

**Review work**

**UDK 005.96:338.12**

**DOI 10.7251/SVR1510024S**

# **HUMAN RESOURCES AS A FACTOR AN ECONOMIC DEVELOPMENT**

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**Abstract:** Competitiveness is increasingly gaining importance in the global economy and occupies a central place in the economic strategies of developed countries and developing countries. Unlike past time in which development is based on comparative advantages, such as cheap labor and natural resources, today the basis for economic development represent knowledge-based conditions, high technology and innovation. Turning to the global environment is inevitable due to the increased competition, changes in technology and achieve economies of scale and the knowledge economy. Modern organizations are faced with constant changes in the environment, increasing competition, technological progress and innovation. A number of countries are turning towards knowledge-based economy, which requires adapting to new conditions, a different view on organizational culture and human resource development. Human resources are becoming the most important resource in the modern business conditions and are an important factor of economic development and the holders of competitive advantage.

**Keywords:** knowledge-based economy, development, human resource

## **1. THE IMPORTANCE AND OBJECTIVES OF ECONOMIC GROWTH AND DEVELOPMENT**

Economic development can not be viewed outside the context of overall social development. As the economy is one of the most important parts of the social system, so the economic development is inseparable from social development.

Economic development can be defined as a complex social process through which each country seeks to transition from lower to higher stages of economic development<sup>2</sup>. Economic growth is defined as an increase in national production over a period of time greater than the increase in population. Economic development is not possible without an increase in economic growth, while the reverse does not have to exist.

The most important economic development goals include raising the living population growth and development of production potential. The objectives depend on the economic development of a country and its size can be very complementary, and conflict.

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<sup>2</sup> Kragulj D.: „*Ekonomija, Uvod u ekonomsku analizu, mikroekonomija i makroekonomija*”, Kragulj, Beograd, 2009

## 2. CONCEPT DEVELOPMENT OF THE REPUBLIC OF SERBIA UNTIL 2020.

The strategic document Serbia 2020 defines the basic elements of socio-economic development of the Republic of Serbia until 2020. Subscribe to the structure proposed by and adopted by the European Commission (EC) to create the Europe 2020 strategy, taking into account the recommendation of the European Commission, the specifics of the Republic of Serbia, also defines the way of elaboration of the proposed concept development through sectoral strategies and institutions involved in implementing the defined goals. The economic crisis had huge consequences for the domestic economy. The main problems can be distinguished record deficit of foreign trade and current account deficits, low levels of education and investment in human capital, research and technological development, which are the basis for the rapid growth of the economy, availability in terms of quality and availability of infrastructure.

	<b>EU 2010</b>	<b>EU 2020</b>	<b>Serbia 2010</b>	<b>Serbia 2020</b>
Employment of the population aged 20-64 (%)	68	75	49	65
Investments in research and development (%GDP)	1,9	3,0	0,3	2,0
The energy consumption from renewable sources In total energy consumption (%)	16	20	12	18
Energy efficiency (toe/1000\$ GDP)	0,21	0,17	0,96	0,57
Population aged 30-34 years with university degree (%)	31	40	21	30
Poverty rate (below 60% of median household disposable income)	16	12	17	14

Table no 1. EU and Serbia: current state and development goals (Source: Evropa 2020, Zavod za statistiku Republike Srbije)

### **3.TRANSITION TRADITIONAL ECONOMY TOWARD KNOWLEDGE-BASED ECONOMY**

Knowledge of the company determines its economic strength and ability to develop other resources and increasing the efficiency of their use. Modern business conditions take place in a society based on knowledge, it is treated the last, highest stage in its development. Passing the economically advanced countries through a phase of knowledge-based economy has led to major changes in the modern world. In such circumstances, it talks about manager revolution and the great influence of intellectual capital in the creation of value. Knowledge is treated as a strategic resource, a source of comparative advantage and business success. Therefore, management should be exercised effective knowledge management process, because in new economy it is considered a determinant of sustainable competitiveness of business systems.

There are several specific characteristics of the knowledge-based society that is clearly different from the previous model of society, and that the next big challenge for management companies:<sup>3</sup>

- From the perspective of the development of society and economy, highly educated employees occupy a central place in business systems and more are increased requirements in terms of the level of required professional knowledge, skills and expertise to do the job.

- There is the emergence of a large number of scientific publications and exponential multiplication of sources of information dissemination, which contain a huge number of different User data management.

- Evident is, almost unlimited access to information from around the world through mass media that are particularly important for the transfer of various control information.

- increasingly more number of companies that offer professional intellectual services. Knowledge becomes a product basis and creating new business opportunities.

Transforming expression - based society - the language of management, led to the term managerial revolution. As the technological revolution brought the application of knowledge as an instrument (tools, processes and products), industrial revolution, while Taylor has led to the application of knowledge of employees in the company. Managerial Revolution represents, as emphasized by Drucker, the third change in the dynamics of knowledge application, when science is applied directly on Science –knowledge is applied to only the knowledge".

Under these circumstances, the managerial revolution occurs as a result of the fact that there is a significant impact on the performance of intellectual capital management process. Therefore, it emphasizes that: (a) knowledge is the basis for the modern business enterprise and becoming efficient and effective through management; (b) the human factor to its double participation in the management process (and as a determinant of management

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<sup>3</sup> Drucker P.,: "*Managing in the Next Society*", Butterworth Heinemann, 2003.

and as a resource) is only able to generate, use and valorize knowledge<sup>4</sup>. Knowledge as a resource is the basis of innovative enterprises - the ability to create a new, applicable and commercially useful knowledge. In addition, it is relevant to achieve efficient use of knowledge, which is reflected in the realization of innovation (product, process, etc.). It is these moments of talk about the need to change strategy, policy, business philosophy of modern enterprises, as well as those of their owners and managers in terms of achieving and maintaining competitiveness in the global economy.

Strategic management of human resources is the starting point for the development of knowledge-based economy. By the term "human resources" means total knowledge, skills, abilities, creative opportunities, motivation which has a specific company or organization. Knowledge-based economy effectively use intellectual capital as a function of growth and development. Knowledge, innovation and quality are becoming carriers of competitive advantages, there are learning organizations, and research and knowledge management have become a key source of competitive ability.

Characteristics (micro and macro level)	Traditional economy	Knowledge economy
The level of competition	National competition	Global competition
Sources of competitive advantage	Low cost, differentiation, focus	Knowledge, innovation, quality
Key growth drivers	Cheap labor, capital	Knowledge, ideas, innovation, technological structure
Key Technology Trends	Mechanization, automation	Digital communications, virtualization
Structure of the organization	Hierarchical, bureaucratic	Entrepreneurial, networked
Production Organization	Mass production	Flexible production adapted to customer requirements
The importance of research and knowledge management	Low	A key source of competitive ability

Table no. 2 Differences between the traditional and the knowledge economy

Source : Družić G.: Stanje i perspektive hrvatskog gospodarstva, Golden marketing, Zagreb, 2004., p. 213. Ekonomija znanja postaje svetski fenomen<sup>5</sup>

<sup>4</sup> Krstić B., : " Upravljanje performansama ljudskih resursa kao determinanta kreiranja vrednosti i konkurentske prednosti preduzeća ", Teme, br. 2/2007 p. 315-328

<sup>5</sup> Karaman Aksentijević N., Ježić Z., Đurić K.: "Upravljanje ljudskim potencijalima kao pretpostavka inovativnosti i uspešnosti poslovanja",

#### 4.BEHAVIOR DEPARTMENT OF HUMAN RESOURCES IN THE REGION

As the impact of the global economic and financial crisis arrived to our region naturally follows that the sector of Human Resources domestic companies and our neighboring companies front of the same challenges and opportunities as well as other companies around the world. Although, perhaps, so we do not have developed systems of human resource management as a company's modern market economy, certainly we should not ignore the reactions of our region in this sector during the crisis.

Research undertaken by the auditing firm "Price Waterhouse Coopers" during March 2010 dealt with the right reactions and potential of human resources in times of crisis. The study included 100 companies from the territory of Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Macedonia and Serbia. Companies participating in the survey belong to different sectors: banking, sectors of other financial services, communications and media, technology and IT technology, the pharmaceutical sector, the sector for the production of chemicals, engineering and construction, manufacturing sector, public services, retail sector and sector providing a variety of services.

Country	Number of participants	Distribution companies by countries
Albania	15	15%
BiH	7	7%
Bulgaria	18	18%
Montenegro	6	6%
Macedonia	7	7%
Serbia	47	47%
<b>All countries</b>	<b>100</b>	<b>100%</b>

Table no 3. Raspodela kompanija koje su učestvovalе у истраживању по земљама

(source *Hr barometar 2010*, p.4 downloaded from <http://www.pwc.rs/sr/publications/assets/HR-Barometer-2010-srpska-verzija.pdf> 01.03.2015.)

The Company during 2009 implement a range of anti-crisis measures in the field of human resources in order to minimize the negative impacts of the economic crisis. The most important anti-crisis measures include:

- 1) reduction / freeze the number of employees
- 2) reduction of primary / variable salary
- 3) reduction / freeze the budget for training and development.

When it comes to the assessment of the effects of anti-crisis measures, most companies are satisfied or very satisfied with the level of savings. In

Bosnia and Herzegovina, the percentage of satisfaction and 100%. The companies are to a lesser extent satisfied with the effects of anti-crisis measures of productivity in relation to the level of savings - 67%. The greatest pleasure of the effects of anti-crisis measures expressed Albanian companies with 93%, Bulgaria 82%, while the percentage of satisfaction Serbian companies is 75%. However, a quarter of respondents were dissatisfied with the measures taken in relation to their effect on the productivity of the company.

Level of satisfaction (%)	Very satisfied	Satisfied	Unsatisfied
Albania	8	85	7
BiH	0	71	29
Bulgaria	6	76	18
Montenegro	0	83	17
Macedonia	14	43	43
Serbia	15	60	26
<b>All countries</b>	<b>10</b>	<b>67</b>	<b>23</b>

Table no. 4. Effects that are anti crisis measures have had on productivity shown by countries

(source Hr barometar 2010, p.10 downloaded from

<http://www.pwc.rs/sr/publications/assets/HR-Barometer-2010-srpska-verzija.pdf> 01.03.2015)

In the period of the global crisis, particular attention should be paid to employee motivation. As many as 67% of companies believe that the anti-crisis measures have had some negative impact on the motivation of employees, while only 12% of companies believe that the negative impact on employee motivation was extremely high. Also, 55% of the company points out that the effect of the measures on the motivation of employees was insignificant - from 28% in Bulgaria to 85% in Albania.

Countries/ influence	Big influenxe	Negligible influence	No influence	I don't know
Albania	0%	85%	15%	0%
BiH	0%	71%	29%	0%
Bulgaria	11%	28%	56%	6%
Montenegro	0%	33%	50%	17%
Macedonia	0%	29%	29%	43%
Serbia	17%	62%	19%	2%
<b>All countries</b>	<b>12%</b>	<b>55%</b>	<b>30%</b>	<b>3%</b>

Table no. 5. Effects that are anti crisis measures have had on staff motivation shown by countries

(source HR baroetar 2010, p.11 downloaded from

<http://www.pwc.rs/sr/publications/assets/HR-Barometer-2010-srpska-verzija.pdf> 01.03.2015)

The expectations of companies surveyed in terms of the number of employees in 2010 showed encouraging results. Even 43% of companies expressed the possibility of increasing the number of employees. The percentage rises to 50% in the case of Montenegro and Bulgaria, Macedonia is 71%, while in the case of Serbia 38%.

In order to positively influence the motivation of employees, 59% of respondents are companies in 2010 decided to increase the base salary (observed by countries - 57% of Serbia, Macedonia 86%, Montenegro 50%, Bulgaria 72%, 67%, Albania, Bosnia and Herzegovina, while the company does not alter the basic salary). In the case of variable salary only 32% of companies planning to increase variable earnings, 56% of companies expect that it will remain at the same level, and even 12% think it will be reduced.

Training and development are an important tool motivacije and retention of employees. In order to encourage employees to learn and develop their skills, 50% of the companies surveyed in Montenegro, 43% in Macedonia and 39% of the surveyed companies in Serbia intends that by 2010 more invested in training and development.

## **LJUDSKI RESURSI KAO FAKTOR EKONOMSKOG RAZVOJA**

**Mr Dražena Stanojević**

**Apstrakt:** Konkurentnost sve više dobija na značaju u globalnoj ekonomiji i zauzima centralno mesto u ekonomskim strategijama razvijenih zemalja i zemalja u razvoju. Za razliku od prošlih vremena u kojima se razvoj zasnivao na komparativnim prednostima, poput jeftine radne snage i prirodnih resursa, danas osnovu za ekonomski razvoj predstavljaju uslovi zasnovani na znanju, visokoj tehnologiji i inovacijama. Uključivanje u globalno okruženje predstavlja neminovnost s obzirom na povećanu konkurenciju, tehnološke promene i postizanje ekonomije obima i ekonomije znanja. Savremene organizacije su suočene sa stalnim promenama u okruženju, rastućom konkurencijom, tehnološkim napretkom i inovacija. Brojne zemlje se okreću ka ekonomijama zasnovanim na znanju, što zahteva prilagođavanje na nove uslove rada, drugačiji pogled na organizacionu kulturu i razvoj ljudskih resursa. Ljudski resursi postaju najvažniji resurs u savremenim uslovima poslovanja i predstavljaju važan činilac ekonomskog razvoja i nosioci konkurentne prednosti.

**Ključne reči:** *ekonomija znanja, razvoj, ljudski resursi*

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