the firm as a “warehouse” of knowledge, with special emphasis on organizational routines that allow the interaction of explicit and implicit knowledge;
 - o Prahalad and Hamel (1990), in the context of core competence theory, who, as the core competencies of a firm, viewed intellectual property, know-how and distribution network;
 - o Teece (1986), who looked at technological innovation as a source of value and showed the detailed steps necessary for the commercialization

of knowledge through innovations.

- The study of human capital, which began back in 1776 with the known work of Adam Smith “Wealth of Nations” and ends in the 1960s when the theoretical and empirical basis of human capital, as an integral part of intellectual capital, were designed (Sweetland, 1996). In fact, Smith wrote in detail about the importance of knowledge and skills of employees in the production process, especially emphasizing that learning and education represent investments in people (Nerdrum & Erikson, 2001, стр. 128). Almost a century later, in 1890, Marshall argued that the most valuable capital is the one invested in people, but none of them had used the term human capital. A significant contribution to the formulation of the modern theory of the human capital was given by Mincer (1958; 1962), Schultz (1961) and Becker (1962) who viewed human capital as an independent category of capital, which analogous to conventional capital possesses economic and production characteristics. Becker (2009) even believes that people are the most valuable resource that increases business opportunities.

However, the development of the theory of intellectual capital has in recent years been guided by the ideas and thoughts of influential authors and practitioners, including Kaplan and Norton (1992), Sveiby (1997), Stewart (1997), Edvinsson and Malone (1997), Brooking (1997) and many others (Harris, 2000; Viedma Marti, 2007). The increased difference between the market and book value of the firms encouraged the academic and business community to consider the concept of intellectual capital as a key determinant in the process of creating value for shareholders, managers and society as a whole. It is the contributions of influential practitioners that have laid the foundations of the way intangible factors determine the success of the firm, i.e. the foundations of the “standard theory of intellectual capital” (Andriessen, 2001). However, the huge interest of researchers and practitioners to study the intellectual capital, resulted in numerous improvements to the standard theory of intellectual capital and its further development in the future (Harris, 2000; Andriessen, 2001; Viedma Marti, 2007).

Hence, Harris differentiates (2000, pp. 28-33):

- The static theory of intellectual capital, based on which the corporate value is not derived directly from any of the components of intellectual capital, but from their interaction, whereby the nonexistence of any component prevents a firm to use the potential of transforming its intellectual capital into the corporate value. The basic concept of the static theory of intellectual capital is very simple - it is based on the wealth of knowledge embedded in individuals and organizations, and the need to mutually connect these systems in order to improve performance.
- The dynamic theory of intellectual capital, based on which it is necessary to completely eliminate the relational capital from the structure of the intellectual capital, and to replace structural capital with the theory of the system. By accessing intellectual capital through the theory of the system, rather than structural capital, the organization is able to recognize its connections. The theory of the system connects individuals to the processes, and in turn with the organization, thus enabling the verification of compliance that every individual and process in the organization is associated with the respective strategic plans and business objectives of

the organization. Given that the intellectual capital environment promotes the diffusion of knowledge in order to improve performance, information and feedback from consumers should always be available and visible in the organization in which a system of intellectual capital is set up. Hence, in an intellectual capital environment, competitive advantage creates the organizational knowledge and systems designed to access that knowledge. Therefore, the dynamic theory is based on the constant exchange of knowledge between the human capital and designed systems.

The Resource-based Theory of The Firm

The resource-based theory has taken a prominent place in economic theory in the late 20th century, when the focus of strategic research of the sources of competitive advantage shifted from industry, i.e. external environment to the specific characteristics of the organization i.e. internal environment (Spanos & Lioukas, 2001). The central premise of the resource approach is that the competitiveness of an organization is based on its resources and capabilities (Peteraf & Bergen, 2003). The development of the resource-based theory of the firm is primarily focused on establishing a connection between resources and competitiveness, as well as examining the impact of these connections on creating sustainable competitive advantage and improving firm's performances (Krstić & Sekulić, 2016, p. 355). The resource-based theory of the firm observes a strategy as an instrument for the alignment of resources and capabilities of a firm with the requirements of the external environment (Rađenović & Krstić, 2017a).

The resource-based theory starts with two assumptions in the analysis of the sources of competitive advantage (Barney, 1991, p. 101): First, firms within a particular industry or group can be heterogeneous in terms of strategic resources they control; second, these resources need not be perfectly mobile between firms, and thus heterogeneity can be long-lasting. The resource model of the firm examines the implications of these two assumptions in the analysis of the sources of sustainable competitive advantage. Therefore, the heterogeneity of resources determines the heterogeneity between firms. Namely, firms possess different resources and do not use them equally successful, and as a result different firms have different efficiency performances. The resources of a firm include all assets, capabilities, organizational processes, characteristics of a firm, information, knowledge, etc., which it controls and which enable it to create and implement strategies to improve efficiency and effectiveness (Daft, 2010). It can be said that internal resources are the strength of the firm, which it uses for defining and implementing strategies.

The resources of a firm can be classified into three major categories (Barney, 1991, p. 101):

- Material resources (physical capital), related to technology used in a firm, plant and equipment, geographical location, and access to raw materials;
- Human resources (human capital), related to the training, experience, judgment, intelligence, relationships and insight of the individual managers and employees in a firm; and
- Organizational resources (organizational capital), related to the formal structure of reporting in a firm, formal and informal planning, controlling

and coordinating systems, as well as informal relationships between groups within the same firm, and with other external firms.

Of course, not all aspects of the physical, human and organizational capital of a firm are strategically significant resources to create and sustain competitive advantages - some may pose obstacles to the implementation of valuable strategies, some can lead to reduced efficiency and effectiveness of implemented strategies, and some have no influence on the strategic processes of a firm. In this sense, in terms of the resource-based theory of the firm, only those physical, human and organizational resources are important which enable firms to design and implement strategies that improve their efficiency and effectiveness (Wernerfelt, 1984).

A firm has a competitive advantage when implements a strategy of value creation that is not at the same time applied by any current or potential competitors, and it achieves a sustainable competitive advantage when apart from this criteria, the competitors are not able to replicate the advantages of this strategy (Barney, 1991, p. 102).

Due to the fact that a firm is a set of different resources that affect the performance of a particular firm through interaction with other resources, and the direction of this causal link is vague, it is difficult to determine how individual resources contribute to the success of a firm, without taking into account the interdependence with other resources (Lippman & Rumelt, 1982; Dierickx & Cool, 1989). Ambiguity, i.e. the uncertainty in terms of the factors which contribute to the superior or inferior performance of a firm significantly affect the possibility of imitation and the mobility of factors, considering that these factors cannot be replicated or moved if they are unknown. In addition to uncertainty of factors affecting the performance of a firm, even more important is the uniqueness of the resources used, which also prevents imitation by competitors (Lippman & Rumelt, 1982, p. 420). According to the resource-based theory of the firm, resources must have certain characteristics in order to provide a competitive advantage (Barney, 1991, p. 105; King & Zeithaml, 2001, p. 75):

- Valuable - to provide strategic value of a firm by enabling management to exploit opportunities and eliminate threats from the environment;
- Rare - difficult or impossible to find with existing or potential competitors;
- Irreplaceable - impossible to substitute by alternative resources; and
- Inimitable - that cannot be imitated by competitors.

Lin (2013, pp. 54-55) believes that intellectual capital, as a valuable knowledge resource, possesses these characteristics, i.e. intellectual capital is a valuable, rare, unique and difficult to imitate, can be communicated to others and its components are identifiable and comprehensive. With the above characteristics, intellectual capital can be turned into a competitive advantage of a firm.

Since intangible assets cannot usually be easily seen, felt or described, for decision makers is very important that, the intellectual capital through its basic components, can be transmitted to the key stakeholders. In addition, the best way to capitalize the value of intellectual resources is through the realization of appropriate business performances of a firm. Therefore, the resources and capabilities of a firm should be used effectively to achieve a better competitive potential and intellectual capital is a visible result of applied management practices, techniques and tools (Rađenović & Krstić, 2017a).

The basic elements of the resource-based theory can be summarized as follows (Kay, 1996, pp. 33-34):

- A firm is essentially a collection or set of capabilities;
- The effectiveness of a firm depends on the coordination between these capabilities and markets it covers;
- Growth and the appropriate limits of a firm are limited by its capabilities;

- Some of these capabilities can be purchased or created and are available to all firms;
- While others cannot be or may be very difficult to replicate by other firms, and this determines the competitive advantage;
- Such capabilities generally cannot be replicated because they are the product of its history or because of the uncertainty of its nature (even within the same firm).

Development of the resource-based theory differentiates two directions: static, which is focused on the static aspects of resource analysis by understanding the way in which a particular resource contributes to creating and sustaining a competitive advantage; and dynamic, which seeks to connect the firm development with the process of improving the effects of the resource usage (Foss, 1997, p. 348).

What can be stated as a significant disadvantage of the resource-based theory is the fact that it does not link the analysis of the firm development with the analysis of the sustainable competitive advantage, but rather treats them separately (Krstić & Sekulić, 2016). For this reason, the process of the use of resources should be directed towards those activities that can have a positive impact on the growth and development of the firm, and through greater creativity in choosing, combining and using resources to achieve the greatest possible synergy effects and desirable competitive advantage.

The Theory of Dynamic Capabilities

The relationship between the knowledge component and the resources component in the produced outputs has changed significantly, thus contributing to the change of the source of competitive advantage. In the past, advantages were based on the market dominance or organization of the process of mass production, while in modern circumstances competitive advantage lies in the brand and reputation, patents and standards, relationships with employees, suppliers and customers. Those sources of competitive advantage represent various forms of intellectual capital, which could create huge differences between the book value of a firm and its market value, which also encompass a value of the undisclosed intellectual capital (Hunter, 2002, p. 4).

Competitive advantage in business is essentially based on a variety of unique competencies, i.e. capabilities to do things others cannot. What happened in the 20th century is that the sources of these different, unique competencies change on the way to the knowledge economy. In the knowledge economy, for successful firms is not enough to just hire talented people, but they need to add value to them, whereby it is necessary to distinguish between the contributions of the organization and the contributions of individuals (Kay, 2000, p. 48). While intellectual resources are embedded in the experience and expertise of individuals, firms provide physical and social resources, as well as the structure of resource allocation, that allows the transformation of knowledge i.e. intellectual resources in competencies (Teece, 2000, p. 12). The way in which these competencies and intellectual resources are configured and employed will greatly affect the competitive position and the commercial success of a firm.

Given that the current assets of a firm are mainly intangible, it is unclear which of them belong to the firm, and which part is embedded in employees. In addition, superior technology by itself is not sufficient for creating and sustaining a competitive advantage, but cognitive and managerial skills are also necessary to identify and combine relevant complementary assets for encouraging business (Teece, 2000, p. 8).

In a constantly changing environment, what provides the basis for creating competitive advantages is the ability to recognize and exploit opportunities, i.e. dynamic capabilities (Teece, 2000, p. 8). Dynamic capabilities represent the abilities of a firm to integrate, create and reconfigure internal and external competencies to respond to extremely volatile environment (Teece, Pisano, & Shuen, 1997, p. 516). Dynamic capabilities are to be found in firms that are mainly entrepreneurial oriented, with a horizontal organizational structure, clear vision, high incentives to managers/employees and a high degree of autonomy in order to ensure rapid response to changes in the dynamic environment (Teece, 2000, p. 8).

Resource performances and dynamic capabilities of a firm set the activities of imitation and experimentation with resources, as well as the assessment of the costs of these activities, and lead to a new structure of resources which, as a result of learning by imitation and experimentation, determines a future production quantity, but also product and process innovations (Zott, 2003).

In this manner, a firm can be thought of as a value chain which value is created by transformation of the inputs to the outputs, that is, as a set of separate, but interrelated strategically important economic activities in the design, production, delivery and sale of products and services, whose better and more cost-effective performance compared to competitors leads to the competitive advantage (Viedma Marti & Cabrita, 2012, p. 77). This practically means that the competitive advantage is the result of the firm's capabilities to accomplish the above mentioned activities at a lower cost in comparison to the competitors, or in a unique way which enables a firm to determine a higher cost, wherein the structure of the activity, and the way in which they are set, are determined by the strategy of the firm (Viedma Marti & Cabrita, 2012, p. 78).

The Knowledge-based Theory

A sustainable competitive advantage is based on the knowledge of a firm as one of the main components of intellectual capital (Hunter, 2002). Competitive capability is largely dependent on the capability of an organization to develop, differentiate, adopt and disseminate its knowledge base. Knowledge in an organization is a resource on which a firm can build and maintain the core competencies that, if being adopted, enable it to survive and prosper in a competitive world (Hunter, 2002, p. 8). As proponents of the theory of knowledge stand out Leonard-Barton (1992), Grant (1996), Spender (1996) and Liebeskind (1996).

The knowledge-based theory puts emphasis on knowledge as a resource which is difficult to imitate, which differentiates and creates a competitive advantage (Leonard-Barton, 1992). The knowledge-based view of the firm distinguishes four dimensions of set of skills: knowledge and skills of employees, technical systems, management systems and values and norms associated with different types of personalized and embedded knowledge, as well as, the processes of knowledge creation and control. In addition, Grant highlights the fact that knowledge is “the critical input in the production and the primary source of value” (Grant, 1996, p. 112). According to Spender (1996) organization is seen as a lasting alliance between independent entities that create knowledge, regardless of whether they are individuals, teams, or other organizations, with the material resources subordinated to the provided services. This suggests that in the constantly changing environment, the most successful firms are those

which produce original knowledge, spread it within the organization and quickly transform it into innovative products.

Liebeskind (1996) believes that firms as institutions have a key role in creating and sustaining a competitive advantage by protecting useful and valuable knowledge. In particular, given that the intellectual property rights are insufficiently regulated, but also expensive to propose and implement, firms are able to use a range of organizational arrangements that are not available on the market to protect the value of knowledge. Hence, firms can in many ways prevent the expropriation of knowledge, and reduce the visibility of knowledge and its products, thus protecting them from imitation. In this way a firm can achieve the “possession rights” which are also valuable, if not more valuable, than the limited property rights of knowledge required by the law (Liebeskind, 1996, p. 94). Therefore, the uniqueness, which is the key to competitive advantage, actually depend on the adoption of the various protective arrangements by firms.

If the core knowledge is a main strategic asset of an organization, then its main tasks are to improve the existing knowledge and to create a new core knowledge (Viedma Marti, 2007). At the same time, creation and improvement of core knowledge require the capabilities of organizational learning, including the corresponding structure of learning and information systems, where the valuable knowledge can only be obtained through a systematic and repeated comparison to the processes and core competencies of “world class” competitors in the same business segment.

Conclusion

Starting from 1980s onwards, the intellectual capital has become the most important determinant of growth and competitiveness. In the knowledge economy, knowledge resources are the main source for creating and sustaining competitive advantage of a firm. Namely, technological revolution and spreading out of knowledge-based activities have altered the way firms organize their business. Instead of using traditional production factors, their emphasis has been put on the knowledge resources and capabilities of their efficient usage.

In contemporary circumstances competitive advantage of firms is not derived from their market positions, but from the difficulty of copying, i.e. imitating of intellectual assets and the way in which they are used. Since it is not always possible to attain or imitate resources, attention must be focused towards the internal organisation of the firm to find the real source of sustainable differences in resources, i.e. the internal organisation of the firm is as important as its environment. From the aspect of the strategic management literature, which points out the multi-dimensional characteristics of firm’s resources, i.e. their various combinations, intellectual capital represents a multi-dimensional portfolio of resources (Lin, 2013, p. 55). Intellectual capital represents a distinctive and comprehensive combination of resources, as it components include employees and leaders, structures and systems, and social relations.

Because of this, the theory of dynamic capabilities considers that efficient usage of resources is not sufficient for the success of a firm, but is necessary certain functionally specific capabilities (in production, purchasing, sales, research and development, etc.) (Krstić, 2007, p. 349). In other words, the resources themselves cannot contribute to the sustainable competitive advantages of a firm, but this role is attributed to the firm’s capabilities, which are

developed through complex interactions with resources, and which allow the firm to use its available resources in combination with the specific information and organizational processes (Amit & Schoemaker, 1993).

Looking at the research on the intellectual capital it is possible to differentiate several stages in the development (Chaminade & Vang, 2007, pp. 128-129; Krstić, 2014, pp. 8-9): The first stage, until the mid-1980s, in which the intellectual resources, which are rare, durable, hard to imitate, and especially knowledge, seen as an important determinant for creating and maintaining competitive advantage and it was necessary to manage them; The second stage, from the mid-1980s to the middle of the first decade of the 21st century, in which the researchers were mainly concerned with the problems of conceptualization and measurement of intellectual capital, as well as reporting on intellectual capital with the aim to manage it efficiently; The third stage, from the middle of the first decade of the 21st century, in which the attention of researchers is mainly occupied with issues of effective usage of intellectual capital in the management of business systems in order to accomplish greater economic efficiency.

In order for a firm in contemporary circumstances to maximize its strategic advantages in the long term, it is necessary to focus on its own internal resources and key sources of intellectual or supplementary activities that represent its core competencies i.e. capabilities which create and maintain significant long-term differences in the minds of consumers. In this sense, the strategy of a firm needs to develop internally the best capabilities or competencies such as: database, skills, organizational and technical competencies in which a firm already has considerable expertise, and which will enable the achievement of maximum value for key stakeholders, as well as to focus externally on those networks of suppliers that perform activities that must be bought in the market. In this way, dynamic capabilities reflect the firm's ability to achieve unique and innovative forms of competitive advantage given the firm's current market position and previous practices. As a result, firms compete with each other based on core competencies and knowledge.

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ENTREPRENEURSHIP DEVELOPMENT AND FINANCIAL PERFORMANCES IN SMEs SECTOR IN SERBIA

Abstract

Small and medium sized enterprises are one of the key factors in the dynamic economic development and the reduction of the high unemployment rate, especially among the young and hard-to-employ categories in the society. These enterprises contribute to the more efficient resource allocation because they apply work intensive production methods which provides balance establishment between higher workforce availability and lack of capital. There is a special importance of the production oriented SMEs in Serbia because the economic policy of the transition period favoured service sector development. That is the reason for the results in SMEs and entrepreneurship sector to be far lower than expected, followed by insolvency, high indebtedness and unfavourable sources of funding dominated by too expensive bank loans. The economic policy in the future should provide a favourable business environment for SMEs and entrepreneurship sector growth and development, as well as raising their competitiveness in relation to companies from the developed economies.

Key words: SMEs sector, entrepreneurship, financial performances, competition

JEL Classification: M 21, F 63

РАЗВОЈ ПРЕДУЗЕТНИШТВА И ФИНАНСИЈСКЕ ПЕРФОРМАНСЕ СЕКТОРА МСП У СРБИЈИ

Апстракт

Мала и средња предузећа су један од кључних фактора динамичног привредног развоја и смањења високе стопе незапослености, посебно младих и теже запошљивих категорија друштва. Ова предузећа доприносе ефикаснијој алокацији ресурса јер примењују радно интензивне производне методе чиме обезбеђују успостављање равнотеже између веће расположивости радне снаге и недостатка капитала. У Србији су од посебног значаја МСП која се баве производном делатношћу јер је економска политика у транзиционом периоду фаворизовала развој услужног сектора. Због тога су и резултати пословања сектора МСП и предузетништва знатно испод очекиваних, праћени великом задуженошћу и неповољним изворима

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финансирања у којима доминирају прескупи банкарски кредити. Економска политика у будућем периоду мора обезбедити повољан пословни амбијент за раст и развој сектора МСП и предузетништва и подизање њихове конкурентности у односу на предузећа из развијене привреде.

Кључне речи: сектор МСП, предузетништво, финансијске перформансе, конкурентност

Introduction

Entrepreneurship is a modern form of business behaviour used to find economically more efficient and more attractive business activities in the market. That is a creative activity of competition and comparative advantage of product, service, business or individual formation, and that provides an increase in market and economic results for entrepreneurship oriented businesses. Entrepreneurship foundation and development represents an important economic, technological and social phenomenon. Nowadays, when the challenges of the environment are greater and more complex, entrepreneurship is becoming the key factor responsible for the development of individuals, business systems and nations.

Entrepreneurship in Serbia has not reached the necessary level of development, nor the one proclaimed by the economic policy after the year 2000. That is why all the negative results of the transitional processes are still present, from high unemployment and low competition to high level of foreign debt. Entrepreneurship can be the key factor of the desirable changes in Serbia, such as : worker productivity increase, product and service quality increase, competition strengthening, better use of the available capacities, export growth, higher employment, public and foreign debt decrease, etc.

Bearing in mind the following: foreign debt level, GDP structure (where almost two thirds are realised through nontradable sectors), high foreign trade deficit and negative results of the environment in 2016, it is easy to understand that the economic policy creators in Serbia have a difficult task of negative economic trends prevention in front of them, as well as entrepreneurship development and unemployment reduction. In these conditions, there arises a question of economic policy change which will lead to a sustainable economic growth and development, remove regional disparities, provide the necessary investment level and favourable environment for SMEs sector development. The affirmation of entrepreneurship as a whole, primarily productive entrepreneurship, can be a good start of progressive and undoubtedly pragmatic transformation and transition of our society towards the economically developed world.

SMEs and entrepreneurship importance for economic development

Entrepreneurship can be defined as a group of activities with the practical application of heterogenous knowledge and skills at its basis, with the aim of conducting a certain activity including further growth and development of the business. Thus, entrepreneurship represents a combination of various knowledge, abilities, readiness to accept appropriate possibilities, innovations and risks. An important entry of entrepreneurship is a readiness to accept innovation. Knowledge and information gradually come to the fore, and can be

considered as strategic factors of entrepreneurship. Timely and good quality information to reduce risk, uncertainty, enable better quality decision making and creative possibility development.

Entrepreneurship represents a model of business behaviour, which means that the owners/managers are actively pursuing new business opportunities. Entrepreneurs are the stakeholders, and their behaviour most often implies activities such as innovation, proactivity and risk propensity at business chances usage. Entrepreneurship also represents the way of thinking, and the essence of entrepreneurship is action.

Entrepreneurship opens new workplaces and it is a driving force of the economy, and its development strongly supports social development. Entrepreneurship is a dynamic process where entrepreneurs take initiative in production and new ways of doing business. We can observe entrepreneurship as a market function (with the aim of explaining differences in the market when an entrepreneur reacts), as a process (recognition of chances and organisation for their usage), and as a person, who has got initiative, authority, prediction ability, who takes risks and leadership (entrepreneur) (Herbert & Link, 1989; Bygrave & Hofer, 1991; Stevenson & Jarillo, 1991).

A holder of entrepreneurial activity has to integrate: knowledge, tendency towards new ideas, innovation application, creative thinking ability, a willingness to work hard, constant improvement, ability for quick decision making and risk taking, as well as orientation towards future. Potential entrepreneurs are people from the existing private sector, with shorter or longer working life as private business owners; people from the grey economy area; unemployed or people made redundant; intellectuals with a worsened financial position; farmers in positions of entrepreneurs for a number of years, etc.

According to the EU definition, entrepreneurial companies are organised as micro (up to ten employees), small (from ten to fifty employees) and medium (up to 250 employees). Law on Accounting (the Official Gazette of the Republic of Serbia n 62/2013) classifies legal entities in Serbia according to the number of employees in the identical way, taking into account the criteria of realised business income and average value of operating assets. The European chart of SMEs points out the importance of small and medium-sized enterprises for competition and employment increase, and it also defines the basic principles for their support, cheaper and faster start-up, better laws and regulations, access to funds and fair tax policy. The EU has identified the most important objectives – high level of European competition achievement, better SMEs relations with universities and research centers, socially responsible approach to the society, etc.

The basic characteristics of SMEE (small and medium-sized enterprises and entrepreneurship) are size, flexibility, innovation and risk pruned ventures, more possibilities for specialisation, etc, enable these enterprises to adapt more easily to the continuous changes in consumer demands and conditions of doing business in global markets than the big business systems. Thus, SMEE encourage competition strengthening which results in product and service quality improvement, price lowering, innovation and new technology development, economic growth of national economies in general. It is expected from the government to diminish the negative impact of external factors on the businesses in Serbia (Jankovic, et al, 2016). In the era of constant changes in all the spheres of business, important factors of the survival of the enterprise are keeping track of the events in the region, swift reactions to actual trends and predicting the future market events. By this means the enterprises become more successful and achieve a proactive control over their future(Gavrić, et al, 2016).

SMEE sector often shows a characteristic of below average productivity because they are too small to accomplish the economies of scale effects. Besides, they are less

capital, and more work intensive. Unlike large companies which naturally tend to achieve monopolistic or duopolistic position in the market, SMEE contribute to the creation of the competitive economic structure as a prerequisite of economic efficiency increase (Berry, A. 2007). SMEs contribution to the economic growth is realised through their tendency towards innovative ventures and risk, although they pay the price of high extinguishing rates and lower rentability rates because of that. SMEs sector is a place where successful entrepreneurial ideas are created and realised. Most of the small enterprises started their life cycle as micro companies, while many large companies grew out of SMEs sector. These companies are the ones with a larger tendency of including SMEs in their supply chains, and they contribute significantly to the economic efficiency (Eric, D. et al, 2012).

The following dimensions are often pointed out in the context of the SMEs contribution to the economic growth and national economic development (Hobohm, S. 2001):

- Compared to large enterprises, SMEs are more work intensive and influence the lowering of inequality in income distribution. These enterprises play an important part in employment generation and poverty reduction, especially in the creation of workplaces for people from the poorer society groups and women with less alternative sources of income.
- In the developing countries, SMEs contribute to the more efficient resource allocation through work intensive production method application, which provides the establishing of balance between larger work force availability and the lack of capital.
- SMEs support the creation of the production capacity system by the absorption of production resources at all levels of the economy, the contribution to the creation of dynamic and elastic production systems where small and large enterprises are mutually connected. Compared to large enterprises, SMEs are geographically more evenly allocated, and that fact contributes to entrepreneurial ideas and skills development and diffusion, as well as economic differences reduction between urban and rural areas.

Entrepreneurship development in the transitional period in Serbia

Entrepreneurship and self-employment in Serbia represent the areas that gain importance along with the changes of the economic context – privatization, change in the economy and ownership structure, increased possibility of losing a job, work force market instability. The changes in economic structure also cause a completely new approach to human resource development (demands for new knowledge, skills and high competencies, mobility, adaptability, etc).

One of the directions of sustainable economic development is entrepreneurship, which has positive results in the economically developed countries. However, the business environment for entrepreneurship development in Serbia is still unfavourable, with almost the same obstacles as at the beginning of the transition, despite the declared support of the economic policy creators. Solving the problem of unemployment, young personnel migration prevention, worker productivity increase, innovation adoption – these are only some of the positive effects of entrepreneurship development. In the process of creating a favourable environment for entrepreneurship development there

are others with an important part, except the institutions of the state: entrepreneur association, SMEE association, state and private universities, international and local organizations and associations.

According to the global aspirations, both among the Serbian scientists and economic policy creators, entrepreneurship is observed as one of the key factors of the economic growth and employment generator. The government of the Republic of Serbia has adopted the Strategy for poverty reduction (2003) where entrepreneurship development is marked as an important element of the economic development and poverty reduction in Serbia, while self-employment and “start-up” are defined as the key segments of entrepreneurship development. In the National sustainable development strategy (2008) one of the key priorities is competitive market economy development and balanced economic growth, with innovation encouragement, entrepreneurship promotion and SMEs development as the main activities for achieving those aims.

The main task of the Strategy for SMEs and entrepreneurship development in Serbia is to create a framework for making sustainable, internationally competitive and export oriented SMEs sector which will provide a social well-being in the Republic of Serbia. Unfavourable economic trends slowed down the dynamics of solving basic problems of SMEs and entrepreneurship development, so that nowadays in Serbia we have an incomplete institutional environment and regulations, inadequate knowledge and skills of entrepreneurs and SMEs staff, insufficient skills promotion in the companies, insufficient encouragement for the improvement of intellectual property management development, property rights included.

There are very unfavourable economic conditions and inappropriate forms and extent of financial support in the course of the transitional period: dominating banks with the expensive credit offer and short terms of loan repayment, lack of microcredit institutions at regional and national levels, but also the lack of other financial instruments suited to the real needs of SMEs and their economic strength. Also, programmed approach to finances is still undeveloped – cooperation with private investors, credits and loan guarantee programmes, no collateral loans for capital provision in innovative SMEs, risk fund capital capitalization, tax incentives, etc.

One of the characteristics is an insufficient connection with large companies, which also means underutilised opportunities for dynamic development of the SMEs sector as cooperatives (suppliers, subcontractors) of large business systems; it also means an underutilised opportunity of SMEs sector advantages over large companies in certain segments of production which demand flexibility and fast adaptation of scientific-technology and market sectors. Relevant institutions have not fully recognised the possibilities and needs of the SMEs sector, which caused the lack of necessary incentives for the modern technology introduction, as well as innovation, standards, quality control, etc; therefore, there was no necessary internalisation and this sector did not enter highly-developed markets.

Besides all the above mentioned, SMEs sector made a significant contribution to the economic growth in the period of transition. This sector is also an important factor in the process of the Serbian economy approach to the developed market economies, as well as on the road to the EU integrations. The encouragement of this sector's development is defined as one of the priorities in the economic policy in Serbia, and 2016 was declared the year of entrepreneurship. It is especially important to encourage productive entrepreneurship because it can contribute not only to the financial stability, but social and political as well, since it opens new work places, releases creative energy of innovators, regains faith in one's own abilities and prevents “brain drain”. Therefore, the focus of attention should be transferred from the area of financial economy to the

world of the real economy as soon as possible, material production before anything else (Pokrajac et al, 2011).

It is necessary to introduce entrepreneurship into the school system, which will recruit a larger number of successful entrepreneurs and make it easier for them to manage the development of their own business ventures. Entrepreneurship education has both short-term and long-term effects in the society (Arasti et al, 2011), and higher education significantly increases the prospects of entering entrepreneurship for business chances and ideas, not out of the economic need (grbovic et al, 2013), which is a very common case in Serbia, especially in the recent years of crisis.

According to the study on youth employment and migrations in Serbia (Vladisavljevic et al, 2010), entrepreneurship is more a result of the “push effect”, that is, the need for work and survival, and less a result of the “pull effect” – the recognition of business possibilities and the situation in the market. The characteristics of the market in Serbia are: work force offer and demand nonconformity, high share of long-term unemployed people, large inflow of redundancies (laid off from the public sector, large companies bankruptcy and liquidation), unfavourable age and qualification structure among the unemployed, high share of the young and women in the total number of the unemployed, large differences between labour markets in the region, large number of the people involved in the grey economy area, low mobility of the work force, large number of the hard-to-employ categories of people, etc. According to the Work force Poll, the rate of unemployment was 17.9% at the end of 2015, and it increased in comparison to the end of 2014, when it was 17.3%.

Adult education can be used in the function of improving the complete skills of entrepreneurs: improved comprehension of the need of further adult education development in the SMEs sector; devising the appropriate models and programmes in adult education with the aim of greater entrepreneurship internalisation and deficit decrease in trade exchange in the region; SMEs interest connection to the legislative structures of the state, local governments and institutions of education and science with the aim of the competition increase, coordination and good practice application, and similar measures continuously conducted in order to achieve long-term effects which influence development and increase in entrepreneurial culture.

Entrepreneurship can be the key factor for the desirable changes in Serbia, such as: work productivity growth, product and service quality increase, competition strengthening, better use of the capacities available, export increase, higher employment, public and foreign debt decrease, etc. In fact, only entrepreneurship can bring the desired dynamics into our economic life, regain the confidence for the population, prevent migration abroad, increase life quality for all people, and generally, set the new standards of social stratification based upon knowledge and productivity. Learning and knowledge can be best recognized in entrepreneurship as the true capital which can be quickly and legally reproduced.

Negative business results of the companies in the recent years also point to the need of the stronger and more comprehensive support for entrepreneurship and SMEs sector development. The problems of insolvency and high debts of the companies in all sectors of the economy are especially evident. Thus, according to the Business Registers Agency, we can see in table 1 that the large business companies have a share of ca $\frac{1}{2}$ in the complete capacities of the economy (6,262,714 million dinars), and that the share of the fixed assets in the total business assets is as much as 70.45%, which is much more than the share of the fixed assets in the total assets of the small, medium and micro businesses (55.63%, 49.17% and 45.91% respectively). Of course, the situation is reversed in the case of the working assets share (supplies, claims, cash, short-term financial placement).

It all points out the fact that the SMEs sector has not, to the extent necessary, taken the position that the large companies had held earlier – the ones doing business with great difficulties (many undergoing the process of rehabilitation, bankruptcy or liquidation). The absence of the SMEs cluster or collaborative association and connection processes based on the SMEs examples from the developed countries is evident. On the other hand, the economic policy has favoured foreign investments through subsidizing, and that at the expense of the domestic investors.

Table 1: Business property structure according to the business entity size
Millions of dinars

DESCRIPTION	Business entities according to size			
	Large	Medium	Small	Micro
A. Subscribed unpaid capital	836	2.031	4.559	15.394
B. Fixed assets	4.412.537	1.086.018	1.134.796	898.628
C. Deferred tax assets	26.036	7.286	7.974	2.249
D. Working assets	1.823.304	857.034	1.159.140	1.040.505
E. Total business assets	6.262.714	1.952.369	2.306.469	1.956.777

The source: Business Register Agency (2015), the statement on business economy in the Republic of Serbia in 2014.

Financial performances of the SMEs sector

Survival, growth and development of the SMEE is mainly determined by the favourable source financing possibilities. The most important feature and the biggest problem of these companies is restricted access to financing sources in money and capital market, especially concerning the cost and terms of usage. In an effort to provide the necessary funds from the most favourable sources, the companies face the following dilemmas in the course of their life span: whether to finance investments and business development from their own or borrowed sources, how much capital to secure from the borrowed sources, whether to obtain the capital from the banks and other financial institutions in the securities market or by attracting formal or informal investors, what is the desirable structure of the company's capital. The number of the financing sources available for the SMEE is low, and they satisfy their need for capital much harder than the large business systems. Therefore, the management of SMEE financing is specific in many ways.

Also, that is why high rates of putting out of companies are one of the important features of SMEE. The uncertainty of survival is the price these companies pay due to their innovation and risky ventures orientation, as well as fast and dynamic growth. Under the conditions of high specialisation and insufficient business activity diversification, the lack of entrepreneurial skills, knowledge and experience, the strategy of wrong market niche focus or inaccessibility of adequate sources of finances all lead to the extinguishing of a business. The high rate of SMEs extinguishing has negative implications on the average resource usage and the employee work place security efficiency (Eric, D. et al, 2012).

SMEs vulnerability in crisis conditions is explained by the following characteristics (Centre for Entrepreneurship, 2009):

- SMEs have more difficulties in conducting the activities of restructuring or downsizing than the large companies because they are already small businesses;
- Low level of business activities diversification;
- Poor financial structure;
- Low or no credit rating;
- Dependence on credit as the basic external source of finances;
- Accessibility to lower number of alternative sources of finances;

Restricted access to favourable sources of financing is one of the most important limiting factors of SMEE growth and development. The possibility of capital acquisition is the key determinant of survival, growth and development of these companies. Relying on their own funds is a problem due to their limitations and impossibilities to satisfy the growing needs of the companies for capital, especially at the later stages of their life spans. Borrowed funds from various sources are far less available to the SMEs than the large business systems. The most common obstacles to bank credit usage are the lack of appropriate collaterals, non-existent paperwork on business ventures and enterprise, impossibility of presenting the project to the potential creditors in an adequate way, the unadjusted methodology for small project evaluation which makes the success evaluation process too expensive (Paunovic, B., Novkovic, N. , 2003).

Securing the necessary funds through private investment funds, risk capital funds and Business Angels are mainly reserved for innovative and high potential growth SMEs. Raising capital in the stock market through initial public offer of the stocks is also negligible because most of these companies are insufficiently attractive for investors.

Due to the lack of adequate personnel solutions in the area of financial management, in managing the economic policies, the small enterprise sector makes a series of mistakes. There is no understanding of the basic income parameters, especially which leverage points manage income, and the income themselves are set in too optimistic way. The time to create income at all is also underestimated. Many important expenditure items are underestimated in the projections, other expenses are overlooked, and that necessarily leads to liquidity problems. The necessary cash assets are not obtained very fast so there is a cash flow as a result, and the positive cash flow is the most important in the starting phases of the development, the profitability will come later. (Lucic, Lj., 2006)

The unfavourable business environment and the inert weaknesses of the SMEs sector have influenced the negative results of the business the sector accomplished in the previous period. Small enterprises are not able to improve the unfavourable financial structure so that the expenses are too much of a burden, and they prevent them from achieving better business results. The analysis of the basic indicators of the business shown in the table 2, point to the most favourable structure of capital and borrowed sources in the SMEs sector compared to the large business entities. Thus, for example, the share of the capital in the total liabilities (sources of funds) of the large companies is 51.86%, while it is much lower in the SMEs sector- 40.83%, medium-sized 41.18%, and only 35.72% in micro businesses. Also, there is an extremely high share of the short-term liabilities in the total sources of funding, so that it is 47.63% in medium-sized companies, 48.80% in the small ones, while it is entire 72.10% in micro businesses. All business entities, except the small ones, have done business with the negative net reversible capital, which implies a financial imbalance and problems in liabilities payments, that is, insolvency of the complete economy.

Table 2: Structure of the sources of financing, according to the business entity size
Millions of dinars

DESCRIPTION	Business entities according to size			
	Large	Medium-sized	Small	Micro
A. Capital	3.248.413	797.174	949.830	698.993
B. Long-term reserve and liabilities	1.128.099	371.042	430.043	408.733
C. Deferred tax liabilities	139.863	13.988	6.921	2.718
D. Short-term liabilities	2.254.935	930.017	1.125.668	1.410.855
E. Loss in excess of capital	508.596	159.852	205.993	564.522
F. Total assets	6.262.714	1.952.369	2.306.469	1.956.777

The source: Business Registers Agency (2015), the statement on business economy in the Republic of Serbia in 2014.

From the data in table 3, we can see that the large business entities achieved 45.2% in the total share of income, and 45.5% of the total expenses of all business entities in 2014. Their business was mainly done in tradable sectors, and there is the highest individual part in sector C – manufacturing industry. Unlike large companies, small business entities mainly operated in nontradable sectors in 2014, and most of them in sector G – wholesale and retail trade. Among all the business entities, only the small enterprises achieved positive net financial result (18,845 in millions of dinars), while the other groups had a negative net financial result mostly due to the negative result in financing (high interest rates and negative foreign exchange rate differences).

Table 3: Income, expenditure and results structure, according to business entity size
Millions of dinars

DESCRIPTION	Business entities according to size			
	Large	Medium-sized	Small	Micro
A. Total income	4.042.166	1.724.155	2.112.621	1.063.867
B. Total expenditure	4.103.225	1.733.613	2.079.584	1.109.441
I. Business result	183.129	61.938	107.549	17.337
II. Financing results	-121.476	-56.592	-62.245	-33.568
III Other activity results	-119.951	-14.088	-10.447	-29.083
IV. Net profit for discontinuing the business	562	540	482	1.157
V. Net loss from discontinuing the business	3.322	1.255	2.302	1.418
VI. Net financial result	-79.023	-18.966	18.845	-52.639

The source: Business Registers Agency (2015), the statement on business economy in the Republic of Serbia in 2014.

Conclusion

SMEs represent the most efficient segment of the economy in almost all the countries in the world. Considered individually, these enterprises achieve the greatest contribution to employment increase, gross added value and turnover, so they are regarded as the backbone of growth and development in the national economies. Their

role is especially important for the countries in transition faced with the problem of high unemployment, low level of business activities, insufficient competition, lack of investments, and still with the presence of large, inefficient state companies. As a stable source of new work places creation, SMEE also achieve an important social function through the absorption of work force surplus resulting from the transition process as well as ownership transformation of state and public enterprises.

Business results of the SMEs sector and entrepreneurs in Serbia in the recent years are not very encouraging, partly because of the economic policy which gave primacy to the foreign investors, while the domestic investors were in the background. As the year 2016 was declared the year of entrepreneurship in Serbia, it can be expected that the SMEs sector development will finally get the place it deserves with the creators of the economic policy. The additional reason is the announced reduction of the number of employees in the public sector, on the request by the MMF and the World Bank, as a condition for further reform support in Serbia on behalf of these institutions. Besides business environment improvements in the state, it is necessary to introduce numerous measures of the internal character by the SMEs sector and entrepreneurship, beginning with the adoption of the quality standards, innovation application, new technologies, employees' competences, etc.

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SUSTAINABLE TOURISM AS A BASIS OF MANAGEMENT OF NATIONAL PARKS IN MONTENEGRO

Abstract

Modern trends in tourism show the increasing role that sustainability has on this industry. Sustainable development is integral to the concept of national parks forming a new kind of tourism which is increasingly becoming the future of all forms of business. The overall goal of sustainable development (SD) is the long-term stability of the economy and environment, which can be achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision making process. In this paper we will show that the protected areas from the point of view of sustainability are moderators of development design in the areas in which they are located. National parks of Montenegro, with their diversity of potentials, can fully meet the contemporary requirements of world tourism and, in the long term, take position as a world destination by applying the concept of sustainable development.

Keywords: sustainable development, marketing management, tourism, national parks

JEL Classification:M21, L83

ОДРЖИВИ ТУРИЗАМ КАО ОСНОВА УПРАВЉАЊА У НАЦИОНАЛНИМ ПАРКОВИМА У ЦРНОЈ ГОРИ

Апстракт

Савремени трендови у туризму показују све већу улогу коју одрживост има на ову индустрију. Одрживи развој је саставни дио концепта националних паркова који стварају нову врсту туризма који све више постаје будућност свих облика пословања. Општи циљ одрживог развоја (ОР) је дугорочна стабилност привреде и животне средине, која се може остварити кроз интеграцију и признавање економских, еколошких и социјалних питања током

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процеса доношења одлука. У овом раду ћемо показати да заштићена подручја са становишта одрживости су модератори развојног дизајна у подручјима у којима се налазе. Национални паркови Црне Горе, својим разноликостима потенцијала, могу у потпуности задовољити савремене захтеве светског туризма и, на дужи рок, заузети позицију светске дестинације применом концепта одрживог развоја.

Кључне речи: одрживи развој, маркетинг менаџмент, туризам, национални паркови

Introduction

In the last two decades, tourism, both in the positive as well as negative sense developed into an important indicator in the context of sustainable development. Tourism is one of the five export categories in 83% of all countries in the world and a major source of foreign exchange earnings in almost 38% of countries. In the framework of the EU, tourism is one of the largest economic sectors with 9% of employees and 9% of the consumption at the same time. According to forecasts by the World Tourism Organization (WTO), the number of tourist arrivals in Europe will be doubled by 2020 and will increase to 720 million. (Schrenk, Popovich, Zeile, 2011)

The concept of sustainable development as a global concept involves balancing economic, social and environmental requirements in order to ensure the right to meet the needs of the present generation, but also future ones, and to realize the necessary integrated approach to its planning and management. Milestones in the acceptance of the concept of sustainable development are Summit in Rio de Janeiro and Brutlandov report, after which the concept of sustainable development has become accepted by international institutions, governments of many countries and communities around the world. Since then three dimensions of sustainable development are stated, namely economic, social and environmental. However, sustainable development can function as a whole only if the four pillars of development are equally present, namely: economic, social and environmental, with cultural reliance. Local authorities should be responsible for promoting social, economic, environmental and cultural well-being of the community, for the present and for the future. In order to achieve sustainable development, which is a global goal, and bearing in mind the specifics of individual companies, it is essential that regional, national and local policies are in harmony with a global policy of sustainable development. Montenegro has adopted the National Strategy on Sustainable Development, which is based on global principles of sustainable development, defined in the Rio Declaration and Agenda 21, the Declaration and the Johannesburg Plan of Implementation, as well as the principles of the UN Millennium Declaration. This principle also acknowledges the different contributions to environmental degradation by developed, while appreciating the future development needs of less developed countries. Respect for nature and its laws, considerate and thoughtful handling of nature and frugality, must be principles that we uphold.

The hypothesis in the paper is: The protected areas (focus is on national, nature parks, nature monuments and other IUCN protection categories), from the point of view

of sustainability, are moderators of development design in the areas in which they are located.

This is especially important for the northern region of Montenegro, which will not only achieve a balanced regional development, which is established in all strategic development documents in Montenegro, not only in the declarative but in the essential sense. The study on sustainable tourism in national parks in Montenegro was conducted using the method of analysis and synthesis, the collection of secondary data on the degree of application of the concept of sustainable development in Montenegro and the implementation of the National Strategy for Sustainable Development in Montenegro, spatial plans, comparative analysis in the application of environmental plans and the theoretical approach on the importance of sustainable development in national parks. The contribution of the research is pointing to the current problems in this important segment of tourism, and offers measures to enhance the work of national parks, especially with the marketing management aspect.

National parks in service of sustainable development in montenegro

According to Hall (2008) sustainable development and tourism present change which refers to the movement from one state or condition to another. Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them. Marketing activities at the level of the tourist destination aim to support the basic elements of the destination so that potential tourists are attracted to visiting the destination, as well as using services within the destination that will enable them to meet their expectations. (Gasic, Ivanovic, Stojiljkovic, Peric, 2014) National parks are the product of the positive impact of tourism on the environment. They represent aspects of tourism which is the principle of sustainability. Sustainability is also a key strategy in the management of such tourist destinations. In the context of the aforementioned sustainability are: restoration, preservation and protection of the physical environment.

Montenegro is faced with numerous challenges at the global and national level: the extended length of the new effects of the economic crisis; corruption and growing inequality in society; child poverty and youth unemployment; competitiveness of the economy, innovation and technological change; climate change and other challenges of the impact on long-term development of the country and the region. Montenegro has also implemented a strategy of sustainable development, as an important document, committed to the realization of the Millennium Development Goals and other documents, which promote the principles of sustainable development. Based on the analysis of trends in the national and global levels, the prediction of future challenges and development priorities for the period after 2015 are made. The report provides answers to the questions: what is the impact of the Millennium goals on development policy of the country, especially in the context of accession to the EU, then what is needed to accelerate and sustain the long-term achievements, how to achieve synergies between the MRC and the European

agenda, and what are the contributions of Montenegro to define global and national development agenda for the period after 2015. (The Millennium Development Goals Report 2015, UNDP)

The main constraints that prevent faster progress relate to: insufficient support plans and programs of environmental protection, limited application of regulations and inadequate application of mechanisms for the participation of all stakeholders in policy. The prolonged duration of the economic crisis slowed down the recovery of the economy and led to budgetary constraints to address the development issues. There are difficult conditions for the implementation of policies to combat poverty, corruption, reform of the social protection, education and health, as well as regarding the implementation of policies in the field of environment.

In protected areas, the main limitations are related to the resolution of potential conflicts in the nomination process and placing certain territory under protection through consultations with all stakeholders, as well as providing the necessary resources for proper management. Improvements in this area require large investments: the necessary investments in infrastructure projects in the relevant strategic documents are estimated at around 560 million euros for the period to 2028. Sustainability is based on general environmental awareness. Unregulated garbage dumps in the open landscape, illegal bird-hunting in RAMSAR areas, tree-felling in national parks, etc. must be proscribed and prosecuted, as in all countries in the European Union. (Montenegro tourism development strategy to 2020, p.24) Future developments are related to capacity building and the provision of adequate support (political as well as financial and human resources) to achieve the target values for the improvement of sustainable development.

National Sustainable Development Strategy (NSDS) defines the general objectives of sustainable development and the priority tasks for the 24 areas of economic development, nature/environmental conservation and natural resource management. As a framework document, NSDS has set up a system for the application of an integrated approach on the management of natural resources and environmental protection. In relation to protected areas, NSDS has set the following objectives, namely: (i) the increase of nationally protected natural areas to 10% of the national territory and protectin of, at least, 10% of the coastal areas, (ii) the establishment of an efficient management system for protected areas and (iii) improving the legal framework for the protection of biodiversity, strengthening human capacity building and effective system of monitoring biodiversity.

As priorities are put under protection, we can recognize the following areas / natural resources: National Park Prokletije, Komovi Regional Park, Regional Park Bioč, Maglić and Volujak, and on the coast: Tivat Solila (municipality of Tivat), Buljarica (Budva); Solana, Šasko Lake, Knete and Ada Bojana (Ulcinj). For marine protected areas are provided zones around Platamun, Katić island and the island of Stari Ulcinj (Old Ulcinj). Besides establishing managers for all protected areas, adopting and implementation of management plans for all protected areas is planned through a participatory process. (Bulic, Bušković, 2008)

Perhaps it is an illustrative example of how to reach, even if one of the goals and principles of sustainable development is recognized by the fact that in countries that have formed in their territory dozens of regional and nature parks that are recognized in their communities as the most ideal forms for sustainable economic development

based on the limited and controlled use of natural resources and their total value. So, for example, in Slovenia, there are many nature parks, such as the Škocjan Caves, the Landscape Park, the Sočevje Soline, the Škocjan Zastok and many others, which are the moderators and correctors of the total social flows in these areas, and that they are the nucleus around which a base is formed for a total strategic planning in: tourism, forestry, local entrepreneurship, water management, revival of traditional forms of business. Such conditions enabled a relatively high quality of life for all holders and individually, and on the other hand enabled the maintenance of the original natural values of the area in their minor changes. Perhaps an even better pattern is the functioning of protected areas in Austria, such as the Kalkalpen Nature Park, Dolomiti Bellunesi in northern Italy, nature parks in Germany. Today they are no longer regarded as limiting factors of development in their surroundings, but to generators of development and design of development that have built-in components of sustainability in all their elements and phases. Such examples could be an ideal pattern for existing and especially future protected areas in Montenegro and other Dinaric countries (Serbia, Macedonia, BiH). The development of protected areas in the years and decades before us should be based on the already tried and tested postulates.

Public enterprise „National Parks of Montenegro“ is responsible for the protection and management of five Montenegrin national parks. The company was founded in 1993, under the provisions of the Nature Protection Act and the Law on National Parks. National Parks of Montenegro is a member of the Europarc Federation. (Federation of European National Parks) Regarding Montenegro, it is still difficult to say that our parks are branded, but we can present the potential of certain parks and in which direction the branding could move. National parks are unique parts of nature and they are characterized by a variety of ecosystems, morphological and hydrographic phenomena, rare plant and animal species, etc. Preserved and protected nature is gaining in importance due to the increasing pollution of space, representing thereby a great tourist potential. About 7% of the territory (nature) of Montenegro is under the protection of national parks: Durmitor, Lovcen, Skadar Lake. In this connection the Skadar Lake can be branded as the seat of the pelican, who has long been a trademark of this park. Regarding the National Park Lovcen, we can be certain that, in addition to its beauty and flora diversity, its cultural and historical value is a leading thing, and the brand of the park should be the mausoleum of Petar I Petrovic Njegos. Biogradska gora built its reputation as the oldest rainforest of Europe, but it certainly should improve the strength of the brand. Durmitor National Park probably has the most diverse offer of all our parks, but what is sure to stand out as the pearl of its beauty and value is the Black Lake. In accordance with the management of these parks individually and with their core values it is needed to step out on the market target groups and to instill the need for potential tourists to be part of the overall atmosphere. It is a commonplace to suggest that tourist destinations are composites of services and natural, socio-cultural landscapes and that they exist on multiple geopolitical levels (Buhalis, 2000; Morgan, 2004; Pike, 2004). Building a brand image and creation of a brand that will provide tourists and increase revenues of the park are all in accordance with the bearing capacity and other laws of this park.

The main deficiencies in the management of national parks of Montenegro are related to: absence of a national strategic approach for expansion of protected areas; limited knowledge and experience in the processes of establishing and managing other (except for national parks) categories of protected areas; often unsatisfactory and

incomplete management of sites with lower category of protection, limited incentives to holders of rights of land use and land owners to incorporate the land into protected areas; current disagreement between the interested institutions and holders of rights to use land within the existing system of protected areas; insufficiently clarified questions of institutional arrangements and financing of various categories of protected areas, except for national parks, (Questionnaire: Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union, 27 Environment, Government of Montenegro, Ministry of Physical Planning and Environmental Protection, 2009). The essence of product development for the mountain region is the construction of more “Wild Beauty Resorts”, well-integrated into the natural environment, with all the services and facilities, which will create conditions for more jobs and improve the living standards of the population. (positive with economic and social aspects)

Since the tourism potential of the northern region has not been sufficiently used, further attention should be given to a better valorization of national parks, as well as a comprehensive approach to the cultural heritage. It is recommended that in all national parks the small, exclusive, high-quality hotels should be built, integrated into the landscape - “eco lodge”, with the possibility of organizing training programs, which will be at the highest level. It should also be financed by national parks and look for new sources of funding. (Donations, international assistance) Master Plan is desirable to be developed for every national park separately, in order to plan improvement and development in the future, as well as to overcome the existing problems. The plan includes all the facilities and capacities that are necessary for visitors, as well as for the normal operation of the park. These include visitor centers, counters for information, offices, space for camping, parking, roads, trails, utilities, and many others. (Master Plan, (2008), Strategy of Tourism Development to 2020, Podgorica.) Hygiene in permanent and temporary structures is necessary. The National park should provide staff with special uniforms and inform tourists better. They should supply with accommodation and pay special attention to the inventory of current resources of the park, which is essential for the survival of rare and endangered species and the preservation of cultural heritage and to revive history as well. Hiking trails link greatest mountain peaks to the Adriatic coast. Some of the already existing roads should declare landscape routes and emphasize the tourist maps and signs. Correlate with that, it is necessary to point out that the degree of conservation we attractiveness of the area of national parks and other protected areas in Montenegro and their components directly affects the possibility of the development of tourism. For this reason, nature tourism has become one of the ways of modern life and by simultaneous one component of society, the organization of the community and its civilization heritage.

At the level of strategic planning, the coordination is provided through drafting of state planning documents, such as Spatial plan of Montenegro, Spatial plan of Coastal Zone and the future Coastal Area Spatial plan have to be harmonized according to the procedure set by the law. However, on the operational level, in the implementation of plans and programmes of specific sectors (such as Tourism Development Strategy, Fisheries Strategy, Biodiversity Strategy, etc.), there is no obligatory coordination, which creates numerous problems on the operational level. (Analysis of ICZM practice in Montenegro, 2013, p.35) Spatial plans for special purposes will ensure the creation of conditions for the development, protection, regulation and use of a certain area on the principles of sustainable development, preservation of natural assets of exceptional national importance, as well as other natural resources, and as stated in this document the

reason for drawing up the plan of a particular park is creation of planned assumptions for realization of various projects. It is estimated that his realization will make an important step towards improving the tourism industry in order to build a network of tourist destinations outside the coastal area. Strategic goals are high-quality tourism throughout the year, increased guest income per day, perspectives for creating attractive new jobs, sustainability and raising the overall quality of life.

Comparative analysis of goals incorporated in the countries in the region

A comparative analysis of the management objectives incorporated in the Management Plans with the same in the countries of our region has many similar methodological settings and are conceptually quite similar. However, through the analysis of activities and measures, we will clearly notice some significant differences in relation to the Management Plans in the countries of the environment. The legal frameworks are almost identical, but the content and certain protection and development guidelines differ in some elements. Thus, by analyzing the PA for the Republic of Serbia, it was established that the legal basis for the adoption of the Management Plans is the Law on Nature Protection („Official Gazette of RS” „, No.36 / 2009 and 88/2010). With the Law, the content of the Management Plans for protected areas is structured as follows:

- The manager adopts a management plan for a period of ten years.
- For certain protected areas, the promulgation act may provide for a management plan for a shorter period (individual trees, forests, etc.)
- The management plan determines how to implement the protection, use and management of the protected area, guidelines and priorities for the protection and preservation of the natural values of the protected area, as well as the development guidelines, while respecting the needs of the local population.
- Legal entities, entrepreneurs and natural persons are obliged to perform activities in the protected area in accordance with the management plan. Before the expiry of the period on which the plan is made, its implementation and the results achieved are analyzed, and if necessary, its audit may be carried out.
- The report on the realization of the plan shall be submitted in the manner and according to the procedure prescribed for the adoption of the plan.

In a further analysis in which the same Law specifies what these plans can contain in particular, it will be fairly consistent with the content of the annual Management Program for the national parks of Montenegro, which is defined by a separate Law on National Parks. The analysis of the previous content elements points to a somewhat different approach to the structure of plans in Montenegro and Serbia, where the Montenegrin plans have clearly defined strategic areas, while the structure defined for management plans in Serbia is more flexible.

What is the essential difference in the planning process is the fact that management plans in Serbia are also made for other protected areas (special nature reserves, such as the Koviljsko-Petrovaradinski Rit, nature monuments and other categories), while in our Plan of management for now is exclusively for national parks. Another important

difference is in the timing of the validity of the plans. They are brought to Montenegro for five years, without the possibility of revision, while it is evident that the time-scale of their validity in Serbia is limited to ten years (with the possibility of revision). The diversity is also reflected in the possibility of adopting management plans for a short period (forests, individual trees), while this option does not exist in our plans. For example, Forest management plans in national parks are an integral part of the overall management plan for a national park. However, it should be concluded that the main directions for the adoption of the management plans in both countries are largely identical and, apart from the above, there is no substantial difference, neither in the definition, nor in the approach, nor in the realization of the plans, there are almost no, or are those are more lexical and the subject of free interpretation.

In BiH, for the first time, the management plans for protected areas have been started, so for the first time we have adopted the PU for NP Sutjeska, NP Kozara, PP HutovoBlato, NP Una et al. So, in comparative analysis, this country can not be an adequate and reliable benchmark for the time being. In the Republic of Croatia, management plans are adopted for ten years, and their content is standardized by the Law on Nature Protection of the Republic of Croatia. The key determinant lies in the fact that all protected areas established at the state, county or municipal levels have adopted management plans with a ten-year validity period. For each of these plans, a revision that is in progress at the expiration of a five-year cycle is required, when the results achieved from the previous period are analyzed, and based on this approach to their audit. Based on the foregoing, there is a clear difference in the timing limit and the binding revision that applies for Croatia's protected areas, which is not immanent in Montenegro. However, the key difference lies in the general layout and structure of the plans themselves, where the Croatian plans have made a zoning by degrees of protection (in this case, Spatial Plans for Special Purposes deal with us), and where the IUCN criterion is implemented that the first zone of primary protection Up to 75% of the territory of the area. Also, each national park in that country, according to management plans, has a defined so-called ‘‘ Fundamental phenomenon ‘‘ of the park. Usually this is a small area of the park, which is separated as a separate one, and which makes a certain park recognizable. Thus, illustrations work for the fundamental phenomenon of NP Plitvice Lakes taken from a grandiose basin of 16 Plitvice Lakes, which makes up only 2% of the total area of the park.

Another important structural difference is reflected in the approach to tourism development, where in the Croatian protected areas this activity is very clearly identified as special and very important for the allocation of so much necessary material resources for their functioning and sustainability as a whole. The third major difference is reflected in the part where in every plan of management in the Republic of Croatia the specific measures for carrying out priority activities in practice have been abstracted and incorporated. Analyzing approach to their writing (examples of NP Paklenica, Plitvice, Gornji Velebit, Medvednica), we see that they are in this country that made a very studious analysis, including whole teams and experts in certain fields, and the use of consulting firms from Abroad, with special basic studies and field research, where the foundations for their writing were previously well established, and they were made on the basis of long-term research. According to us, that job falls mainly to a small group of associates in the administration of national parks without previous opportunities for research of any kind, and rests solely on existing literature data and documents (which have often been very scarce) or a pretty outdated. In the Republic of Slovenia a Management Plan

for Triglav National Park was adopted, but almost all regional parks have adopted management plans. It is common for all of them to be brought into a ten-year period.

Today and numerical indicators point to the fact that millions of tourists visit the largest national parks in the world each year, such as Jelouston and many other parks in Canada, New Zealand, Australia, European countries, and even with us. Statistics from the end of the last century indicate that the protected areas and national parks of the USA and Canada have visited hundreds of millions of tourists (Hall, 2002). By the high number of tourists protected areas undoubtedly generate new revenues and have positive implications for the economic viability of protected areas. In some parts of the world, the income of national parks and other protected areas reaches enormous proportions and is monitored in terms of money and hundreds of millions of euros, US and Australian dollars. So we have impressive examples that a protected area in Australia, such as Kakadu National Park, annually has an overall income of over 372 million Australian dollars (Luburic, 2016). In the coming years of this century, this tendency continued with the trend of an increase in the number of tourists in their national parks, which is certainly the result of an increasing interest of a modern tourist for an active vacation in nature.

In our environment we have examples that NP Plitvice Lakes in Croatia visit about a million tourists a year, NP Krka about 900,000, which brings them enormous revenues and creates an environment in which they have a strong impact on economic development in their counties. Similar examples were recorded in Slovenia, where RP Škocjan caves annually visited by 100,000 tourists to the PP Kalakalpen in Austria's largest resort of the citizens of Vienna, where only the weekend came close to 100,000 visitors from the central part of Austria to be visited by walking and hiking trails in him, visited his Visitor Center and other related content.(Luburic, 2016).

Since 2009, there has been a continuous increase in the number of visitors on average from 10-15% per year, depending on the Park. The highest growth is present in Durmitor National Park, where in the last five years the visit has been increased by 185%. Also, due to obstruction of work in NP Lovćen in 2012, 2013, 2014 and 2015-th year, the number of visitors does not show a realistic visit to this park. (Luburic, 2016).In accordance with the above findings, it can be concluded that the number of visitors and structure of prihodaa ticket sales exponentially increased with decreased state contributions and subsidized from the state budget, and that current indicators exactly say that tickets are predominantly present in the total revenue structure of the Public Enterprise for National Parks. Analyzes of existing accommodation facilities in national parks clearly indicate that they are both in volume and in structure, still unsatisfactory and very modest in order to meet modern standards and very sophisticated demands of potential tourist clientele need for an active holiday in nature. It is therefore necessary that in the next period on the basis of spatial planning documents and defined design solutions approach to the reconstruction of existing and construction of new accommodation kapaciteta.S In this connection it is necessary to point out that the degree of conservation we attractiveness of the area of national parks and other protected areas in Montenegro And their components directly reflect the potential for tourism development. For this reason, nature-based tourism has become one of the ways of modern life and, simultaneously, one component of society, the organization of the social community and its civilization.

For tourism to be an effective conservation and community development tool, the quality of the tourism 'product' – visitor experience - must be maintained. (McCool, 2006) Such

exponential growth in the number of visitors to areas of national parks and other protected areas (some of which are already formed and exist as is the case with the Nature Park “ Piva), and others, whose formation is in progress or is expected in the foreseeable future a management of protected areas, but also the country as a whole confronts a number of challenges that must all be ready. This implies strengthening the quality of tourist product, the dispersion of the sites beyond protected areas, strengthening the management capacity with a focus on improving the marketing tools in all respects. In this way protected areas, with a focus on national parks in essence become a national brand states and key alternative tourist destinations, not mainly as places for sightseeing tourism guests who spend their holidays on the Montenegrin coast.

Conclusion

The fact is, and it was undoubtedly shown by preliminary analyzes, studies and experts, that the national parks of Montenegro with their diversity of potentials can fully fulfill the modern requirements of nature-based tourism, and, with effective and modern visions, can be positioned in the long term as a concurrent destination among the large number of protected areas in the increasingly demanding European and world market. Such a concept implies constant monitoring of modern tourism trends and trends of demand, areas of potential investments and clear identification of new market trends. It is therefore necessary to create new, innovative programs in tourism, which are primarily nature-based and presuppose a modern organizational and managerial approach, as well as realistic planning in the management of protected areas that must follow the contemporary trends and demands of the tourism market and be organized willingly to create and implement new tourism programs and contents. In the coming period, strategic spatial planning and management documents for the areas of national parks are planned to develop and improve the new tourist offer, which is primarily based on the nature and promotion of cultural and historical heritage.

We conclude that all marketing components of the national parks as tourist product should function on the principles of sustainable development . This makes them specific compared with the general characteristics of mass commercial tourism that showed very low , usually insufficient care for the environment . Finally, as the national parks base their management strategy to sustainability, they both contribute to the sustainable development through environmental protection and biodiversity in ecologically sensitive sites . In order to function better in the future, the spotlight should be put on the development of the management of the national park as a destination with a focus on the management of visitors. In addition, it is necessary to have better information , promotion and education of all stakeholders , with monitoring and permanent control.

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CHARACTER AND DYNAMICS OF DEVELOPMENT RURAL TOURISM IN THE REPUBLIC OF SERBIA²

Abstract

The development of rural tourism has become a trend that is more or less present in almost all countries of Europe and North America today. In many countries it has enabled to resolve some of the important problems that burden life in the rural areas (unemployment, population migration to urban city centers, decrease of macroeconomic indicators, etc.). Its effect is synergistic, because it connects a large number of economic and non-economic activities and with its multiplied effects, has positive effects on local environment in which it develops.

Experiences that countries in which rural tourism is so far developed can contribute in practice in the Republic of Serbia which has significant potential for the development of rural tourism. They are reflected in preserved nature, developed agricultural production, prevalence of rural areas that covers more than 80% of the territory, rich anthropogenic heritage, geographical diversity of the territory that favors various forms of rural tourism, etc. Unfortunately, rural tourism has not gained importance in policy of economic development until recently.

The article analyzed the character and dynamics of the development of rural tourism in the Republic of Serbia and points to its phases of development. Also, it is given suggestions to facilitate monitoring and create preconditions for successful management.

Key words: rural tourism, development, destinations, accommodation

JEL classification: Q18, O11

КАРАКТЕР И ДИНАМИКА РАЗВОЈА РУРАЛНОГ ТУРИЗМА У РЕПУБЛИЦИ СРБИЈИ

Сажетак

Развој руралног туризма је данас постао тренд који је у већој или мањој мери присутан готово у свим земљама Европе и Северне Америке. Он је у великом броју земаља омогућио да се реше неки од важних проблема који оптерећују живот у руралним подручјима (незапосленост, миграције

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становништва у урбане градске центре, пад макроекономских показатеља итд.) Његово дејство је синергијско, јер повезује велики број привредних и ванпривредних делатности и својим мултипликованим ефектима оставља позитивне ефекте на средину у којој се развија.

Искуства која имају земље у којима се рурални туризма до сада успешно развијао могу да послуже у пракси и у Републици Србији која има значајне потенцијале за развој руралног туризма. Они се огледају у очуваној природи, развијеној пољопривредној производњи, руралном подручју које покрива више од 80% територије, богатом антропогеном наслеђу, географском диверзитету територије који погодује различитим формама руралне туристичке понуде, итд. Нажалост, до недавно рурални туризам није добио на значају.

У раду се анализира карактер и динамика развоја руралног туризма у Републици Србији и указује се на његов досадашњи фазни развој. Такође, дају се сугестије са којима би био олакшан мониторинг и стварају претпоставке за успешана менаџмент.

Key words: рурални туризам, развој, дестинација, смештајни капацитети

Introduction

A certain number of authors (Lane 1994, Runte, 1990, Feifer, 1985) cite the 19th century as a historical time point since it has begun developing rural tourism. Their need to specifying time point is primarily motivated by the number of tourists who from that time has begun visiting rural areas.

However, such a precise timeframe in terms of determining the start point of rural tourism development should not be taken “strictly”, especially, because people has gone for vocation and recreation in rural areas much earlier. Regarding this is witnessed by many facilities that were built and used for the purpose of their vocation, and are present in large numbers there today. These are objects, such as summer houses, villas and objects for similar intentions. The countries that leading by the number of such facilities are United Kingdom, Germany, Switzerland, Austria, France, Russia, etc. (Vuković et al. 2010).

Rural tourism started to develop in the Republic of Serbia in seventies of twentieth century. Until now it has various intensity, character and dynamics.

Material and method

The subject of article is the character and dynamics for development of rural tourism in the the Republic of Serbia. The aim is to point out the actual situation and potentials for further strategic directions for the future development of rural tourist destination in the context of sustainable development. In this way, obviously great potential for further development of tourism would be practical sense realised. Former policy undifferentiated marketing did not give results. The strategy of market focus, integrated marketing, with a clear specifying tourism aspects, with the consistent implementation of the basis on which should insist in future development. Methods that used in this paper are: inductive-deductive method, qualitative method, comparative method.

Result and discussion

Rural areas with the preserved nature and tradition of different rural areas have always attracted people to stay and vocation. More recently, the interest of people for vocation in rural areas has increased, primarily due to problems which are present in urban centres such as environmental pollution, increasing alienation from the natural environment, uniformity and standardization offered by modern lifestyles in urban urban areas, etc.

Increase of interest for rural tourism is first recorded in countries of western Europe, then in North America and after that in other countries of central and eastern Europe. In Republic of Serbia rising interest for rural tourism vocation began to be recorded in seventies of the twentieth century.

Accepting attitudes about the phase development of rural tourism with the corresponding characteristics introduced by Zodorov, A. V., (2009), it can be concluded that in the Republic of Serbia, as in most other countries, rural tourism has developed in an identical manner with the same features, even the duration of the phases can be precisely determined.

The first phase of an **independent establishing**. Rural tourism in Serbia has started to develop since the seventies of the twentieth century. The villages that were so called The “pioneers” of the development are Sirogojno, Seča Reka and Devići. At that time, the leading tourist agencies “Yugoturs” and “Putnik” were involved in the business of bringing foreign tourists to rural areas. Thus, according to the 1992 Serbian Tourist Association, in the Knić municipality there were about 35,000 foreign tourists from 21 countries. The largest number of tourists was recorded from Great Britain, Germany, Russia and Italy. (Todorović, M. & Bjelac, Ž., 2009; Milojević, Lj., 2004, etc.)

Municipalities in which rural tourism developed successfully until 2000 were Brus, Valjevo, Gornji Milanovac, Ivanjica, Knić, Kosjerić, Kraljevo, Lučani, Mionica, Požega, Prijepolje, Rača Kragujevac, Sokobanja, Užice, Čajetina, Čačak and Šabac. Indicators of the development of rural tourism are illustrated in Table 15.

Table 1. Indicators in the development of rural tourism in Serbia in the period 1990 - 2000 according to the data of the Tourist Organization of Serbia (TOS)

Year	1990	2000
Number of villages	50	41
Number of Households	800	170
Number of beds	3 000	800

Source: Milojević, Lj., (2004): „*Rural Tourism in Serbia*“, p.30, UNWTO: „*Rural Tourism in Europe: Experiences, Development and Perspectives*“, p. 27 -31, Proceeding from Seminars, Belgrade (Serbia and Montenegro, 24-25 June 2002), Kielce (Poland, 06-07 June 2003), Yaremcha (Ukraine, 25-26 Sept. 2003) published by UNWTO 2004. Web link: <http://www.idestur.org.br/download/20120219145557.pdf> (access 14.01.2017.)

The reasons for the occurrence of negative trends in the development of rural tourism in the observed decade should be seen primarily in the deep political, social and economic crisis that reflected on all segments of the society and hence on tourism.

The strengths in the development of rural tourism relate to: preserved and numerous natural resources, rich cultural and historical heritage, the number and diligence of rural settlements, the richness of local traditions, traditional hospitality, diversification of the tourist product. Disadvantages are: inadequate rural infrastructure, “archaic” tourism product, underdeveloped information system, unsatisfactory level of quality of mixing and other services, lack of training programs for farmers to provide adequate quality of services, lack of experience, lack of motivation, undeveloped awareness in rural areas economic and other benefits of rural tourism development.

The second phase, dedicated development started in 2006. Namely, at that time, the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia made decision to allocate in a total of 91 580 215 dinars for the development of rural tourism in the period from 2006 to 2008 and diversification of economic activities in the countryside (“*Analysis of budget support to the development of rural tourism in Serbia and diversification economic activities in the countryside*“, 2009, p.2). In 2008 there were 173 users of these funds (141 registered agricultural producers, 23 associations of citizens, 7 legal entities and 2 agricultural cooperatives). The largest amount of funds was distributed to the region of Western Serbia and AP Vojvodina, while most districts were distributed in Zlatibor district, and the least in the North Bačka District. The analysis of the types of investments indicates that as much as 91% of the funds allocated were directed to the restoration of traditional rural farms (adaptation, upgrading and renovation of buildings, procurement of equipment, etc.), while 9% were allocated for promotional and educational activities.

The number of villages and municipalities involved in rural tourism increased in 2009 (41 municipalities, 119 villages with 164 households with 570 rooms and 1 628 beds). The main weaknesses in the development of rural tourism by 2009 are the non-organization and the lack of networking between promoters of the tourist offer. (Štetić and Todorović, 2009, p.86.)

In 2011 two research papers were published by joint UN program in Serbia, titled “*Sustainable Tourism for Rural Development*”, which was funded by the “*Fund for achieving the Millennium Development Goals development initiative group (MDGIF-SeConS*“.

- *The first* published by Đurović, D. and Cvejić, S., (2011), is a report compiled on the basis of a research conducted in four regions of the Republic of Serbia (Donje Podunavlje, Central Serbia, Eastern Serbia and South Banat). The full title of the document is “*Rural tourism as a factor in rural development*”;
- *The second* is the “*Master Plan for Sustainable Development of Rural Tourism in Serbia*”, which was made within the same program, which could be found on the official website of the Ministry of Finance and Economy of the Republic of Serbia until 2013.

According to the data presented in the Master Plan for Sustainable Rural Tourism Development in Serbia, which was compiled in cooperation with 106 local tourism organizations, rural tourism includes 2.7 million overnight stays, which is a sum of individual nights in rural tourism of 145 354³ and the number of general tourist nights used

³ These data are obtained by municipalities and LTOs. As this document highlights, “no central institution is in charge of collecting this data, except the Council of each municipality or LTO,” p.15.

for rural tourism of 2 556 128.⁴ Rural tourism provides more than 32,000 beds (registered and unregistered), with 10 000 beds located exclusively in the village. The estimate is that the total number of beds annually brings more than 5 billion. RSD revenue and 5 billion. RSD direct revenues to the tourism sector. Revenue of 10 bln. RSD does not include visitors staying at least one night or staying with friends or relatives (although these persons spend on tourist and other accompanying services while staying) and does not include indirect contribution to the local economy in terms of income and employment. Revenue of 10 bln. RSD represents 16% of direct GDP from travel and tourism, as calculated by the “*World Council for Travel and Tourism in Serbia*” for 2010, which totals 62.4 billion. RSD. (Master Plan for Sustainable Development of Rural Tourism in Serbia, p.74-75).

Based on the comparison of data from both sources, it can be concluded that rural tourism is already an important factor in the development of tourism in the Republic of Serbia.

In document “the Strategy of development tourism in the Republic of Serbia - Second Phase Report, Competitiveness Plan” (p. 94), it is anticipated that rural tourism in 2015 will comprise 6.6% of the total number of tourist nights, with an estimated market potential of one million overnight stays and the participation of foreign tourists from 15% of the total number of overnight stays, which makes about 150 000. However, practice has shown that the results were lower. In fact, due to the lack of a unique database of accommodation capacities of rural tourism, monitoring of the number of tourist arrivals and overnight stays was difficult. So, the real information about data still do not exist in 2017.

The weakness of existing accommodation capacities of rural tourism relate to (Đurović and Cvejić 2011, p.5-6):

- Undeveloped accommodation capacities and unsatisfactory quality of existing ones;
- Insufficient utilization of existing capacities;
- Incomplete offer of basic catering services;
- Economy of low volume and low prices;
- Insufficient additional services;
- Small investment capacity of households and slow development trend.

The problems that are burdened with the further development of rural tourism in Serbia are (Štetić and Todorović, 2009, p.88.)

- Insufficient education of interested rural households on how to accept and accommodate visitors / tourists;
- Insufficient number of tourist spots in the villages that deal with this type of tourism and poor connection with the municipal, regional and national tourist organization (TOS);
- Insufficient and inadequate social and road infrastructure.

Expansion in the development of rural tourism has experienced in the period 2009 - 2016, which can be traced through indirect sources of information that can be found on

⁴ The "Master Plan ..." points out that "general tourist nights usable for rural tourism" means accommodation in rural areas, which can be used by tourists who visit the rural areas, but it is not called "rural households".

Internet presentation of „Association of agrotourism in Serbia“ on their official web presentation www.selo.rs that follow the accommodation capacities of rural tourism. It must be notice that this is not official data because this association had data which distributed some of local tourist organizations in Serbia not all. It is not some kind of census accommodation facilities but only accommodation capacities which are include in that association. But, unfortunately this is only source of accommodation facilities which consistently monitoring number of accommodation units in the Republic of Serbia.

Table 2. Accommodation facilities by type in the Republic of Serbia which have Association of agrotourism in Serbia

Type of accommodation	Number of units	Type of accommodation	Number of units
Apartment	104	Rooms	17
Bed and breakfast	5	Rural Household	90
Camp	1	Resident apartment	2
Cottage	26	Tourist Complex	8
Ethno Complex	10	Tourist facility	3
Guest House	45	Villa	19
Hostel	1	Wooden House	31
Hotel	4		
Motel	1		

Source: Association of agrotourism in Serbia, www.selo.rs (accessed 17.11.2017)

Conclusion

Rural tourism since it has begun to develop in Serbia, went through two phases. The first one can be named independent establishing and second phase can be named dedicated development. The intensity, dynamics and character of the previous development were conditioned by a large number of factors (eg. the geographical location of the area, anthropogenic heritage, the degree of socio-economic development, the awareness of the local population about the importance that rural tourism has for the overall economic and socio-economic development of the rural area, etc.)

What appears as a need is the formation of a unified database of accommodation facilities rural tourism at the national level. “The Association of rural tourism in Serbia” has the most complete database of accommodation facilities of rural tourism so far. However, the problem is that it does not include all accommodation capacities of rural tourism and which owners of accommodation capacities do not have the obligation to be register in such a database. Hence, monitoring of the intensity, dynamics and character of development rural tourism has been hampered.

The geographical diversity of the Republic of Serbia provides the basis for further planning and actions in the development of rural tourism. In order to enter into the next phase of complex development of rural tourism, it is essential that the destination management of rural tourism is gaining importance at all levels from the local (mini rural tourist destination) to the regional and national level (macro rural tourist destination). In second case, entire rural areas are regarded as potential rural tourist destinations.

This approach makes it easy to apply marketing and management techniques to managing rural destinations. In this way, the basis for achieving positive results is created. In order to achieve this, it is necessary to form a destination management organization which would have a management function instead existing destination marketing organizations that have exclusively a promotional function. Destination management organization would include also promotional function.

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HIERARCHY OF NEEDS AND CORRELATION CONNECTIONS AS AN IMPORTANT ELEMENT OF SUCCESSFUL EMPLOYEES' MOTIVATION³

Abstract

Motivating the employees is one of the main tasks of human resource management and a very important factor of their professional development. Providing safe working conditions is a complex process that is determined not only by the specific individual motivation for safety and health at work, but also by organization of the working processes, organizational culture and other factors. Supposing that personal motivation and environmental motivation are not universal, there has been issued an extensive study of all relevant factors of motivation for working and motivation for safe operating in the company Port of Adria JSC Bar. The aim of this paper is to determine the order of motivating factors for workers that have the greatest impact on respondents and which are the most significant as far as the employees' motivation is concerned. By a detailed analysis of data and determining the hierarchical relationship among the responses by various criteria, there has been formed a final model of considering collective attitude of the organization based on the survey questions. The most important conclusion of the study indicates that the introduction of advanced technologies and modernization of working funds, combined with increasing of salary and fairer distribution of income, have the greatest impact on workers' sense that the organization shows respect for the results of their work.

Key words: *motivating the employees, human resource management, hierarchy of needs, collective attitude*

JEL classification: J24, J53, D22

ХИЈЕРАРХИЈА ПОТРЕБА И КОРЕЛАЦИОНЕ ВЕЗЕ КАО БИТАН ЕЛЕМЕНТ УСПЕШНЕ МОТИВАЦИЈЕ ЗАПОСЛЕНИХ

Апстракт

Мотивација запослених је један од главних задатака менаџмента људским ресурсима и веома важан фактор за професионални развој запослених. Остваривање безбедних услова рада представља комплексан процес који је

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одређен специфичном индивидуалном мотивацијом за безбедност и здравље на раду, тако и организацијом процеса рада, организационом културом и другим факторима. Полазећи од тога да лична и срединска мотивација нису универзалне, обављено је обимно истраживање свих релевантних фактора мотивације за рад и мотивације за безбедан рад у предузећу Port of Adria АД Бар. Циљ рада је да утврди редослед мотивационих фактора за раднике који имају највећи утицај за испитанике и који су најзначајнији када је у питању мотивација радника. Детаљном обрадом података и одређивањем хијерархијских односа између одговора по различитим критеријумима, формиран је коначан модел за разматрање колективног става организације по анкетним питањима. Најважнији закључак студије указује да увођење савременије технологије и модернизација средстава за рад у комбинацији са повећањем зарада и праведније расподеле дохотка имају највећи утицај на осећај радника да организација показује поштовање према резултатима њиховог рада.

Кључне речи: *мотивација запослених, управљање људским ресурсима, хијерархија потреба, колективни став*

Introduction

Evaluation of work and an adequate remuneration of employees and managers are crucial for both short-term and long-term success of any company. In a modern economy, based on the knowledge about the system of evaluation, managers' attention is focused on long-term consequences of their actions by encouraging them to follow the implementation of effective strategies and to get informed about the results of assessment and development of organizational performance (Kaplan and Norton, 1996; Lusthas et al., 2002; Bowlby, 2011).

Motivation and employees' satisfaction are key areas of interest in the management of human resources, because only providing a good motivation system helps the organization to increase its competitive ability and the value of the company. Relationship between the performance and reward is an important factor of the employees' motivation and is considered to be a crucial factor of system effectiveness (Burnley, Henle and Widener, 2009). Companies that haven't developed a strategy for motivating and rewarding (Arnolds and Vener, 2007), have a bad working atmosphere, lack of reliability and trust, employees feel bad, and this inevitably leads to stagnation and decline. Modern organization, based on knowledge, assumes that employees should be motivated to do more than what their working task is (Williamson et al., 1997; Cavazza and Serpe, 2009). In this case, a tendency to achieve the greatest possible individual motivation can be achieved only if the following conditions are fulfilled (Tissan, Andriesen and Depre, 2006): if an individual believes that what he does has certain results; if an individual feels that the result is attractive and if an individual believes that it is possible to achieve the desired effect. Certain human behaviors are determined by internal psychological triggers that force them to do something, and therefore, the result of an individual depends not only on his knowledge, abilities, skills, but also on how motivated he is. Thus, it is very important that managers understand the complexity of the personality of each person and to select, adapt and apply appropriate motivational techniques and processes (Neal and Griffin, 2004; Christian et al., 2009).

Motivation theories give us a specific view of motivation in general, also including the motivation to work, and they are focused on trying to explain why some people accept motivators such as salary, promotion, job security, etc., while the others avoid them, and what makes something a goal and which goals people want to reach.

There are several theories of motivation. The basic division of theories of motivation would be into the original theories of motivation and the modern theories of motivation. The group of the original theories of motivation includes:

Douglas McGregor's Theory X / Y. McGregor (1960) claims that the managerial styles of management are divided into Theory X and Theory Y. According to the Theory X, workers dislike work, avoid it, and they need constant supervision, while Theory Y stands for a completely opposite attitude of the employees. Theory X represents the “hard” (hard) model of governance, while the Theory Y represents a “softer” (soft) management model. Although they are essentially opposite, the theories are intertwined in practice.

Hierarchy of needs theory by Abraham Maslow. Maslow (1943) presented his theory of a specific sequence in the development of needs which explains that “higher” needs could not be expressed, unless the “lower” needs are satisfied. Maslow discovered that the people in the organization are motivated by five groups of hierarchically arranged needs (Figure 1). These five groups of needs are:

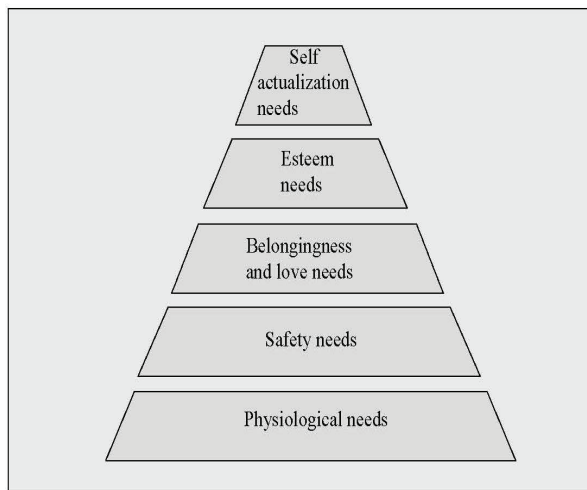
- Physiological needs are the natural needs that each individual has as a biological entity (eg. food, home...). The employees satisfy these needs in the company with salaries that they receive for their work;
- The needs for security include physical security and safety of the workplace, but also the psychological security from the different types of stress, frustration, attacks, etc.;
- The needs for love and belonging are related to one's desire to be accepted and loved by the collective, and to feel as a full member of this team. This group of needs derives from the man's character as a social being;
- The need for respect. For human beings it is not enough to be just accepted and loved by the people in their environment. They need to be respected by other people, or even by themselves (self-esteem). This need includes the need for status and power;
- The need for self-realization. This is the last in the hierarchy of human needs by Maslow. When all other kinds of needs are accomplished, human beings have the need to realize all their capabilities and potentials at their disposal. The need for self-realization refers to one's desire to succeed in what he is doing and to use the skills, talents and knowledge that he possesses.

The hierarchical arrangement of these needs means that there is an order of their satisfaction. This practically means that the needs of “higher” order cannot be met unless the needs of “lower” order i.e. the ones that are closer to the base of the hierarchical pyramid, are met. Physiological needs must be satisfied first, and if they are not satisfied, the satisfaction of other, higher needs is not possible. In other words, if an employee receives a small salary which he cannot satisfy his physiological needs, then he can hardly even think of meeting the needs of belonging, respect and self-realization. It should be noted that once the needs are met, they cease to be a source of motivation and there appears to be a need of a higher level.

So, when there is a satisfactory level of earning to meet the employees' basic physiological needs and security needs, they no longer represent a source of motivation.

Herzberg's theory of “hygienic“ motivation (Herzberg, Mausner and Snyderman, 1959) generally represents a modified Maslow's approach to needs. In their research they pointed out the two-factor theory of motivation. In his theory of ‘hygienic’ motivation, Frederick Herzberg suggests that the factors of satisfaction at work and motivation are intrinsically linked, while the secondary factors should be associated with dissatisfaction at work (Robbins, 2003).

Figure 1: Hierarchy of needs according to Abraham Maslow



Source: Own source

Alderfer's model of needs, known as ERG, unlike Maslow's model, doesn't contain the assumption of the hierarchical relationship of human needs. Alderfer (1972) only claims that people in organizations are driven by three types of needs:

- Existential needs (E - Existence);
- The need for relatedness (R- Relatedness);
- Growth, development needs (G- Growth).

Existential needs correspond to Maslow's basic needs, the needs to connect are the same as the needs for belonging and love, while development needs are related to people's desire to grow, learn new things, improve their skills, work interesting and challenging jobs and achieve results. This theory has similarities and differences in relation to the theory of Maslow's hierarchy of needs. The idea of this theory to identify the needs that drive human activity is the same as Maslow's idea. Also, a great similarity in the definition of need is notable. However, there are significant differences, such as those relating to the way in which the individual needs become active as motivators for individuals.

In the group of contemporary theories of motivation, the following can be classified:

David McClelland proposed a Three Needs Theory, which says that there are three acquired, not congenital, properties which are the main motif in the work. McClelland (1966) has differentiated three types of needs that people satisfy in organizations. These are:

- The need for pooling (nAff- need for affiliation);
- The need to achieve success (nAch-need for achievement);
- The need to achieve power (nPow-need for power).

The needs for belonging correspond to the needs identified in other theories of motivation. What is new in McClelland's theory is the need for achievement and power. The need for achievement represents one's need to succeed in what he does. It is important to emphasize that the need for achievement can be consciously planned to develop in children during their upbringing. McClelland even claimed that this need can be strengthened even in adults. The need for those he saw in the fact that the need for achievement is particularly important for entrepreneurs who create new values in the economy. He even claimed that there is a positive correlation between the degree of economic development of a country and the percentage of people who express the need for achievements in that country.

The need for power is also a novelty that is introduced into the McClelland's theory of motivation. He found that people have a legitimate need to exercise influence over other people. In the American national culture, this need is often discredited since it is considered that the power to wish something is bad and immoral. McClelland even found that most people have this need and that it is particularly important to those in managing positions.

Goal setting theory explains that setting the goals is the most important part of encouraging human activity (Latham and Locke, 1979). The basic idea of this theory is that goal setting is a mechanism of motivation because it puts one in the position to compare his skills with those that are required to achieve the target. Setting goals motivates people much more than telling them: "Do your best". This requirement is very vague because people often do not know what it is and how to "do their best". When they have a clear objective to be achieved, they know exactly how much effort should be invested in its implementation. The theory is checked, and in practice it provides that a target in front of an individual or group actually increases the level of motivation to work.

There are three basic messages for managers that can be derived from the theory of goal setting:

- Any individual or group in the organization should always have a set objective of their activities as well as a very clear, specific goal. It has also been found that people work better if the goal is specific and quantified;
- The objectives should be set so as to be very difficult to achieve but still achievable. Impracticable and too easily achievable objectives demotivate people;
- The employees must always get a feedback on achieving their goals. People are more motivated if they know how to achieve the set goals.

Wroom's expectancy theory (Expectancy Theory) is based on the assumption that most of the behavior of employees in organizations is the result of their free choice. Wroom (1964) observes the process of motivation as a cognitive process in which the individual rationally and freely decides (makes choices) whether and what behavior to apply depending on his assessment of the effects of these behaviors. So, whether an individual will be motivated or not depends on his assessment of the efforts to be made in his behavior, the effects of that effort and the expected reward.

Employees' motivation is described as resulting from three factors: the expectation of the effort that someone makes in his behavior leads to results of the first order (performance), the results instruments of the first order and evaluating the possibility of their leading to the results of the second order and valence, or preference for results of the second order.

Methodological framework of the research

The research sample consists of the employees of the Port of Adria JSC Bar. The research was conducted on a sample of 184 respondents. The sample comprises respondents of different business units, of different sex, age and length of service.

Professionals filled in the survey sheets at break time, before or after work.

An interview was used as the main research method which revealed subjective attitudes of the employees. The survey instrument was a modified Measuring scale for occupational safety motivation (Živković, 2008), containing 38 questions.

The following statistical methods for the processing and presentation of research were used: frequency, percentage, cumulative percentage, ranking, standard deviation, correlation coefficient, Paired sample T test, ABC diagram.

Statistical analysis was performed using the software package for statistical analysis SPSS for Windows ver. 19.0.

The survey was conducted in 2014 and 2015.

Results and discussion

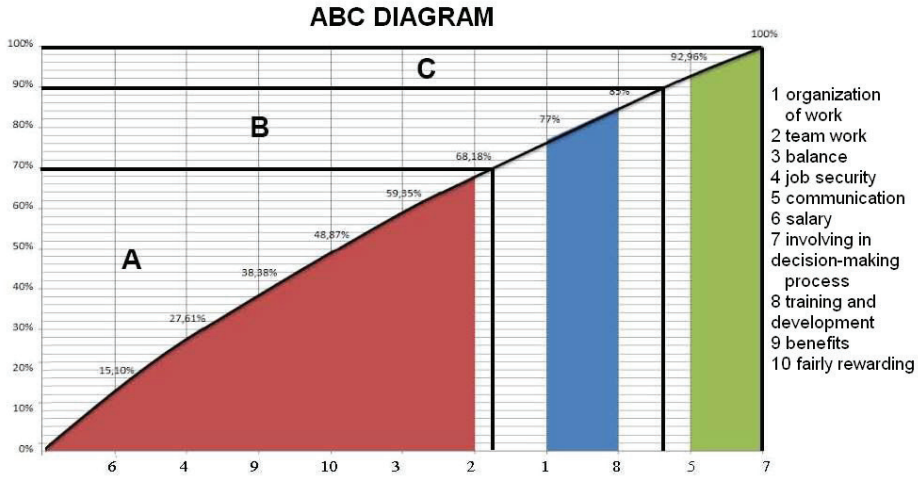
Based on the results collected by a detailed survey conducted in the company Port of Adria JSC Bar and using a questionnaire with 38 questions of a modified Measuring scale for occupational safety motivation, the aim of which was to make a range of motivating factors for workers. They were processed by using ABC diagram (Rakić, 2015):

Table 1: Presented results based on data collected by questionnaire (question 38 of modified scale)

No. of question	Align by rank	Frequency	Percent	Cum. percent	Group
1 organization of work	6 salary	1.528	15.10%	15.10%	A
2 team work	4 job security	1.266	12.51%	27.61%	A
3 balance	9 benefits	1.090	10.77%	38.38%	A
4 job security	10 fairly rewarding	1.062	10.49%	48.87%	A
5 communication	3 balance	1.060	10.47%	59.35%	A
6 salary	2 team work	894	8.83%	68.18%	A
7 involving in decision-making process	1 organization of work	892	8.81%	77.00%	B
8 training and development	8 training and development	810	8.00%	85.00%	B
9 benefits	5 communication	806	7.96%	92.96%	C

10 fairly rewarding	7 involving in decision-making process	712	7.04%	100.00%	C
		10.120			

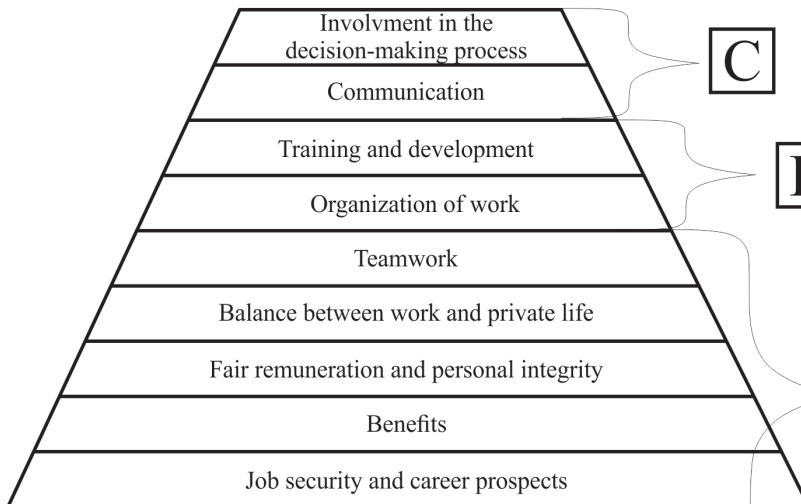
Figure 2: Graphically presented results (ABC diagram)



Source: Own source

ABC diagram clearly shows which factors have the greatest impact on respondents. Issues that have been found in a square A have the greatest impact on employees and should be the focus of HRM. Questions from the square B are important, but they need to be considered when issues from the square A have already been solved, or, if it is impossible to satisfy all the conditions of the square A, mixing the square A and square B should be done, with the aim of costs rationalization, while the square C does not need a special deal at the outset, since it requires great expenses and effort, and the results are almost negligible.

Based on the results obtained by analyzing the questionnaire, with the help of ABC chart, based on the theory of Maslow’s hierarchy of needs, the resulting model is shown in Figure 3.

Figure 3: Significance of satisfaction pyramid

Source: Own source

Based on the Pyramid of satisfaction it is possible to draw clear conclusions about the direction in which the activities of HRM in organization should continue to go:

- The order of satisfying needs should be respected;
- The needs closer to the basis must be satisfied first, and only then to move on to a higher level;
- Considering that in this case the needs are classified into three segments, A, B and C (Figure 3), the needs of the segment A should be met first, then the B segment, and only in the end of the segment C;

If it is impossible to meet adequately the needs of the segment A, since it has six, it can be mixed with the B segment, and thus achieve a costs reduction while increasing productivity.

Although they are often pointed out as very important factors of the employees' satisfaction, communication and involvement in decision-making, according to this study, have been at the bottom of the pyramid of needs, and there is no need to use funds and resources for this purpose, or at least not as long as there is even an unmet need within the segment A and segment B, whose satisfaction is not very demanding.

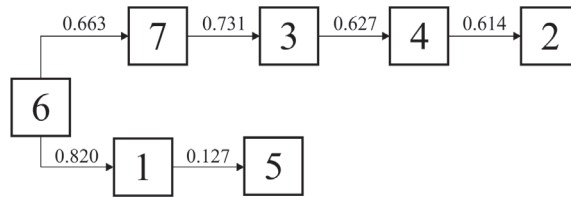
Using a software package for statistical analysis of data SPSS, certain correlations between individual responses from the concerned questionnaire have been determined. The resulting correlation coefficients among all the variances of the questionnaire are presented in Table 2:

Table 2: Correlation coefficients between all answers

		Correlations						
		VAR 001	VAR 002	VAR 003	VAR 004	VAR 005	VAR 006	VAR 007
VAR 001 to increase earnings and equitable distributed income	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	184						
VAR 002 to create a better social protection programs	Pearson Correlation	.039	1					
	Sig. (2-tailed)	.598						
	N	184	184					
VAR 003 to improve social protection programs	Pearson Correlation	-.037	.635**	1				
	Sig. (2-tailed)	.615	.000					
	N	184	184	184				
VAR 004 to improve interpersonal relations	Pearson Correlation	.113	.614**	.627**	1			
	Sig. (2-tailed)	.127	.000	.000				
	N	184	184	184	184			
VAR 005 that the organization shows more respect for the results of their workers	Pearson Correlation	.127	.154*	.207**	.437**	1		
	Sig. (2-tailed)	.087	.037	.005	.000			
	N	184	184	184	184	184		
VAR 006 to introduce more modern technology and modern means of work	Pearson Correlation	.082	.374**	.584**	.567**	.221**	1	
	Sig. (2-tailed)	.269	.000	.000	.000	.003		
	N	184	184	184	184	184	184	
VAR 007 to give workers greater opportunities for participation in decision-making	Pearson Correlation	.130	.640**	.731**	.719**	.391**	.663**	1
	Sig. (2-tailed)	.079	.000	.000	.000	.000	.000	
	N	184	184	184	184	184	184	184

According to the values of correlation coefficients, the model of interdependence issues has been determined and presented in Figure 4:

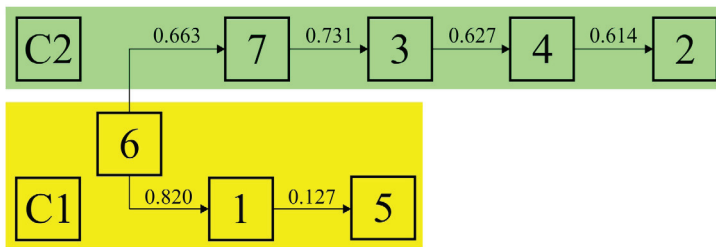
Figure 4: The starting model of interdependence survey questions, formed on the basis of correlation coefficients



Source: Own source

At the model itself, the values of correlation coefficients among individual issues are provided, while the hierarchical relationships between them have not been taken into consideration yet. It is noted that certain issues have singled out as a separate group, i.e. clusters of individual groups of issues have been formed, referred to as cluster C 1 and cluster C 2 (Figure 5).

Figure 5: Selected groups of questions in the form of clusters C1 and C2



Source: Own source

On the basis of correlation coefficients in Table 2 as well as the models shown in Figures 4 and 5, the following hypotheses have been formed, ranked by the size of the mutual correlation coefficient (Table 3):

Table 3: Hypotheses formed on the basis of mutual correlation coefficients

No.	Question	Hypothesis
H1	6 : 1	introduction of modern technology and modern means of work is positively linked to an increase in earnings
H2	6 : 7	The introduction of modern technology and modern means of work is positively linked to the desire of workers to be given better opportunities to participate in decision-making
H3	7 : 3	The desire for greater worker participation in decision making is positively associated with the desire to improve the existing protection programs
H4	3 : 4	The desire to improve the existing protection programs is positively associated with improving interpersonal relationships
H5	4 : 2	Improving of interpersonal relationships was positively associated with the desire for new protection programs
H6	1 : 5	The increase in earnings was positively associated with the desire that the organization shows more respect for the results of their workers

In order to create the final model of discussed organization issues that have the strongest correlation, the hypothesis H1-H6, are analyzed using Paired sample T test.

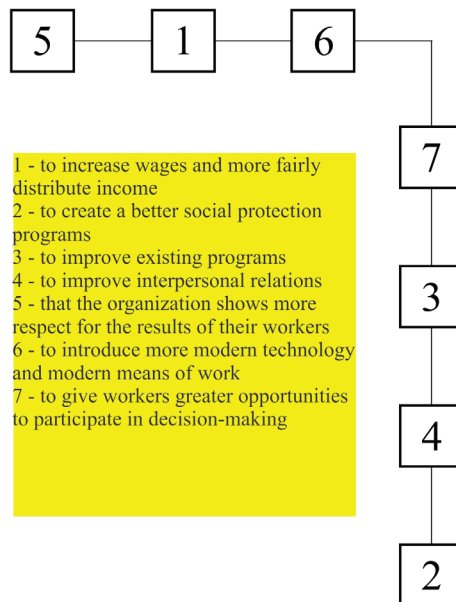
Table 4: Analysis of pairs of questions listed in Table 3, using Paired sample T test

Paired Samples Test									
		Paired Differences					t	Correlation	Sig.
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	6 : 1	-1.098	1.426	.105	-1.305	-.890	-10.441	.082	.269
Pair 2	6 : 7	.533	1.008	.074	.386	.679	7.170	.663	.000
Pair 3	7 : 3	-.283	.939	.069	-.419	-.146	-4.083	.731	.000
Pair 4	3 : 4	.293	1.072	.079	.138	.449	3.715	.627	.000
Pair 5	4 : 2	-.663	1.048	.077	-.816	-.511	-8.579	.614	.000
Pair 6	1 : 5	.967	1.334	.098	.773	1.161	9.835	.127	.087

The table clearly shows that only couples of questions 6:1 and 1:5 have a value greater than 0.05, which means that the questions 6 and 1, as well as questions 1 and 5 are at the same hierarchical level.

Based on the results, the final model was formed to consider the collective attitude of the organization on the issues set out in the questionnaire (Figure 6).

Figure 6: The final model hierarchy questionnaire



Source: Own source

Conclusion

Based on the final hierarchy model questionnaire and the analysis of clusters C1 and C2, it is possible to conclude that the introduction of advanced technologies and modern means of work together with an increase in wages and fairer distribution of income have the greatest impact on workers' sense that organization shows respect for the results of their work, because, as it can be seen clearly on the created model, they are located at the same hierarchical level. This is quite logical, because the satisfaction of the employees with their work is best expressed through the amount of earning, but also, the amount of earning affects the quality of their work.

From the strength of the relationship between these issues and the same hierarchical level at which they are located, it can be concluded that, beside workers' material satisfaction, through which, in their opinion, the organization has showed more respect for their work, they extremely needed more modern means of work, as well.

Also, it can be concluded that the need of workers for the introduction of more modern technology and modernization funds for the work is directly related to the need of workers for greater participation in decision-making. From these connections there can be seen the need of workers for improving the working processes, as well as the organization itself. It can be concluded that workers, as active participants in the production process, feel neglected considering the issues related to the production process. In order to improve the working process, this situation must change because the workers are at the source of the problem and can provide a valuable assistance in identifying them, and in proposing measures for their elimination.

The need to improve the existing social protection programs is directly related to the need to improve interpersonal relationships, which in turn is directly related to the need to create new social protection programs. A serious work is needed for solving these problems but, of course, only after they have solved the problems that are at a higher hierarchical level.

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SOCIAL ENTREPRENEURSHIP SUPPORTED BY CREATIVE ECONOMY

Abstract

Social entrepreneurship is a multidimensional and dynamic structure that moves between public and private sectors and volunteering. One of the biggest problems facing all countries of the world today is the reduction of unemployment, primarily youth and socially vulnerable categories. With the same problem - the countries of the Western Balkans face, including Serbia. The high unemployment rate of socially vulnerable and young people results in negative implications because they face difficulties in finding a job. Unemployment is an important indicator that has both social and economic dimensions. From an economic perspective, unemployment can be viewed as exploiting the capacity of the workforce. Social entrepreneurship helps create new jobs, develop new skills, the opportunities of unemployed and vulnerable people to participate in society and the economy. The main goal of this paper is to point out the fact that social entrepreneurship is an opportunity to encourage the development of the local community and the national economy. Particular emphasis is on the development of social entrepreneurship of the young, because an effective strategy for preparing young people implies that they are not only educated, but also highly educated with leadership skills that can be raised at an entrepreneurial level and will thus be active creators of the economy in the future, especially emphasizes the potential and contribution of a new - creative economy in the development of social entrepreneurship.

Key words: *social entrepreneurship, social enterprises, creative economy.*

JEL classification: *E24, I25, L31*

СОЦИЈАЛНО ПРЕДУЗЕТНИШТВО ПОДРЖАНО КРЕАТИВНОМ ЕКОНОМИЈОМ

Апстракт

Социјално предузетништво је мултидимензионална и динамична структура која се креће између јавног и приватног сектора и волонтерства. Један од највећих проблема у којима се данас суочавају све земље света је смањење

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запослености, у првом реду младих и социјално рањивих категорија. Са истим проблемом – суочавају се и земље Западног Балкана, међу њима и Србија. Висока стопа незапослености социјално рањивих као и младих људи резултира негативним импликацијама, јер се суочавају са потешкоћама у проналажењу посла. Незапосленост је важан индикатор који има и друштвене и економске димензије. Са економске перспективе, незапосленост се може посматрати као искориштавање капацитета радне снаге. Социјално предузетништво помаже устварању нових радних места, развијању нових вештина, могућности незапослених и угрожених људи да учествују у друштву и економији. Главни циљ овог рада је да укаже на чињеницу да социјално предузетништво представља прилику да би се подстакао развој локалне заједнице и националне економије. Посебан акценат у раду је развоју социјалног предузетништва младих, јер ефикасна стратегија за припрему младих људи подразумева да не буду само образовани, већ и високо образовани са лидерским вештинама које могу подићи на предузетнички ниво и тиме ће у будућности бити активни креатори економије. У раду се посебно наглашава потенцијал и допринос нове - креативне економије у развоју социјалног предузетништва.

Кључне речи: социјално предузетништво, социјална предузећа, креативна економија.

Introduction

Serbia, as in the rest of the country in the region, is faced with significant challenges in solving social and economic problems. These problems are numerous, ranging from poverty, youth unemployment, social exclusion, etc. Social and economic problems have a direct impact on the country's progress in interstate integration, and on the other hand, it seems that the current efforts of the Serbian economy do not provide adequate solutions to these problems. As a result, social entrepreneurship, as a way of thinking, is becoming more and more important. Social entrepreneurship, in its basic definition, represents the idea of a combination of innovative methods that entrepreneurs use in order to achieve long-term social change. Social entrepreneurs identify social and economic problems, outline ideas on how to solve them, and implement solutions on a long-term basis. Social entrepreneurship has emerged as a global phenomenon leading a new type of pragmatic, innovative and social activist with vision, seeking social change and social impact through a combination of tools from business practice, social work in order to achieve lasting social change (Nikols, 2006, 2). The aim of this paper emphasizes the need to promote the potential of social entrepreneurship, in particular the work of social entrepreneurs in the field of young entrepreneurs.

Legislation in the field of social entrepreneurship

The adoption of the Law on Social Entrepreneurship and Employment in Social Enterprises in Serbia is still in the form of a proposal. Although, on several occasions since the beginning of 2017, the adoption of this law was urgently passed by urgent procedure, but that did not happen and, by its very nature, will not be until the end of the

current year. According to the definition contained in Article 2 of the draft law on social entrepreneurship and employment in social enterprises: “Social entrepreneurship is organized a social activity of public interest that is being done to create new opportunities for solving social, economic and other problems of the hard-working people and their communities, preventing the emergence and elimination of the consequences of social exclusion and the strengthening of social solidarity and cohesion. “In any case, an important step was made by understanding the need to adopt laws that would regulate social entrepreneurship. By adopting the legislative norms, it is possible to better operate the social enterprises for which there is evident need, since sosoipoling companies usually differ from “ordinary” in their social role. This is also reflected in the fact that the profit of a social enterprise does not serve to increase the property of the owner, but rather serves for the employment of people who are more likely to come to work or engage in certain social and medical services, education, environmental protection, cultural heritage and other activities in the local community. Chronologically, so far in Serbia there have been several (three) initiatives for the adoption of this law. Government initiatives in terms of legal solutions have had the sole idea that social entrepreneurship is one of the instruments that can solve the big unemployment problem in Serbia. To a large extent, this is impossible, because it is a private initiative that does not necessarily have priority employment. In fact, a better mechanism for the real functioning of the law on social entrepreneurship is to allow owners of social enterprises to have a secure market, less intentions in the form of lower tax rates and taxes, as well as facilitating the employment of identified strata of socially vulnerable categories of people. The available data from the European Movement in Serbia show that currently, on the basis of various legal forms, there are about 400 companies that could carry the “social” epithet. These companies participate in the GDP of Serbia with only 0.2% and in employment with 0.5%. On the other hand, in the EU social economy, the economy accounts for a total of 11% and employment of 6.5%.

However, before we analyze in more detail the increase in employment through the establishment of social enterprises, it is actually a matter of what kind of business it is about, who does it and under what conditions, it is necessary to point out another, absurd way of increasing the percentage of employment rate. Namely, in just one year, Serbia lost 76,000 people, partly due to mass emigration, and partly because of the years of negative natural increase. According to official data, compared to 2014, the number of working-age population has decreased by as much as 146,500 people. Since the employment rate is actually the share of employees in the working age population, when this working part of the population is reduced by such massive demographic discharges, the employment rate is automatically increasing. In this way, escaping the country into some better living conditions and a negative birth rate, in fact, becomes a factor in the growth of employment, and if this trend of reducing the number of inhabitants continues (75,000 annually), the results will, albeit absurdly, be “good” on paper only a few years. Interesting is another critical point that relates to 2016. The year when the highest employment growth occurred in people over 65, and among young people between 19 and 25 years. So, it’s about people who have acquired the right to a pension, but who can not survive on their income, so they are forced to do something extra. The second one refers to a youth who, instead of being educated in that age, leaves schools to work and help their parents survive. The jobs that they accept are mostly from the informal sector,

which means poorly paid and insecure, low-skilled jobs, without the right to sick leave, annual leave, legal working hours, without the right to union organization, without the right to absence due to taking the exam, which is denied to them to education, and the like. Therefore, the most part is the old and omlaina, who, instead of a peaceful pension and textbook, forcefully selects minimal paid and risky jobs. These are disenfranchised people who, in an effort to satisfy basic existential needs, accept any jobs that are far below what is called dignified work and which falls under basic and guaranteed human rights. Although exploited and disadvantaged and leased, workers often hear that they are lazy and that they need to be more and more diligent to work, and that the time of safe jobs has passed. It is trying to impose this state of affairs on normal conditions and to get used to such conditions, both uncertain and uncertain and casual salary. This situation is not good, because a man who is on the verge of existence, whose work is not valued adequately and in constant uncertainty of loss of work and inability to feed his family, is exposed to constant stress and cramp, which endangers his psychophysical health and destroys the family, and therefore and society as a whole. A person who is economically excluded is excluded both socially and politically. He, so trapped in a vicious circle of survival struggle, without basic financial security for himself and his family has no power or time to direct and organize his own company. On the other hand, today, the unemployed person is required to actively seek work, even though there are no jobs, although there are more than one hundred thousand people in one place. In this way, the problem of unemployment is individualized and the responsibility is transferred to the unemployed person, that he is guilty of not having a job, although it is the duty of the state to create economic conditions and to systematically strive for the creation of quality jobs. Instead, we are witnessing that state institutions promote our workers as cheap labor, and the Law on Dual Education further reinforces the foundations of such a policy that nurtures, instead of preventing overarching, i.e. job insecurity.

Enterprise as a basis for social entrepreneurship

In the historical context, the idea of entrepreneurship existed for hundreds of years, but the fact is that there is no single, generally accepted definition of entrepreneurship. Although French economists introduced the notion of entrepreneurs more than 200 years ago, the term developed over the years in terms of adding new epithets by which the entrepreneur differs from, for example, leaders and managers, and even more in terms of specific skills and characteristics that an entrepreneur must have (what is inherent and what has been learned and learned). These changes have created a strong tradition that reflects the benefits that are present in the entrepreneurial spirit (Dees & Emerson, 2012, 1-3). So even today, the notion of an entrepreneur to different people means different. It is generally stated, but there is a general consensus that there is a common type of behavior that involves: taking initiatives, organizing and reorganizing social and economic mechanisms to pool resources in innovative ways and accepting risks, uncertainties and / or potential failures (Hisrich, Peters, Shepherd, 2012 , 6). Entrepreneurship provisions have their dynamic and static dimension, and it can justifiably be said that entrepreneurship is a dynamic process of creating incremental wealth. This process is dynamic, and the achieved state of wealth is, as a rule, such that it requires new

reflections and new entrepreneurial ideas. Wealth is created by a person who takes on the main risks in terms of capital, time and commitment to careers in order to provide value for the product or service. This product or service can (but also does not have to) be new or unique, but an entrepreneur needs to gain added value from obtaining and pooling the necessary skills and resources (Hisrich, Piters & Shefed 2012, 6). These authors define entrepreneurship as a process of creating something new and a key characteristic is the personality of an entrepreneur who devoted enough time and effort to financial, physical and social risks and uncertainties to eventually receive a reward in the form of money, material or personal satisfaction. This provision emphasizes four aspects of entrepreneurial work. First, entrepreneurship means the process of creating something with new value. Creation should have value for both entrepreneurs and buyers. Second, entrepreneurship dedicates commitment to the necessary time and effort. Only those who go through the entrepreneurial process realize how much time and effort should create something new and do something operational. The third aspect of the definition includes awards for entrepreneurs. The most important of these “rewards” is uncertainty, followed by personal satisfaction, but also a material and money fund is also important. And the last aspect of entrepreneurship is the assumption of taking the necessary risks. Since the action takes place in real time, in the conditions of an uncertain future, entrepreneurial action is uncertain. Entrepreneurs must decide to act even under conditions of complete uncertainty about the outcome of this action. Thus, entrepreneurs create changes through their entrepreneurial actions, i.e. entrepreneurial behavior in response to a decision due to uncertainty about the possibility of profit rewards in the form of profit (Hisrich, Peters Shefed 2012, 6). Drucker described entrepreneurs and entrepreneurs in the following way: “Entrepreneurs are always looking for change, reacting to change and looking for opportunities.” Moreover, Peter Draker (Draker P., *Innovation and Entrepreneurship, Practice and Principles*, 1996, pp. 41-45) argues that “there is no difference between entrepreneurship in various spheres of social activity.” His claim is supported by the fact that production in the spheres of cultural activities, especially in cultural industries, as well as any other production, is subject to economic principles. According to this author, it is crucial that entrepreneurs see opportunities more than the problems of change. r believes that entrepreneurship is a particular feature, either of individuals, of any institution or company, and that people who seek security, certainty, will usually not be good entrepreneurs. But yes, anyone who can face decision making can learn to be an entrepreneur and to act as an entrepreneur. Therefore, entrepreneurship is a type of behavior rather than a personality trait. His foundations lie in concept and theory, not in intuition. Entrepreneurship is neither science nor art, it is primarily practice and is based on the theory of economy and society. The theory sees changes as something normal and healthy. Entrepreneurs see change as a rule and as something healthy, they always look for changes, respond to them and use them as an opportunity. The entrepreneur transfers resources from the sector of low productivity and income to high productivity and income sectors. In addition, entrepreneurs typically innovate. According to him, innovation is a specific instrument of entrepreneurship and it is an action that gives resources to new capacities to create wealth, it creates a resource. On the basis of the above, at first glance, the idea of social entrepreneurship may seem paradoxical. Entrepreneurs are heroes in making profits in private companies. How can social welfare and entrepreneurship be combined?

The best way is to connect basic concepts - social and entrepreneurial. From a social point of view, entrepreneurs are viewed from a higher perspective (Leadbeater, 2001, 10-13):

- Their ultimate outcome is social: they promote health and well-being;
- Their fixed assets are forms of social capital, networks, trust and cooperation that enable them to access physical and financial capital.
- The founding organizations are socially owned, in the sense that they are not owned by shareholders and do not profit as their main goal. These organizations are social in the sense that they are part of a civil society, not a state.
- Social entrepreneurs are often entrepreneurs who serve the community, trying to regenerate the location, property or neighborhood they are in.

The categories of social entrepreneurship users are numerous. It is usually considered to be the so-called. invisible, i.e. people who for various reasons tend to exercise their rights which, according to the Constitution and on it, are based on legal norms, they belong. That are:

- 1) Persons eligible for financial compensation, as well as on the basis of training or in the case of unemployment;
- 2) Persons older than 50 (long-term unemployed);
- 3) Persons with disabilities (whose percentage of physical disability is determined by a special commission);
- 4) Persons internally displaced or who have the status of refugees and expelled from the territory of the former Yugoslav republics;
- 5) Single parents as well as families where spouses are unemployed;
- 6) Returnees under a readmission agreement;
- 7) Persons whose imprisonment service expired;
- 8) Persons who have been proved, legally prosecuted, were victims of human trafficking, violence, exploitation and neglect;
- 9) Face faced with life problems at the end of the program of withdrawal from psychogenic substances and alcohol;
- 10) Hard-to-employ persons, such as analgesics and functionally illiterate persons; members of the Roma national minority and other minorities who live in enclaves and who are more difficult to fit into social milieu (eg Goranci living on the slopes of the Shara Mountains - mainly Islamic religions but loyal citizens of Serbia, often referred to by the Serb people as “siptar” (this word is not in itself poetic, if literally translated from Albanian this word means eagle).In essence, regardless of who can be a user, the same principles must be applied when establishing, organizing and running a social enterprise. These principles are:
 1. Respecting the Constitution of guaranteed human rights and dignity;
 2. Equality of inclusion in all areas of social life, regardless of the differences between them;
 3. Prohibition of discrimination and the right to equality;
 4. Performing activities that are not expressly prohibited;
 5. Increasing the number of employed and reducing poverty;

6. Socially responsible business..

According to the aforementioned draft law, the foreseen forms of a social enterprise are: company, entrepreneurial activity, citizens' association, cooperatives and other forms that are not in contradiction with the goals of founding a social enterprise.

Jobs in which a social enterprise can be established can be in different economic areas, such as:

- a) Production of material goods and provision of services (eg in the field of social, child and protection of persons with disabilities);
- b) Improving science, education and culture, culture, art and health (using traditional and contemporary methods);
- c) Preserving the natural environment;
- d) Communal activities (collection of secondary raw materials for the so-called river logistics and recycling);
- e) Production of energy from renewable energy resources;
- f) Agriculture, catering and ethno tourism;
- g) Products of old crafts and domestic crafts;

Social entrepreneurs working in the public and private sectors can be profitable, non-profit or hybrid organizational forms (or a combination of everything) for the distribution of social values and the implementation of change. Such ventures can be incorporated in different ways: voluntary organizations, cooperatives and conventional limited liability companies (Nicholls, 2006, 12).

Social entrepreneurship and the problem of unemployment of the younger

In the previous sections of this paper, there were words about the number and contribution to GDP at the level of Serbia and the EU, and in the world in the social entrepreneurship sector more than 40 million people and over 200 million volunteers are employed. In the world, attention was mainly focused on the application of business and management skills in achieving social outcomes, as non-profit organizations can act in lucrative revenue generating jobs. Some authors (Diza & Bornstein) associate social entrepreneurship with the non-profit sector, but in the recent years, the number of researchers is increasing that emphasize that the borders between the non-profit and non-profit sector have been erased. More importantly, David Bornstein sees social entrepreneurs as the power of transformation: “people with new ideas,” people who identify social problems and are persistent in realizing their vision of solving these problems, people who simply do not accept “no” as a response, and not they give up until they realize their ideas (Bornstein, 2007, 1). The analysis of scientific and practical approaches for defining social entrepreneurship indicates that the basic characteristics of social enterprises relate to the realization of social goals, the realization of social impact and the application of entrepreneurial management, creativity and innovative solutions in solving social problems. Therefore, the best social entrepreneurship may be seen as a multidimensional and dynamic structure that moves between different determinants: between the public, the private and the voluntary sector. In other words,

social entrepreneurship is defined through two constituent elements: a strategic focus on social impact and an innovative approach to the realization of the mission.

The basic dimensions around which the concept of social entrepreneurship should be developed are: (Prašek&Novak, 2012, 14)

- Social mission;
- Social innovation;
- Social changes;
- Entrepreneurial spirit;
- Personality development;

In analyzed literature, persons who can deal with social entrepreneurship must first notice the extent of the problem and are ready to learn about social entrepreneurship. One representative list of social issues and problems that modern society faces drastically includes: the elderly, sick and outcast; persons who are dependent or are in the process of withdrawal from the addiction disease; children and young people with special needs; persons with disabilities; discriminated persons; illiterate and persons excluded from information and communication technologies; the lack of energy consciously needed and the production and distribution of energy from renewable sources; endangered environment and health; an increased number of homeless people, especially abandoned children, which is conditioned by poverty; the danger of peace and conflict resolution; poverty, development of rural areas and prevention of further devastation of the village; abuse and trafficking in human beings (especially children); equality and equality before the law (Prašek & Novak, 2012, 15). Solving these social problems will depend on the conditions of the environment, cultural differences, etc. Over time, new problems can arise, and those who are current become irrelevant.

Bearing in mind the fact that one of the serious problems is unemployment of young people, the question is the trend of unemployed youth in the EU and the Republic of Serbia. The unemployment rate for young people is generally much higher, even double or more than twice as high as the unemployment rate for all ages. As for the total population, the unemployment rate for young people in the EU declined between 2005 and 2007, reaching a minimum value (15.1%) in the first quarter of 2008. However, the economic crisis that arose after that period hardly hit the young. Namely, in the second quarter of 2008, the unemployment rate had an upward trend, reaching 23.9% in the first quarter of 2013, before it was reduced to 19.7% at the end of 2015. The rate of youth unemployment in the EU is systematically higher than in the euro area between 2000 and mid-2007. Since then, until the third quarter of 2010, these two rates have been very close.

The high youth unemployment rate reflects the difficulties young people are facing to find a job. However, this does not necessarily mean that a group of unemployed persons between the ages of 15 and 24 is really unemployed because many young people are educated and full time (so they are not part of the labor force used as a nominee for calculating youth unemployment). (Eurostat statistics). As far as Serbia is concerned, the highest unemployment rate is noted for people aged 15-24 and one of the major challenges. Under the current conditions, Serbia creates jobs, with a special focus on young people. As Serbia's strategic commitment to EU membership, then it is legitimate to ascertain what the EU's role in the sector is. Given the fact that all EU member states

take full responsibility for youth and youth policy, the EU Youth Strategy has been adopted and adopted as a framework for co-operation currently covering the period 2010-2018. According to these strategies, two general objectives have been set (the EU Youth Strategy):

1. Provide more and equal opportunities for young people in the education and labor market.
2. Encourage young people to actively participate in society.

These goals are achieved through a dual approach, which includes:

- Specificity of youth initiative aimed at young people to encourage non-formal learning, participation in volunteer activities, youth work, mobility and information.
- Integration of cross-sectoral initiatives that enable young people to consider in the formulation, implementation and evaluation of policies and activities in other settings with a significant impact on young people, such as education, employment, health and well-being.

The EU Youth Strategy proposes initiatives in 8 areas:

1. Education and science.
2. Employment and Entrepreneurship.
3. Health and well-being.
4. Political participation.
5. Volunteer activities.
6. Social inclusion.
7. The young and the world. Kreativnostikultura.

When the definition of youth entrepreneurship should be given, it is not easy, because the term “entrepreneurship”, as we pointed out in the previous exposition, has a multidisciplinary character. Given the fact that the term originates from the French word “entreprendre”, which means “do something,” literally means that “entrepreneur” is a person who takes certain steps in order to achieve economic benefits. Also, the term “entrepreneur” is used for individuals who establish and run their business. In this context, the expression of youth entrepreneurship includes young people who are engaged in entrepreneurship, that is, they establish and manage their own business. On this basis, the term “young entrepreneur” includes young people who own their own business and those who are self-employed. (From the aspect of gender equality, the term “young entrepreneurs” covers both natural sex.)

If we consider the stages of the entrepreneurial process, the three components of entrepreneurship are different:

1. Attitudes (or perceptions) - reflect the extent to which people value entrepreneurship.
2. Activities - measuring the participation of individuals in different phases of the entrepreneurial process as a result of the identified market opportunities and / or needs.
3. Striving - crucial for identifying the (social) economic impact of entrepreneurship.

What is especially important when it comes to youth entrepreneurship is an analysis of entrepreneurial activity according to age. Most entrepreneurs belong to the

group of 25-34 and 35-44 years. It is important to mention certain differences observed in different regions. Thus, young entrepreneurs at an early stage in a group of 18 to 24 years are the most represented in the European Union and North America; group of entrepreneurs aged 55-64 in the sub-Saharan Africa region. In the Republic of Serbia, the groups are dominated by groups of 25-35 years, and then groups 35-44 and 18-24 years. In Serbia, there are fewer entrepreneurs aged 18 to 24, compared to other countries, only Slovenia has fewer entrepreneurs from the same age group (GEM 2013, 39). The obtained data point to the need to encourage entrepreneurial education of young people in Serbia.

The need for education for social entrepreneurship in Serbia

Today, in the most developed economies, the role of entrepreneurship is emphasized as an action-oriented way of thinking and behavior. Last year, as well as the entire next decade in Serbia, was declared the year or the decade of entrepreneurship. In Serbia, entrepreneurship is increasingly being treated as a general way of thinking that is applied in everyday life in almost all areas of work and work. Therefore, increasing attention is paid to education for entrepreneurship from the earliest school days. The aims of such education, which take place at different levels, include:

- First, raising the awareness of the participants in the educational process about the importance and importance of taking responsibility for their destiny (leaving the philosophy of “getting a job” and accepting the philosophy “I am everybody to open a post”), and

- Secondly, the promotion of the development of personal qualities (creativity, understanding of business challenges and opportunities in the environment, risk, flexibility and flexibility, persistence and persistence, commitment to taking action, responsibility for the achieved results, etc.)

These goals are particularly important for the future engagement of each individual. Entrepreneurial education, in the broadest sense, should be treated as a set of knowledge and skills that are necessary for the successful performance and functioning of the market, on the one hand, and, on the other hand, acquiring knowledge and skills to be more competitive on the labor market. In this context, it is crucial to adapt the education system to new needs, with the main focus being a special focus on young people. The development of entrepreneurial thinking and entrepreneurial philosophy can be encouraged in younger generations of school age. At the level of primary schools, the goal of entrepreneurial education is in particular to encourage and recognize certain qualitative characteristics of the person, such as: (creativity, independence, action, orientation, willingness to compete) which can be extremely important in the future in all areas. At this stage, independent and very active forms of learning should be developed. This concept offers the first knowledge of the business world and entrepreneur as a “hero”. Educational activity at this level should emphasize “learning through the game”, presentation of simple examples from practice, visits to local companies and familiarization with successful examples of entrepreneurship. At the high school level, the development of personal qualities should continue. Entrepreneurship education at this level should include: raising the awareness of students about the importance

of self-employment as a possible career option (not just to be employed but to be an entrepreneur), “learning through work” (leading micro-business), specific training in order to you know how to start successfully and run a business. At the university level, entrepreneurship education should provide students with the amount and quality of information, knowledge and skills to start a business, the development of the ability to perceive the relevant elements in developing a business plan, and develop skills that are important for identifying and assessing business opportunities and problems and how solve them. The importance of entrepreneurship as a skills acquired in lifelong education is recognized in the European Charter for Small Enterprises, which was adopted by the Council of Europe in 2000. In its “Report on Educational Objectives,” the EU Council also points to the intensification of the relationship between educational institutions and businesses, as well as the strengthening of the entrepreneurial spirit through the education and training system (European Commission, 2002). The EU Forum topic: “Training for Entrepreneurship” was held in 2003 in France and recommended the introduction of education for entrepreneurship in the formal education system (from primary schools to universities) in the informal education system and within the enterprise (Entrepreneurship Corporation). EU experts suggest that the education system must be prepared for environmental challenges. Moreover, the concept of entrepreneurship education that will have a long-term component, and whose realization will include a network of professors, teachers and trainers, as well as the broad layers of the population, should be created in practice.

Creativity as the basis for social entrepreneurship and business in the future

This year it is just over 20 years old that the idea for and the development of the creative economy in general has been launched in Great Britain. The basic philosophy was to define the creative potentials of society, especially traditional creative industries such as music, film and industrial design, as examples of the development of the new economy. Until then, the property is creative - whether in the sphere of culture and art. (Rolling Stons as a music group brought a higher income to British society than some companies from the real sector.) The development of creative industries quickly crossed the Atlantic Ocean and found itself in the agenda of many governments as well as in the interests of the interests of, primarily, American universities, . The process accelerated in the first decade of the XXI century and became global by creating a number of chain effects in the field of research, development and engineering.

The phenomenon of creativity, as input into material production and service delivery, has become the subject of numerous studies and authorial approaches. Creativity has also created new syntagms, such as: creative class, creative capital, creative cities. International organizations, Unctad and Unesco, as United Nations agencies, have contributed to the ideology of creativity today evolving into the concept of a creative economy, which is globally monitored, measured and explored through the labor market and the development of the workforce. Especially in the post-2020 period, the knowledge, innovation and creativity economy is expected to become a key model

for the development of the western economy. However, in the Third World, creativity has also brought a new striving towards the competitiveness of the national economy, so today China is the world's leading retailer of creative goods, and until recently unknown economies, such as Vietnamese and Nepal, become more competitive in computer services, and software. (Nigeria is the world's third in the film industry, right behind Hollywood and Bolivia.) The South Korean 2013 social and economic development program is based on seven strategies based on a creative economy. They defined the philosophy of national development as “the combination of science and technology with industry, the fusion of culture with industry, market expansion, the creation of new markets and jobs ... because in the very heart of creative economics lie science and IT industry.”

Creativity is a cognitive or other mental process, and at the same time creating an original part, solution or idea that has the purpose, association, imagination and combination of known, but often, seemingly incompatible ideas and solutions, or divergent thinking. The creative economy (according to the definition of the Virtual Institute) are those social, but above all the economic activities (industries, industry) in whose products and services creativity is the most important input, the output of which is products and services that are copyrighted and / or intellectual property potential to create a market value chain. Creative industries include creative industries, such as: architecture and interior decoration; marketing and advertising; film and video; radio and TV; computer services; software industry, applications and gaming; photography; publishing and bookkeeping; visual arts; design; performing arts; antique industry; artistic crafts; music industry; research and development activities (R & D); educational and scientific activities; technology and engineering activities.

Creativity as a property, ie talent and competence is one of the 10 key traits of employees, according to the findings of the World Economic Forum. In a 2015 study of the future of jobs, with a projection for 2020, creativity ranked third in the top 10 skills and knowledge needed for the beginning of the next decade of the 21st century, which will be marked by digitization, ie automation / robotization of operations. (In the previous research in 2010, it was in tenth place.) Creativity is still considered one of the “most ludicrous” features, since many skills and knowledge have become a substitute for the performance of robots and application software. Of the other features, according to this study, critical thinking and solving complex problems are the most important needs that will be shown at work places in a couple of years. Physical skills in workplaces will become negligible and make up only 4% of occupational needs after 2020. The key 10 attributes of entrepreneurs of the future, and thus social entrepreneurship and enterprise, include: cognitive flexibility, negotiation, customer-oriented service, judgment and quick delivery decisions under uncertainty and risk, emotional intelligence, coordination with others, and human rights management.

Conclusion

Social entrepreneurship and the social economy are continually developing over the past several decades, not only in developed countries, but in developing countries. Social entrepreneurship as an organizational form has been recognized and recognized

in many countries because it deals with the identification and resolution of socio-economic problems, such as youth unemployment, poverty reduction, social exclusion, environmental protection, energy supply from renewable sources. Social entrepreneurship can be viewed as a clue or as a bridge between the public and the private sector, through the identification of social problems, first in local communities, undertaking entrepreneurial initiatives to solve them, of course with respect to the principles that apply in the social sector, in order to improve “ quality of life “. Bearing in mind the fact that young people are the foundation of society, on the one hand and on the other hand, a high percentage of youth unemployment, the need to encourage the development of youth entrepreneurship in Serbia is evident. In order to achieve growth and development and create new jobs, appropriate approaches to education are required. In that sense, it is commendable the introduction of a dual education form into our education system. Because, it must be emphasized and recognized that the education of the 21st century is the cornerstone of competitiveness, as well as survival in contemporary and future insecure and increasingly uncertain conditions of business. Economic success is based on the continuous use of intangible assets, such as knowledge, skills and innovation potential. Therefore, it must be handled according to the requirements of the future, where the only change is certain. Every aspect of the education system, starting from primary, secondary and higher education, but also non-formal education - should be so designed to prepare and train people with the necessary skills of the 21st century - they simply have to be competitive. “Educated” in the 21st century means that it is a person who knows how to solve problems that develop critical thinking, which is creative, communicating effectively, ready to work in teams, to create for themselves in the organization, the local community, the state and society place of residence and work.

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SELECTION OF STRATEGIC OPTIONS IN ALLOCATING THE DEVELOPMENT OF ENTREPRENEURIAL ORGANIZATIONS

Abstract

Uncertain and turbulent environment in which modern entrepreneurial organizations operate, constantly require from their owners or their top managers – not only business adjustment to the specific situation but also the mental one. During the mentioned adjustment, strategic options with the aim of selecting the optimal strategic performance must be considered and evaluated. It is performances that will provide a stable and prosperous development for an organization.

Key words: *Development, Strategy, Strategic options, Strategic selection, Optimal selection, Rating strategy*

ИЗБОР СТРАТЕШКИХ ОПЦИЈА У УСПОСТАВЉАЊУ РАЗВОЈА ПРЕДУЗЕТНИЧКИХ ОРГАНИЗАЦИЈА

Апстракт

Неизвесно и турбулентно окружење у којем послују савремене предузетничке организације, стално захтева од својих власника или њихових врхунских менаџера - не само прилагођавања пословања специфичној ситуацији већ захтева и ментално прилагођавање. Током поменутог прилагођавања, стратешке опције у циљу избора оптималних стратешких перформанси морају се размотрити и проценити. То су перформансе које ће обезбедити стабилан и просперитетан развој организације.

Кључне речи: *Развој, Стратегија, Стратешке опције, Стратешка селекција, Оптимална селекција, Стратегија оцењивања*

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Introduction

The ideas of entrepreneurship and privatization are expanding to the whole world. Numerous factors such as ideological, market, technological and other characters, which are rapidly modified and rotated almost daily and rapidly changing business conditions of entrepreneurial firms. Earlier successfully implemented strategic approaches to winning and maintaining a competitive advantage in the market, which had a satisfactory long-term effect of today, rapidly become obsolete and outdated. Survival on the achieved and conquered markets, require the most entrepreneurial organizations and permanent strategy adaptation. Since one lives and works in capitalist surroundings of existence, the adjustment is of vital importance to business owners, their employees and of course all others who depend on their work and entrepreneurship.

State, the only institutionalized force, which has the power and management infrastructure and corresponding supra-structure, through simultaneous coordinated or harmonized processes: (1) privatization, (2) deregulation, ie. own economic and social disempowerment and (3) of incorporation ie. transfer its numerous economic and social responsibilities and obligations to the private sector, left to domestic enterprises and their entrepreneurs market to be on its unprotected institutionally independent coping. The terms “socialist”, “socialist” and the like, that many political parties have in its name, are only the illusion of ignorant voters in parliamentary elections. To remind the reader, that in its original ideological meaning, socialism means a society of full employment, free education, free health care and a secure pension system. Certainly, the society in which social differences between people are so irritatingly expressed.

In the process of strategic adjustment given ideological and economic conditions of operations against those responsible entrepreneurs and top managers - certainly if you are imaginative and educated, open numerous strategic approaches to business, among which you should choose those that are optimal at a given time and space. It is well known that any strategy and strategic approach does not suit every organization and what should be kept in mind while creating an appropriate appearance.

Factors to be taken into consideration when choosing the optimal strategy

The choice of strategy progress of an entrepreneurial company can be run ad hoc, ie. hastily and thoughtlessly. When selecting a business plan development or revitalization (recovery) organizations must set key strategic questions which should give thoughtful and precise answers. These are the following issues:

1. In which geographical area and at which location is planned to commence the projected business?
2. In which sector of creativity and in which branch is planned the launch of the business?
3. What legal status is defined for the subject business?
4. If the management company is a collective determination, we should ask the question what kind of stakes and resources by individual participants in a business entering are involved?

5. Which type is defined business: labor intensive, capital-intensive, technology-intensive or intensive otherwise?
6. What is the method of financing the planned business, which are the sources of funding and with what amount-role?
7. What are the marketing strategies and tactics to determine the winning markets?
8. Is the planned development quantitative, qualitative, combined or some other type?
9. What plans are in place to provide the missing personnel, financial and other necessary resources?
10. How are further development of businesses and organizations planned?

As the reader can conclude, this it is the information which is necessary when creating an appropriate business plan with which it is carried out to check the settings, and of course the presentation of the planned business in destined target public.(3,65)

Classification of optional strategies

Before selecting the optimal strategy of the business performance and development of entrepreneurial firms, there ought to be met with a wealth of strategic options that ambitious entrepreneurs are offered in theory and real practice. With clear note that, in what follows we will present all the available strategies where some are basic strategic approaches, which in practice usually entrepreneurial practices take place and are implemented. (1,192). These are defined strategies:

- the degree of independence, choice and implementation of development and business activities,
- intensity of projected growth and development of the company,
- character of development ambitions of entrepreneurs and top managers of the company,
- the level and content of diversification of business activities, as well as
- other relevant factors and definitions.

The choice of the degree and nature of autonomy as asserted business

Regarding to this orientation which can be pointed out the fact that a certain business or certain company are created in terms of both their functional strategic sovereignty may be independent, partially or completely independent both employed. (11,45)

Fully independent strategic performance in practice usually have those organizations that have a fully rounded program of production and trade, and that while the new program dominates the served market. The situation in real practice is still quite rare because nowadays every business - more or less based on specific business - software, technology, marketing, financial, or other interactions, in which interactions, wanted or not wanted Entrepreneurial Organization is losing some of its independence.

Partial autonomy implies the fact that the operational and top management, in many situations must take into account the interests and attitudes of its external business

partners - established contracts concluded or business practice, which is suspended and its business independence to a greater or lesser extent.

Business-employment, according to strategic issues, those companies that are in the status of the license or some other addiction, that the management of such companies imposes an obligation to respect the limitations imposed by the “older brother”. Although management positions of these companies operate seemingly demeaning and inferior, in practice the real business often shows up as very useful and justified. This is because the “older brother”, ie. top management of the dominant partner companies, who “holds all the strings in their hands” at the same time a protective role of the partner companies that are subordinate to him. It is about defining technology programs, as well as the marketing, financial, development and other support, which subordinate companies guarantee stable operation and development.

Selection of the intensity of company development

Depending on what kind of intensity of future prosperity is being planned entrepreneurial firms can be classified following strategies' intensity of development and growth:

- Strategy extremely intensive development and growth,
- Strategy moderately intensive development and growth,
- Strategy of stagnant development and growth,
- Strategy of decreasing development and growth, as well as
- Strategy of shutting down the defined business.

Selection of appropriate intensity growth and development of particular businesses depend on external and / or internal circumstances. External factors are usually related to business development perspectives as asserted Served on the market. Depending on whether a particular market is growing, stagnant or declining accordingly determines the appropriate intensity of the development strategy of the company.(12,183)

Internal factors that determine the decision concerning the personality of entrepreneurs or top management, which operate a certain company. Also, concerning the situation in the company, as well as development potentials (resources) with which the company in a particular time and space available. If the entrepreneur or top manager of the company, which makes strategic decisions, old and sick states will certainly affect the development of its commitments in terms of the intensity of the future development of the organization with which manages and operates. The reverse situation will be if you said a young, enthusiastic and full of ambitious ideas. These tasks expose some detail in the choice of strategic options related to the progress of ambition of top management to guide the development of entrepreneurial organizations.

Choosing a strategy of progress defined developmental ambitions of top management of entrepreneurial organizations

Depending on what the business ambitions of the top management of the company are the development and operation of a concrete company can be assessed and evaluated on a large scale of optional features. In that sense, in theory and in practice are known in the following operation of the development strategy, evaluated in terms of performance,

the development of ambition, the operation of which may be named as: offensive or defensive, imitating, subordinate, or opportunistic as traditional. Each of the above identified performance strategies is as a rule conditioned and circumstanced under which it operates on the particular organization of the particular market. (14,356)

OFFENSIVE STRATEGY is aimed at achieving leadership (“Leadership”) in a particular market in a particular sector of business. This is usually a case of so-called. innovative companies, with turnover indisputable reputation in public and certainly superior to the available resources in a particular area of business.

DEFENSIVE STRATEGY and business development is somewhat opposite type. Management companies, which defensively lead its business and its company, not against innovation, any character, but before any innovative performances wants to check whether a particular business incorporates considered in itself and some risks. Checking this type is carried out in a manner that closely monitor the market and it is estimated to have passed, and what the results were business pioneers who first entered the business of the considered type. Essentially defensive innovators usually next impulsive courage also lacks its own capacities to develop innovative original solutions. (17,235)

IMITATION STRATEGY, as the word implies, is based on the imitation in other words imitation of powerful business models and somewhat successful competitors. The entire process of execution of this strategy is based on careful study of the market and determining which businesses are profitable and prosperous. When stated is determined program, organizational, technological, marketing and other measures that some of the positive evaluation of the business implemented within the Company are being undertaken. On this occasion, starting from the premise that “big business players” who the specific programs dominate the global market - due to unprofitability or territorial and other distances will not show interest in entering and their small local market. And that is exactly the market that they want and can achieve its business dominance. (18,173)

SUBORDINATED STRATEGY to opt entrepreneurial firms, as well as connected partners involved in the business of a larger reproductive rounded clusters. Also apply this strategy, and the company that are as small business partners (“tzv.franšizeri”) concluded a license agreement with a large company with its sponsor (“tzv.franšizatorom”). In the previously concluded contract on business cooperation was accurately determined the extent and character of (the contents of) the subordination of that subsidiary company must be kept in its operations and ongoing development.

STRATEGY apply the so-called opportunistic. “Freelancers” in the separate entrepreneurial business. The essence of this strategy is reflected in the fact that it is constantly and carefully monitor and study the available market to be found on it so. “Free niche”, ie. untapped market spaces that can be profitably exploited. It is an unmet demand - if it is sold or offered reasonable - if it comes to the purchase or redemption of a market shortage of products.

TRADITIONALIST STRATEGY is the easiest to use. It consists of the fact that entrepreneurial company, and in times to come, continues the same business in the same content and the intensity and the same market on which it previously operated. For the successful implementation of this strategy is certainly an assumption that the business implementation everything is going well and that therefore nothing in it should not be important not changed.

The choice of the extent and content of business diversification

Diversification is an economic term describing diversify the offering of programs of entrepreneurial organizations. Stated diversify can be very wide, thick and / or deep, and can also be very narrow, rare and / or shallow that even reduced to a single product or service, which is offered to the market.

The width of the range in mind ethnic activities repertoire, marked by the presence of an offering program of company products and / or services from different branches of the business (in trade from different industry). For example, if a shop or department store offers its customers products and white (kitchen) and brown (room) techniques, products, diet products, cosmetics, clothing and shoes, tools and other items of various industry, it can be considered that those stores ie. department store has a very wide supply range. The opposite situation is if the store offers its customers products from a single industry (eg. Only food products) when it can be considered that this store has a narrow range.

The density range is also code for the representation of the different products within the same branch of business or industry. If a particular grocery store range offers its customers the milk and milk products, meat and meat products, baked goods, canned food, fruit and vegetables and other food products, in this case, it is considered that that store has a dense supply range of food products. The opposite situation is if the store within your nutritional program offers customers just milk and milk products, when you consider that that store has a line of food assortment.

The depth of product range stands for the representation of types, sizes, shapes, packaging, different quality and price of a single product. If one store, which sells lighting equipment, in its tender range has fifty different types of lamps in this case it is considered that that store has a very deep assortment of these items. The opposite is the situation if the specified store can purchase only one type of lamp, which indicates that this store has a very shallow range of supply of this product.

Everything stated refers not only to trade, but also to production, regardless of whether it comes to manufacturing of material (natural) resources, or certain services.

Diversification of the offering of the program can also be done:

- within the existing business program, enrichment of the program,
- winning business program in advance, with which program dealing with former customers and entrepreneurial organizations, and / or
- winning back business program, which occurs when an entrepreneurial organization expands its operations into the business with which to deal its suppliers.

When it comes to the implementation of strategic concepts forward and / or rewind the reader is certainly clear that the concerned organization - in its business scope, is somewhere in the middle of a specific reproductive chain. In this chain of concerned company from supplier sourcing some intermediate goods - which at diversification back now wants itself to products and its customers selling some technological unfinished products (which they continued technological and market finalized) for the business, as well as lucrative, is now interested and management of specific organizations.

It should certainly be kept in mind that they can be very different strategic combinations of performance, in terms of the diversification of the implemented business.

Which combinations will create in specific entrepreneurial situations primarily depends on the imagination of entrepreneurs and responsibility of top management of the company.

Conclusion

Trimmed analysis of optional creating strategies of positive future in the enterprise business shows that there are more interesting options by which one can develop a concrete business. It should be emphasized that any market-oriented operates at a different resource - programming, organizational, engineering, human resources, marketing, financial and / or other, which in the specific situation, in competition with other marketing rivals (competitors in the same market), can be expressed as superior or inferior ones.

Performing correctly well-known SWOT analysis of internal and external factors of business - strengths, weaknesses, opportunities and threats, the management of the organization should define the optimum strategy for the progress of their business in coming times, taking the form of indicators derived SWOT analysis on the one hand and also the resources with which this organization has on the other.

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BUSINESS SCAM IN SABER SPACE

Abstract

Security can very easily be compromised by human factors. Human fantasy, stupidity, and ignorance of security rules are often key factors that contribute to security breaches. As more advanced security technologies are developed that make it difficult to find technical failures, attackers are increasingly turning to the human factor as a central element in the information and communication infrastructure, without which computers or networks cannot function without which. The use of human weaknesses often does not require any investment and implies a minimal risk. It is precisely these circumstances that led to the emergence of Nigerian fraud and its existence in cyber space for two decades.

Key words: security, technologies, human factor, fraud.

JEL Classification:K10, K20, F39

ПОСЛОВНЕ ПРЕВАРЕ У САЈБЕР ПРОСТОРУ

Апстракт

Безбедност може врло лако бити угрожена људским фактором. Људска лаковерност, глупост али и непознавање безбедносних правила су често кључни фактори који доприносе нарушавању безбедности. Како се развијају савршеније безбедносне технологије, које отежавају проналажење техничких пропуста, нападачи се све више окрећу људском фактору као централном елементу у информационо-комуникационој инфраструктури, а без ког рачунари или мреже не би могли да функционишу. Коришћење људских слабости често не изискује никаква улагања и подразумева минималан ризик. Управо су ове околности довеле до појаве нигеријске преваре и њеног егзистирања у сајбер простору већ 2 деценије.

Кључне речи: безбедност, технологија, људски фактор, превара.

Introduction

„Nigerian scam“ is a specific way of committing the crime of fraud as a form of cybercrime. This scam arose due to the development and the global role of the Internet, which offered its users easier communication. The emerging forms of this scam involve

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false business proposals, while the amount of money that the victim owes to pay, and who, when communicating with the fraudster, appears to be necessary, is incomparably less than the amount that should be gained after the successful completion of the work. This scam was made according to the model of the Spanish prisoner to the popular type of scam in the 18th century, on the principle of Pigeon Drop which implies the investment of a smaller amount of money to ensure the gain of a larger sum or some other higher material gain. These models fall into the abuse of trust abuse, emphasizing the secrecy, the confidentiality of „work“ and the need for the victim to be a person of extraordinary trust. The Nigerian scam existed even before the expansion of the Internet, when it was sent by post (from the mid-80s of the 20th century), but the appearance of the Internet is experiencing its boom.

Victims (mugus - the Nigerian name), after receiving such a message, get the impression that happiness has smiled and that they have been entrusted with trust and honor, and that they will get millions upon completion of their work. They are solely required to pay the sum of money, for humanitarian purposes, as aid, and for which they will be rewarded in a number of ways. Therefore, „fraud 419“ or „Nigerian scam“ is called „advance fraud“, and the names „scheme 419“, „Nigerian scheme“ are also known. The name 419 refers to a member of the law of fraud in the Nigerian law. A safe way of making wages to victims, which from the perspective of the victim can act both legally and illegally, in any case, it is sufficiently appealing that the victim can often refuse to deny him. The embezzlement of the money invested, for which it will be multiplied, is followed by mostly fairy-tale and heartbreaking stories. Cyber criminals in the execution of the Nigerian fraud were persistent and spent months actively communicating with the victim, in order to „soften“ her and to gain her trust. In addition, victims are often uncomfortable to refuse the person who has invested so much time and effort in gaining their trust.

When the victim agrees to pay the money, she is subsequently required to pay new payments due to new costs and expenses, and with the constant indication that millions only have not arrived at her account. For this scam, the addiction is identical to that of a gambler, or games of chance. Naive users risk a small amount of money in order to earn millions. There is always the chance that everything will be lost. Even when a certain amount of money is paid, and when fraudsters in the capacity of business partners seek new payments for newly born job costs, the victim is preoccupied with the belief that the gain will eventually come.

Phases of executing Nigerian fraud

Some authors describe the Nigerian fraud as part of the following stages:

1. The allegedly official office of a foreign government or agency sends a letter, email or fax;
2. the letter presents a business proposal for transferring millions of dollars to the victim's personal bank account, and offers a certain percentage as „first aid“;
3. The letter encourages the victim to travel overseas to learn details;
4. The letter also requires the victim to provide a blank company memorandum, bank account information and telephone numbers;

5. The victim receives various documents with official stamps, stamps, logos, etc., which prove the authenticity of the offer and leave the impression of the authorities.

Finally, the victim is required to pay in advance the money for various taxes, for registration, permits, etc. (Петровић, 2004, p. 148-150).

The first steps in executing this scam are related to creating accounts on free Gmail, Hotmail or Yahoo platforms by contacting targets. The email address is conceived to be associated with an authoritative person or institution, to which the victims will be settled and will not check in the commercial registry agency whether there is such a company in their country or whether there is any prior user experience on the Internet with them. E.g:

vangtc.state.gov@usa.com,
info@willyjacklawfirm.gov-tg.com,
fbi.gov@zing.vnus,
military.gov@gmail.com,
western_union_money_transfer@hotmail.fr,
westernunionpaydepartment@videobank.it,
kingsjack22222@sify.com,
info@alegrete.rs.gov.br,

The next step is to search for the victim. Names and email addresses are taken when you sign up for free portals. In this way, fraudsters can collect several thousand addresses in a few days.

As a sender, there may be persons who actually exist, but their identities are stolen without their knowledge, and the perpetrators use them to hide their true identity or that the trust of the victims of fraud and confidence will be gained by the strength of the authority of certain individuals. Electronic messages are addressed to any recipient of the message and from them cannot be seen to who the sender addresses, and their context is such that the recipient of the message can easily think that the message relates to him right away.

The text of the messages is mostly written in English to be understood by people all over the world to whom the message arrives. However, criminals sometimes speak in the victim's language, for example, in Russia; Nigerian letters are translated into Russian via electronic translators, which are easily noticed due to inconsistent language constructions with a large number of errors. The content of the message is always such that it aims to combine the emotional and greedy side of man's nature. Often, in the background, there is a heartbreaking, romantic, fairy-tale story, which suggests a place for a supporting role that will fall victim to. The victim is shown here as a hero, as a courageous accomplice in great things, which targets the ego of the victim. This type of fraud has exploited the primary instinct of human greed, because the expression of humanity is richly rewarded, but also the need to affirm its own value. Basically, this scam is an imaginary solution to the problem; recipients see these suggestions as a light in a tunnel, a type of salvation, or a call to humanity.

In the first message, the fraudsters do not mention that the recipient should pay some money, but mostly their applications refer to help with transferring money to the account in their country, and for what will be rewarded. However, already in the following message, the executor of the scam „unexpectedly“ encounters various small

costs, which the only recipient of the message can reconcile either due to a blocked account, or because of the inability to pay in another country. Basically, the use of bribe costs, bank fees, lawyers' fees, inability to make payment in the country from where the letter is sent, etc. are used as an excuse.

The profit that the addressee can generate includes millions of dollars that will be shared by alleged investors at the end of the deal with the victim of fraud, and the promised percentage of earnings goes up to 40% of the amount of money that is the subject of „work“. There are also cases in which value goes up to 50%.

If the victim of a scam accepts the offered „job“, perpetrators of this scam can deal with the different circumstances that communication with the victim imposes. In a short period of time, they can create a false order, photos and provide other evidence to support their story, such as forged seals, signatures, false content, and so on. In order to convince the victim of the truthfulness of the work, perpetrators communicate via mobile phones using prepaid SIM cards, which they can easily cast and then buy new ones for further communication. Fraud cheaters hire lawyers, bank employees, and other professionals, sometimes involved in communication, bringing the victim even deeper into the misconception and keeping it in a false belief that it really is a real, not a fictitious business.

Nigerian deception tools are: forged documents, wireless transfers of money for the transfer of unlawfully acquired funds, technical means that allow them anonymous communication, web-based e-mail, electronic orders pre-downloaded from the right users, fax machines for sending faxes when exchanging documentation with victims of fraud, the services of telecommunication services for direct communication with the victim of fraud, as well as fake websites on the Internet damaged the victim is misled to communicate and cooperates with representatives of the legal and legitimate institution (Dyrud, 2005, p. 11).

Naive citizens, wanting to earn a large sum of money in a very short time, agree to send their personal information and the bank card number. Of the victims, most often they are asked to pay money through Western Union and Money Gram due to the speed of transfer of funds and anonymity of the payee, which reduces the possibility of discovery of perpetrators. As the injured party pays a certain amount of money according to the instructions of the perpetrators of criminal offenses, the postponement of cash transactions related to the payment of the promised sum of money is followed. There are constantly emerging new costs for the injured party in the name of job realization and new delays, the „express“ payment of money is constantly promised, and the victim of fraud persuade that the investment in the agreed job will be paid off in many cases.

Psychological pressure on the victims of fraud is additionally done by stating that the secrecy of „work“ is necessary, since corrupt officials of some state would have appropriated money for themselves if they found out that it exists (Buchanan and Grant, 2001, p. 39-47). Sometimes the victim of fraud also exerts himself above himself (for example, when, after they find out that they are deceived, the victims of fraud continue to communicate in order to recover money, find the perpetrators, etc.). Criminal offenders rely on the fact that, during the time she passes until the victim finds that she is deceived (i.e., while she realizes that the promised money does not exist), the money transfer she made to their accounts will be paid, and the injured party will not arrive blocking transfer in time.

When the victim pays the required amount, the cheat never arises again, and the chance to get tracked is minimal. The fact is that perpetrators of these crimes use information technology to hide their identity and physical location in order to hinder the efforts of police services to detect them. Messages are sent mainly from the Internet cafes, whereby every trace of the true identity of the scams is lost. In Nigeria, in areas such as, for example, Lagos or Festak, there are many Internet cafes that are open for this purpose, and their working hours are from 22.30 hours to 07.00 hours to avoid the control carried out by the state officials (Chawki, 2006, p. 39-64).

Unlike the victim, the perpetrator of fraud is only on gain. At the time it was discovered, 15 years ago, a journalist from the West asked one of the fraudulent schemes 419, „How much does this fraud cost?“. When asked by a journalist, the fraudster replied: „Two dollars. The dollar is to pay the Internet clock in the cafe and another dollar to drink coffee“.

The most risky countries from which this type of fraud is committed are the countries of West Africa: Nigeria, Ghana, Benin, Ivory Coast, Togo and Burkina Faso. Out of the territory of West Africa, the most risky countries whose territories are involved in these types of fraud are South Africa, Spain and the Netherlands. Here is a Nigerian diaspora. Interestingly, in Russia, a variant of Nigerian fraud has emerged in which a wealthy businessman offers large sums of money to help transfer money to another country.

Because of such scams, citizens who are, guided by human, emotional or business reasons, and sometimes by greed, have greatly begun to communicate with a wealthy stranger, and have agreed to send money without prior verification, believing to senders using „methods social engineering“ to convince them of the truth of their story.

It is considered that there is a big „dark figure“ when „Nigerian scams“ are concerned because of the damaged faces or are not aware that they are deceived, or they are embarrassed by the environment to report that they have been damaged. The victims are often afraid to report such cases as perpetrators of the criminal acts convince them that they themselves are guilty of the fact that the job could not be realized, threatened to sue them...

Although the Nigerian scam exists for a long time and at first glance does not act seriously, the data suggests that fraudsters make good money. Despite the growing awareness of this phenomenon, they find new victims. According to research by the Dutch organization UAGI (Ultrascan Advanced Global Investigations), the loss caused by the Nigerian scams has so far amounted to more than 82 billion dollars, and only in 2013 it is 12.7 billion dollars. In Serbia, according to the High-Technology Crime Prosecution, the first case of Nigerian fraud was reported in 2009, and the damage was \$ 2,500 (Telegraph).

In addition to these material losses, there are cases where the victims were physically endangered and even the case of death. This is the case of wealthy Greek George Macronali, who arrived in Nigeria in 2004 and was arrested on arriving after illegally staying, after which he was asked for a large sum for his redemption.

In the process of processing this type of fraud, it appears to be a problem initially initiated from the regions of Nigeria, Senegal and Benin, and international police cooperation with these countries has not led to significant results to date. Because of this, and the fact that sums of up to 1000 euros are rarely investigated in the context of

international crime and the voluntary participation of the victim in the scam, fraudsters sometimes use Skype, where they even use the camera, They do not hide their identity. Unfortunately, due to the poor economic situation in Nigeria, participants in this criminal offense are young highly educated people who cannot find a job.

In 2008 and 2009, in the territory of the Republic of Serbia, injured persons reported nine criminal acts of fraud with elements of „Nigerian fraud“, but the perpetrators are unknown. These crimes were damaged by the citizens of the Republic of Serbia and companies from our territory, and the total property damage amounted to more than 60,000 euros. The injured persons sent money to perpetrators of crimes through Western Union and Money Gram.

Examples of Nigerian letters

We will list some typical examples of Nigerian letters.

1. My dear friend,

Please apologize for sending this letter without your consent. I think that you are a respected, appropriate person, taking into account the fact that I was looking for a database on the Internet during my discreet search for an international partner who could help me in realizing my business. My name is Mr. Daniel A. Anaorh. It necessitated me to contact you about this offer, looking for an overseas partner for this offer. I am a banker and am now in the position of the general auditor in this bank. I have the ability to finance the US with \$ 10,500,000 (ten million and five hundred thousand dollars) belonging to one of my clients, Mr. Client died of a heart attack in 2011. If his money is not transferred, he will belong to the state. So, please, make a contract whereby we can jointly help transfer this money and I promise you 40% of the sum. If you agree with my business proposal, further details of transferring money will be sent to you as soon as I receive your mail. Please send me your personal email address:

In anticipation of your recent response:

With respect,

Daniel A. Anaorh.

Perhaps one of the most eminent Nigerian letters is:

2. My name is Bakare Tunde; I am the brother of Nigeria's first Nigerian cosmonaut, Nigeria BBC Nigeria Abaka Tunda. My brother became the first African cosmonaut, who went to a secret mission to the Soviet station „Salut 8 T“ far away in 1979. Later he took part in the Soviet „Soyuz T-16“ flight to the secret space station „Saljut-8 T“. When, in 1990, the Soviet Union broke up, he was stationed at the station. All the Russian crew members managed to return to the ground, only for the brother there was no place in the cosmic plane. From then till now he is in orbit and only rare cargo „Progress“ supplies it necessary. Regardless, my brother did not breathe spirits, but he longs to go home to his native Nigeria. During these long years spent in the cosmos, his salary has reached a sum of 15,000,000 US dollars. Now this sum is kept at a bank in Lagos. If we manage to access the money, we will be able to pay Roskosmos the necessary sum and organize for my brother a return to Earth. The requested Roskosmos sum is 3,000,000 US Dollars. However, in order to obtain the sum, we need your help, given that all Nigerian foreigners are banned from us.

Your everlasting,

Doctor of astronaut Bakare Tunde.

Conclusion

Based on the examples of Nigerian letters we can learn about their common lines:

- As a sender of letters, a wealthy and prominent person from a distant state appears, mostly a king, president, etc. or a high-ranking official of a bank who finds out about the death of a lonely rich man and asks for help in transferring the assets of a wealthy deceased;

- the subject of the e-mail mainly attracts attention, whether it is an „ambulance“ or „partnership“;

- at the beginning of the story, the sender presents in detail his tragic fate and details related to age, information about his family, family tragedies, which seeks to get close to the recipient of the message, and the story of this unexpected interlocutor is in any case very fairy;

- from the recipient of the e-mail, assistance is requested in transferring money to his country of residence, in his or her newly opened account, whereby he insists on the speed of reaction and transfer of money;

- the sender of the message wishes to leave the impression that no business endangers or damages anyone, but that their cooperation will avoid the loss of money;

- also, the sender wants to make sure it's safe and easy business;

- fraudsters are used by humanity, the desire to help and the companion of the recipient of the message;

- the subject of the offer is a large salary, even up to 50% of the total amount, which usually amounts to several million dollars;

- in each Nigerian letter, discretion and secrecy are required.

It is also interesting that the creators of the Nigerian letters received the 2005 Antinobello Prize for „literature“ for the entire gallery of colorful characters, who need a small sum to become rich. As their inspiration does not disappear, we witness the daily occurrence of new content of Nigerian letters and attempts to deceive naive victims. And if it seems overwhelmed, this type of scam has its own victims whose number is constantly increasing.

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AGAINST LEGAL SECESSION OF ALBANIAN MINORS IN SERBIAN AUTONOMOUS KOSOVO AND METOHIJA AND ECONOMIC IMPLISATIONS

Abstract

National minorities in Yugoslavia after the Second World War experience different treatments. The German minority was almost completely evicted for participating in the war on the side of Nazi Germany. On the other hand, the Siptar minority (later Albanian) is expanding its living space to the expense of the Serbian people, which, even by legal acts, forbids return to the area from which Serbs were expelled in World War II. Albanians are given absolute authority on the territory of AP Kosovo and Metohija. At the same time, large numbers of Albanians from Albania are allowed to enter this region. Throughout the period since the end of the Second World War, the disappearance of Serbs from Kosovo and Metohija and some other areas where the Albanians were numerous has continued to this day. The constitutional legal development of the SFRY from 1946 to 1974 sets the legal basis for the break-up of Serbia. The last act of de facto separation of Kosovo and Metohija from Serbia was NATO aggression in 1999.

Key words: national minorities, Kosovo and Metohija, Albanians, Serbia, NATO

JEL Classification:

ПРОТИВПРАВНА СЕЦЕСИЈА АЛБАНСКЕ МАЊИНЕ У СРПСКОЈ АУТОНОМНОЈ ПОКРАЈНИ КОСОВО И МЕТОХИЈА И ЕКОНОМСКЕ ИМПЛИКАЦИЈЕ

Апстракт

Националне мањине у Југославији после Другог светског рата доживљавају различите третмане. Немачка мањина је била скоро у потпуности исељена због учешћа у рату на страни нацистичке Немачке. Са друге стране шиптарска мањина (касније албанска) шири свој животни простор на рачун, пре свега српског народа, коме се чак правним актима забрањује повратак у области одакле су Срби протерани у Другом светском рату. Албанцима се даје апсолутна власт на територији АП Косово и Метохија. Истовремено се дозвољава велико досељавање Албанаца из Албаније у ову покрајину. У читавом периоду од краја Другог светског рата до данашњег дана траје исељавање Срба са Косова и Метохије и још неких области где су Албанци

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били бројни. Уставноправни развој СФРЈ од 1946. године до 1974. године поставља правни темељ за разбијање Србије. Последњи чин фактичког одвајања Косова и Метохије од Србије била је НАТО агресија 1999. године.

Кључне речи: националне мањине, Косово и Метохија, Албанци, Србија, НАТО

Introduction

The nationalist separatism of the Kosmet Albanians in the time of the Tito's government since 1945, to this day, was heading towards the creation of a new state on the ground already existing. It was manifested in various forms and types depending on the level of social, political and economic compactness and stability of Serbia, as well as its position in international, and especially European relations and relations.

The escalation of the violence of Albanian extremists and their alliance with NATO during the 1999 bombing of the FRY opened the way for the most serious destruction of the security of the Republic of Serbia. Its citizens are threatened by basic human rights and freedoms that are reflected in human casualties and material destruction. At the same time, there are prevalent estimates that this violence will represent the most serious form of threat to Serbia's security in the future, but that as a socio-historical phenomenon it will be an inevitable follower of the entire social community.

We need to say something about the name Albanians used only in the second half of the 20th century. Namely, the Albanians use the name *Šćipetar* for themselves today, which is also used in Serbs (Siptar) in a somewhat changed form for centuries. The term Albanian is derived from the name of the state, so it began to be used as a preparation for the creation of the state of “Great Albania”. It should be remembered that in the time of the Turkish authorities, especially since the 18th century, intensive settlement of Albanians in the original Serbian territories in the area of Old Serbia (Kosovo and Metohija, today's northern Albania and the Vardar region) were carried out. This trend continued from 1941 until the present day, when hundreds of thousands of Albanians were settled by Kosovo and Metohija, with the simultaneous emigration of hundreds of thousands of Serbs.

The term is entitled to self-determination

In the period before the First World War, the notion of the right of people to self-determination was born. It was the right of one's own state within the country in which the members of a particular national group live.

Although the origin of expression self-determination, that is, the right to self-determination, dates back to the middle of the nineteenth century, it is not possible to determine in which language exactly this term was expressed for the first time.

In the memorandums of Czech deputies from 1870, it is mentioned that all peoples have the right to self-determination, whether they are large or small. The German term of the notion of the right to self-determination appears in 1865. Since the end of the

19th century, both the Austrian and Russian socialists, wishing to break the power of the ruling groups, were very much in favor of developing the concept of self-determination. They considered that self-determination was the individual right of every individual to maintain a cultural identity and that he in some way carried with him his cultural affiliation with the particular nation, although he was far from the region in which his nationality was the majority.

The Bolsheviks were in a different position; they considered that the right to self-determination was a collective right, that is, the right of the people in their own independent territory and the right of the people to sovereignty provided that they make the majority in the territory concerned. In a desire to suppress the czarist politics and create the republic publicly proclaimed that all nations belonging to Russia must be recognized the right to secession and the creation of their own state. The taking to the point that without any subordination, and in a democratic way, all the nations agreed to remain connected to such a republic with their own desire. Supporting every request of a particular nation to free secession should be considered on a case-by-case basis and always in line with the interest of the overall social development. The Bolsheviks considered the right to self-determination the universal right of all, even the colonial peoples. The Bolshevik conception was directed primarily against the interests of the Russian people and the Russian state. This is best seen through the development of the USSR from 1922 until its disintegration in 1991. During this period, the Russian nation was broken into several nations, and the territory of Russia was reduced by millions of square kilometers.

The right to self-determination in Lenin was used exclusively as an instrument of struggle against the existing state order, and only later it was transferred to the foreign policy area through the request for the freedom of the colonized peoples. In the Americans, the right to self-determination was called the right to independence and liberation from colonial, overseas European powers. President Wilson exclusively exercised the right to self-determination for the purpose of dealing with an external opponent. We can conclude on these examples that there are different understandings and origin of the claim for the right to self-determination.

Self-determination in terms of self-government, not in terms of changing the territorial order

The United States was not a multi-national state in the European sense and did not have problems with the different peoples living around the borders of states, as was the case in Europe (Fiš, 2013, p. 148). In Europe, it was about creating new states based on the right to self-determination. Self-determination, which does not mean a mere change in state relations, but only non-colonization, is considered legitimate while the illegitimate (secessionist) changes are known and also represent “two sides of the same medal”. The need to establish a clear boundary of the right to self-determination has been increasing as well as the dangers that exist depending on what idea these peoples adopt.

The right of the winner and the right to self-determination

Countries that emerged during the First World War were subject to the law of war in which the right of the winner was valid. However, at the end of the war, the idea of the right to self-determination and the desire of the population living in a particular territory enter the scene (Fiš, 2013, p. 148). It is necessary for the inhabitants of certain areas of the winning state to become part of a victorious state in order not to enter into conflict with each other. This is justified by the fact that everyone calls for different principles: won the right to self-determination and winners to the right of the winner.

An example of a territorial dispute brought before the League of Nations clearly shows the validity of the law before the end of the war (Fiš, 2013, p. 154-155). For example, the Aland Islands belonged to Finland to the secession of this country from Russia, and as part of imperial Russia. In an informal interview, the population expressed a desire to join Sweden, while Finland sought these islands for themselves. Expert opinions were such that international law does not recognize the right to self-determination and therefore the right to secession. The islands of Aland remain in Finland, although the local population predominantly spoke Swedish. Referring to the “right of the people to freely determine their fate” as Wilson was then speaking about, the demand of the inhabitants of the Atlantic Islands was clearly rejected, with the obligation of Finland to recognize autonomy for these islands.

The right to self-determination as a human right

The United Nations has made a declaration on human rights as well as human rights pacts in which the right to self-determination is proclaimed human rights. Initially, it is understood as an individual right, the right of every person to choose the country in which he wants to live, while understood as a collective right means that the population of a fortified territory has the right to determine his or her nationality, or that a group of people is related by origin, in a common language, Territorial principle is entitled to own state (Fiš, 2013, p. 148).

In the years that followed the central government, the state weakened, and demands for self-determination increased, primarily in Yugoslavia, which was organized as a federation. The separation of Montenegro from a reduced Yugoslavia through a referendum was marked by the breakup of the federation. In addition, there is a continuation of conflicts within the republic between Albanians and Serbs in Kosovo and Metohija (areas not controlled by the central government in Serbia) and further deterioration of the situation of the Serbian population. The right to secession does not have a lower administrative unit but only members of the first order, that is, the entities. Similarly, the right to secession has no Albanians from the area of the Serbian autonomous province of Kosovo and Metohija. All the opposite would lead to the indefinite fragmentation of one territory, leaving the state to lose any stability.

Conflicts between different groups cannot be solved only by the division of the territory, but there must be other compromise solutions. Who starts from the subjective criteria for secession must agree on the independence of Kosovo. The one who adheres to a clear formal, objective criterion must firmly reject the independence of this area

(Fiš, 2013, p. 245-254). Since the criteria are mixed, there is a lot of damage, lack of consistency and regularity. Regardless of the expressed will of the population and the homogeneous character of Kosovo and Metohija, one cannot indulge in the further dismemberment of the Republic of Serbia and its constituent parts.

Who can be subject to the right to self-determination?

The state does not only constitute a territory, but also a population that must be a state-making nation identical with the territory of the territory it encompasses. The problem exists when there is no such match and therefore there is no right to create a sovereign state. Self-determination is a compensation for the suffering suffered. If the superior authority acts in accordance with its obligations and duties, then the subordinates must comply with their obligations.

The airborne NATO bombardment and the threat of land invasion forced the FR of Yugoslavia and Serbia to leave their province Kosovo and Metohija with their army. All this at order to support the secessionist movement of the Kosovo in Albania. Its sub-federal unit within Serbia, formed as the Autonomous Province of Kosovo and Metohija, was given an Albanian minority. In the 1974 Constitution of the SFRY, almost all state powers were transferred to its provinces and republics.

Every republic and province within Yugoslavia had the right to vote within the collective state representation. The federal government retained the only right over the Yugoslav federal army (however, in 1969, another form of armed forces, an easily armed territorial defense, was created to allegedly prevent a possible Soviet invasion). The communist authorities were unable to stop the spread of the secessionist movement among the Albanian population. The Kosovo-Serb anti-separatist movement launched a campaign of public protests and demonstrations in Belgrade for the defense of Serbs from Kosovo. Demonstrations by Kosovo Albanians in 1981 against Serbian rule over the province demanded the secession of this province from Serbia. Responding to the draft of a new constitution of Serbia in which political autonomy is withdrawn, Kosovo MPs, without their non-Albanian counterparts, proclaim in July 1990 the sovereignty of the Republic of Kosovo and its secession from Serbia. However, the European Community and other countries refused to recognize it. The main secessionist party, the Democratic League of Kosovo, organized an Albanian leadership structure that was tacitly tolerated by the Serbian authorities in Kosovo and Metohija.

The Illegal secessionist group of the Kosovo Liberation Army (KLA) launched a series of murders and bombings on Serbs as well as Albanian members of the Serbian authorities. In 1998, a mass uprising against the authorities of the Republic of Serbia and the FRY began. By the end of the year, the armed forces of the FRY managed to force the KLA to retreat into the mountains and there was a ceasefire overseen by the Organization for Security and Cooperation in Europe (OSCE), which enabled the KLA to recover some of its lost territory.

As the Milosevic regime refused to have its forces in Kosovo and Metohija numerically equitably represented by the UN forces (NATO forces), NATO started the bargaining of Serbia and Montenegro in March 1999 and in June 1999 (after the signing of the Kumanovo Agreement), the army The FRY is forced to leave Kosovo and

Metohija. There have been the return of 700,000 Albanian refugees, and over 250,000 Serbs and non-Albanian people have fled to the central parts of Serbia. Under the resolution 1244 Kosovo and Metohija became a protectorate of the United Nations with NATO-led peacekeepers. The NATO military intervention enabled the de facto secession of Kosovo and Metohija from Serbia (Pavković and Radan, 2008, p. 231-231). In this way, the use of force in international relations has come to full expression, ignoring the norms of international law (Jerotijević and Palević, 2016, p. 142).

Equality of all groups within the federal state system

The secessionist group is in almost all cases a national minority that wants to establish a state that will express its national identity. The question arises whether ethnic cleavages that seriously endanger the ethnic or national identity of groups outside secessionist states should be internationally recognized. Prior to secession, Serbs from Kosovo and Metohija fled a great deal, showing that they felt seriously threatened with this secession. If there is a suspicion that they would be endangered by this secession, international recognition of such secession should not be exercised as long as the last suspicion regarding the seriousness of the threats is not remedied.

If Serbs and other minorities (numerically minorities) are expelled, the secession of Kosovo and Metohija should not be recognized because secessionists are not able to prevent damage or to avoid damage that can cause their secession (Pavković and Radan, 2008, p. 321-323).

One of the main features of national minorities is loyalty to the country of origin, while secessionists in Kosovo almost always represented the state in which they live as hostile and alien forces. Secessionist groups to gain support for their secessionist project declared opponents of secession as treacherous national assets and prevented them from publishing their arguments against secession in public.

Violation of human rights as secessionist propaganda in Kosovo

Immediately before the breakdown of the secessionist clash, the country's State of charge for genocide and systemic human rights violations occurred, which was not the case in the original complaints of the Kosovo Albanians in 1981. This leads us to conclude that attempts at secession have not been done only to eliminate the injustice done, but that the secessionist leaders in Kosovo through their movements using the armed forces have received a useful means of gaining international recognition. Why is it necessary to use force to achieve morally worthwhile goals (just as human rights are justified)?

If the State of origin allows for the realization of human rights, it does not expose them to discrimination, allows them to be present in political life, enables them to use their mother tongue, potential secessionists who are most often a national minority within the state, have no reason to create a new, own state that respects their human rights. One of the basic rights of national minorities is the right to use the language of the national minority (mother tongue) that was guaranteed by the Constitution of the

FRY and the Constitution of the RS. According to the law on the election of deputies, the participation of representatives of a national minority in the parliamentary life of Serbia is guaranteed if the electoral list receives at least 5% of the total number of votes. The right to education in the language of minorities was also enshrined in the Constitution of the FRY and the Constitution of the Republic of Slovenia. The Laws on Primary and Secondary School enable the conduct of bilingual teaching. According to Article 46 of the FRY Constitution, members of national minorities have the right to public information in their own language (Helsinki Committee for Human Rights in Serbia, 2002, p. 20-22).

In 1964, Albanians were recognized as a national group, and their language was given the status of one of the official languages in Yugoslavia, which would mean that the Albanians gained the right to study in their mother language. By creating Tito's Yugoslavia, Albanians in Kosovo gain a very wide autonomy. It is also a fact that such autonomy exceeded all world standards and de facto signified an independent state of Kosovo.

Based on the examination of the situation after 1945, it can be argued that the Albanians never wanted autonomy but only the ability to secede from Serbia and to annex parts of Macedonia, Montenegro and Central Serbia, so that they together became part of Great Albania.

In the post-war period, the federal government was trying to improve the social and cultural life of Albanians in Kosovo, published in Albanian language, created cultural and artistic societies, opened theaters. Albanian women, traditionally subordinated patriarchs, were given the opportunity to study and make choices for themselves in a better position in society. Albanians received scholarships for all levels of education, including most. By the 1963 constitution, the term “national minority” is deleted and replaced with the word “nationality”, thus bringing Kosovo status to a higher level. Through constitutional amendments adopted in 1968, the degree of autonomy has been increased, and the province itself gets a constitution. Legislative and judicial authorities are also being transposed. In the Presidency, as the supreme federal body, the representative of Kosovo was also sitting on an equal footing with the other representatives of all six republics.

Under the 1974 Constitution, the autonomous provinces had the right to propose laws at the federal level, as well as the veto power of any decision they deemed to endanger their vital interests. The only difference was that the republics were guaranteed the right to self-determination to secession, and the provinces did not, because it was considered that the increased degree of political, cultural and economic independence was sufficient to satisfy even the most extreme demands for autonomy. However, the aggressive nationalist tendencies have led to the tacitly illegal operation of many separatist organizations, street demonstrations, and open confrontations with the authorities. Textbooks in the Albanian language were imported from Tirana, listened to the Albanian radio and watched television in the Albanian language. This has greatly increased the indoctrination of Albanians to anti-Serb propaganda. During the recruitment, the Albanians had the advantage, the Albanians were district judges in the district courts, and the rights of the Albanians overwhelmingly exceeded the rights of Serbs in Kosovo and Metohija.

The Albanians had a University in Pristina that enjoyed full autonomy in their native language. It was the University of Pristina that was a nursery of Albanian nationalist unrest.

The first “peaceful” protests were soon organized not from the desire to improve living conditions, food and housing, but to highlight the clear demands of the “Kosovo Republic”. In 1981, Serbian and Montenegrin companies were looted and destroyed, and a mysterious fire set fire to one wing of the Pećka Patriarchate. On this occasion, the Albanian judge stated that the fire was not planted but was caused by a failure on the installations. The riots also spread to western Macedonia where they urged members of the Albanian minority to rise. The next year, they change strategy. They no longer organize protests within Kosovo and Metohija but are already engaged in the organization of kidnappings of Yugoslav representatives abroad, illegally working in Western Europe, smuggling gold, drugs and weapons and financed by these separatist groups.

By providing such foreign support and accusing the Serbs of oppression, they even found support in the Western media back in the 1980s. Even US senators lobbied for them. A very quick “Kosovo thing” is declared a fair fight and is increasingly gaining support in prominent public figures. Empowered by constitutional rights granted to them by the 1974 constitution with a special veto on any republican decision, life for Serbs who lived in Kosovo at that time becomes unbearable. At that time, some 30% of the total population of the province was Serbs. Abused and subjected to strong pressure to move from Kosovo, that number fell to 20% during the 1970s, dropped to 14% in the 1980s, and in the 1990s dropped to 10%. On the other hand, the Albanian population is doubling and in the 90’s they account for 90% of the population of Kosovo. Nevertheless, these numbers should be taken with delays in terms of manipulation during the census by the Albanian authorities in this province. This is a unique phenomenon in one country that parts of the supporting nation are fleeing from their territory under the pressure of the national minority.

The International Helsinki Federation for Human Rights warns of the fact that Serbs are fleeing from Kosovo and Metohija because of intimidation and threats, pressure and violence and other serious human rights violations, and only because of ethnicity. The Serbs could not turn to the institutions of the system for protection because Albanians occupied the most important positions in the Community, Police, Judiciary and State Administration. There was a cultural and linguistic discrimination against them, schools in the Serbian language were closed, Serb cultural monuments were destroyed, and violence against the Serbian Orthodox Church and its property was highly accentuated. Serbs from Kosovo and Metohija are organizing protests to inform the Serbian public about the difficult situation of the remaining Serbs in Kosovo and Metohija. Many times the Serbs were prevented from coming to Belgrade and demonstrating because the federal police, fearing that this would turn into a wider Serb nationalist movement, were always scattered.

The problem of endangering the stability and integrity of the entire state was realized because of the increasingly open manifestation of chauvinism by the Albanian leadership.

Constitutional amendments from 1989 enabled Serbia to regain competencies in the area of national defense, judiciary and finance, and social planning. In all other areas regarding the right to use mother language, the right to culture, education, as well as autonomous rights in the field of economy and local self-government, the Albanian minority enjoyed a very wide autonomy. All this was done under the strong pressure of the International Monetary Fund for the purpose of economic liberalization.

The international community has used this to condemn these changes and paste the label to Serbia as oppressive for the Albanians, and publicly declares the Serbian government to violate the human rights of Albanians. Shortly thereafter, the denial of international financial assistance, as well as any kind of economic aid, only further encouraged the Albanian separatists to become even more severe in their demands for the proclamation of their own republic. For these reasons they did not ask for a solution within the Republic of Serbia. They boycotted the elections and did not want to take legal action by using their right to vote, and then through their deputies in the Serbian parliament, to participate in the work of Serbian political institutions. Instead, they were elected in an illegal election by a parliament that never functioned and elected Ibrahim Rugova as its prime minister, which in no way contributed to the introduction of democracy into political life.

In the Dayton Agreement, the return of autonomy and the issue of Kosovo's human rights in the framework of Serbia was an unacceptable solution for the Albanian separatists. Soon, the terrorist actions were intensified by the Albanian guerrilla, which in the media of the West; these criminal attacks are barely mentioned. The increasing pressure from the US Department of State, such as the prerequisites for removing the sanctions of the FRY, was exposed to the authorities in Belgrade in order to solve the Kosovo problem and made more and more concessions to the Albanians.

Serbia had to start antiterrorist action, as Serb policemen were killed from the ambush and kidnapped. Threats were directed to all Serbs and Albanians loyal to Serbia (who were considered traitors). The United States claims that Kosovo and Metohija should remain part of Serbia, while at the same time it continues to put pressure on the Serbian government and threatens to bomb NATO forces. While consciously admitting that both Serb and Albanian forces are involved in the conflict, only the ultimatum is sent to Serbia, and only the Serbian side is accused of the conflict.

According to the Holbrooke-Milosevic agreement, Serbian forces would withdraw from Kosovo until the Albanian forces and the KLA, if they violate the agreements reached in the agreement, can go unpunished. With the presence of the OSCE monitoring mission, KLA leaders renewed their guerrilla actions and carried out criminal actions against Serbs. Without any investigation carried out, the OSCE observing group accuses the FRY of having committed a massacre in Račak, although many European journalists described it as an installation. This was the reason that the occupation of NATO in Kosovo and Metohija was legitimately accepted.

The Serbs in Rambouillet were ready to consider the deployment of international forces in Kosovo with the only condition that they should not be commanded by NATO forces, but by the UN or the OSCE, as organizations of a non-military character. Otherwise, there would be a threat to national sovereignty and territorial integrity. NATO forces would be completely exempted from immunity from the agreement by the agreement, without using the infrastructure of the entire state, would cross its territory completely unhindered with the conduct of training and operational activities, which would mean a renunciation of their own sovereignty over their own country. For a part of the international community, this was a sufficient reason to make a decision on the military intervention of NATO forces on the bombing of Yugoslavia on March 24, 1999 (Vlajki, 2007, p. 50-56).

Marginalization of traditional international institutions

To what extent can international relations be transformed into the international community? It seems that legal law has become a reliance on the use of force. It even looked favorably at the use of force and violence, although there is a general ban on the use of force formulated in Article 2 (4) of the UN Charter and constitutes a crime against peace. According to this article, not only states, but also every international entity, which has legal personality, refrain from using force.

Violation of territorial sovereignty cannot be acquired as a legal right in the territory. The Republic of Serbia shares its sovereignty with its provinces, which are not states, nor are they based on the sovereignty of the people. She as such is not any different from other republics. Constitutional-legal solutions in the provincial-state relations were also largely concerned with the republicanization of the province, which in particular did not support the provision of the necessary statehood measure in the province. The responsibility of the then government and the constitutional courts also denied it, and they were more appropriately crumble up with some separately concluded agreements such as, for example, was an agreement on education and cultural cooperation with Albania in 1985.

The expulsion of the province independently on the international plane is also only one of many forms of violation of international law, as well as putting only the province's name in that traffic with the world to which the constitutional courts remained silent.

In order to preserve the borders of its state, it was necessary to reduce the level of statehood that the province had as such, in order to provide the Serb people and minorities living in it sovereignty (Vuković, 1985, p. 99-105).

Kosovo and Metohija continue to impose a legal uncertainty - now in the process of stabilizing and joining Serbia to the European Union. The European Union, through a number of unilateral acts of recognition of an independent state, came to the position of the EU member states, due to certain political goals, to challenge its internal (European) law, as well as the Serbian Constitution as a partner country.

The Union has thus greatly contributed to the creation of a single precedent in European and world relations, according to which unilateral secession from the territory of a sovereign and internationally recognized state is a legitimate act for the EU and its members. Especially, because this did not happen to accordance with International Law and UN Security Council Resolution 1244 (Samardžić, 2009, p. 194). The proclamation and recognition operation followed without any decision or recommendation of the UN bodies that assumed international responsibility for the situation in Kosovo and Metohija, but they originated from an internationally informal and UN Security Council unsuccessful proposal, the so- Kosovo's supervised independence.

In international relations, Kosovo and Metohija is a precedent, which means a case that stems from the rule. Solving the case by the rules inevitably leads to violence that is an example that can be repeated once again in similar situations in an uncontrolled manner.

The European Union should reconcile the state's right to territorial integrity and the right of territorially concentrated minorities to its own self-government and to derive a solution for Kosovo-Metohija issues (Samardžić, 2009, p. 197-198). Otherwise, in the absence of democratic institutions and the backward economy, Kosovo and Metohija is easily becoming a cause for political manipulation.

Instead, the EU chose the previous political argument that Kosovo (the name used by the states recognized by it and the separatist authorities in Kosovo and Metohija) has fallen economically because it is not independently supported by material tangible arguments and is at the donor conference organized by the Helped with 1.6 billion euros given from individual member states, instead of providing an economic environment that would be able to secure sustainable economic development and exit from the economic crisis (Samardžić, 2009, p. 198-208).

Brussels could have established an internal (constitutional) relationship that would allow the province a full autonomy to the economy, which would not be burdened with the question of sovereign superiority and subordination. All of their special rights can be achieved by a certain group of people (ethnic and cultural) through specific, constitutionally defined and protected norms and institutions without causing damage to the country whose part of the territory should be seceded.

The right to self-determination cannot be enjoyed by national minorities within the existing states, and that right is only a principled possibility for the people in question to establish their own state under the strict condition that it is not a secession of the territory of an existing state.

It is necessary to continue to seek clear conflicting solutions and a specific arrangement that will really be in line with conflict resolutions in the territory of Kosovo and Metohija, which does not necessarily have to be the Republic of Kosovo.

Conclusion

The prerequisite on any solution to the Kosovo issue, which is at the moment a Serbian issue, is all full of truth about Kosovo and Metohija, without any embellishment and political manipulation. The question arises and why the people have been silenced about the violence, occupation, pressure, persecutions and usurpation of the rights of Serbs from Kosovo and Metohija. This cannot be legalized. After learning the truth, it is necessary to establish full justice and guarantees of the freedom and peaceful life of all in Kosovo and Metohija.

The issue of Kosovo and Metohija has not been completed for the Serbian people. With the issue of redundancy of the state border and the terrible injustice that has been done, neither the Serbian state nor the Serbian people can be reconciled. We must trust the international law, which is currently being abolished, and independent international institutions, as the last defense of the disrupted world order, that it will not bypass the case of Kosovo and Metohija.

The future of Kosovo and Metohija is where it's past, in Serbia.

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