

FOREWORD

DEVELOPMENT CHALLENGES TO 2020

Globalization, internationalization and technologization are key performances at times we live in and are characteristics of all societies and all economies. It is a very complicated and complex phenomenon of the contemporary world, which predominantly affect the creation of strategies and development policies in the future. The development in the future will be based on the experiences of the past and present with the anticipation of consequences of the changes that are happening and will happen in the future.

The global economic and financial crisis in the last decade of the forthcoming XXI century got up to light numerous problems of past development, both national and global social and economic community. Gaining and maintaining a competitive advantage in the national, regional and global markets has become a permanent task of company management, but management structures and communities, as well.

The company's management, in particular, must look for sustainable competitive advantage in the markets they serve, and in new markets that plan to serve. Constant changes, have been brought about by globalization is changing the current rules of the game in the market, and it is necessary to maintain constant search for new sources of competitiveness. If we bear in mind the basic definition of competitive advantage "that the company has a competitive advantage, if it better than others satisfy the desires and needs of consumers, if it ensures their loyalty, if achieves significant market share and if is profitable ", it means that all resources must be allocated in the best possibly way (resource optimization) and that there is a willingness to sell high quality products at the lowest price. For such enterprises we need special expertise and management skills, but, all other employees, as well.

The company's model of competitive advantage we can, by analogy, applied to social entities, which also, in modern business conditions and existence, must acquire and use corresponding competitive advantage and competitiveness.

In the process of creating competitive strategies, which aim to respond to the challenges of development, we should take care about the proposed width of the performances in the global market, key areas of activity of competitors, and the manner of gaining a competitive advantage in selected markets and / or market segment. What is particularly important is that efforts to maintain a competitive advantage must be continuously strong and dynamic in every time horizon.

In the period after the onset of the global economic and financial crisis, the global economy and the overall global development affected the "dramatic" changes. There are changes in the ways of acquiring and maintaining competitive advantage, ways of creating, maintaining and increasing the national fortune. In the process of these changes we notice the

chronic lack of capital, requirements to reduce the cost of acquiring the relevant information and knowledge, different - shorter product life cycle, new habits and needs of consumers and liberalization of all processes. All this leads to the integral transformation of global society that we call "knowledge society" or "knowledge economy". Scarcity of natural resources, diminishing returns in production and unfavorable demographic growth have led to global economic and financial crisis, and the crisis has generated new models of economic development, with the basis in the "smart growth", "sustainable growth" and "inclusive growth".

At the beginning of 2010 the European Commission proposed a strategy "Europe 2020", which was initiated as a European Union strategy for smart, sustainable and inclusive growth. The primary objective of this strategy is to improve the competitiveness of the European Union while maintaining a "social market economy" and significant efficiency improvements in resource management. This is the first regional strategy that went beyond simply increasing GDP and began to promote smart, sustainable and inclusive growth. Today, only five years after the appearance of this strategy, there is much subjectivity that promotes smart, sustainable and inclusive growth, as the decisive factor influencing economic and general social development. The short-time goal was a successful exit from the crisis and long-term goals were related to the elimination of structural weaknesses and creating a society that is based on smart, sustainable and switch-economic development with high levels of employment, productivity and social cohesion.

This strategy is primarily related to the EU's 28 countries, but it is acceptable and desirable for other countries that are not EU members and which face the same problems and challenges.

The main challenges of development in 2020, both in the EU and in other countries in the region, are related to the areas of employment, research and development, energy and climate change, education, the fight against poverty and social exclusion. The changes are expected and inevitable in all aspects of development (social, economic, political, environmental, and technological). The crisis has led to an increase in indebtedness, a complete financial instability and negative growth

There is no doubt that the global economic and financial crisis has led to:

- endangering the viability of public and private financing,
- Limited access to financing,
- increasing in unemployment and poverty
- increasing the difference in the economic, social, political, environmental and technological growth and development of countries,
- varying intensity and dynamics of social change, which is reflected in: new forms of urban and rural lifestyles, a new organization of the family, the new mobility and consumption, mass technologisation etc.,
- creating global value chains through the rationalization of resources,
- the need to develop and productivity growth
- the need for using information and communication technologies,
- the need of rational use of natural resources and more intensive environmental protection

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To change the situation and to make the development move in a positive direction, it is suggested the implementation of a number of initiatives and programs, as well as the main levers of growth¹: digitalization, Innovation Union, Youth on the Move, efficient resource management, and industrial policy for the globalization era, agenda for new knowledge, skills and jobs, platform against poverty.

So, as the main challenges of development until 2020, can be identified:²

- **Human Health, demographic change and general well-being** - to ensure a long, happy and healthy life, safer and more effective treatment, the sustainability of health and social services;

- **Food security, sustainable agriculture and forestry, water and bioeconomy**- expected population growth to 9 billion by 2050, so we have to find more efficient ways of production, processing, storage and consumption of food, and recycling and disposal, as well as creating balance use of renewable and non-renewable resources. In this area, employs a large number of people in the world

- **Stable, clean and efficient energy** - a requirement of most countries in the region (all tricity dependent on the rest of the world);

- **An integrated transport infrastructure (smart "green" traffic)** - it is necessary to solve the problems of traffic congestion, traffic insecurity, environmental pollution

- **Climate change, environment (resource efficiency and raw materials)** – it feels more difficult to make an access to raw materials and clean water, biological diversity and eco-systems are under pressure. The aim is to develop "green economy" in accordance with the natural environment;

- **Construction of the changing society (involvement, innovation, reflection)** -overtake economic uncertainty and create resistance to the crisis, demographic change and migration;

- **Safety communities and citizens** -refers to the fight against crime and terrorism, protection of communities and people from natural disasters and / or disasters caused by people, the protection of human and drug trafficking and counterfeit products.

In order to find adequate answers to the major challenges of development by 2020, it is necessary to bear in mind the expected movements in the narrow and wider environment, such as:

- increasing the employment rate of the population aged 20 to 65 years
- a reduction in the unemployment rate,
- increased joint public and private investment in research and development (European target of 3% of GDP),

¹ European Commission: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 2014

² See: European Commission: Horizon 2020-the Framework Programme for Research and Innovation, Brussels,2014

- reduction of greenhouse gas emissions,
- an increase in the share of renewable energy in the total energy balance
- increasing energy efficiency,
- reducing the school dropout
- increasing the share of the population aged 30 to 35 years with higher education (European demand at least 40%),

It is also undisputed that in the process of solving the accumulated problems of economic and social development, we need to use the experience of successful countries in the region and the wider social and economic integration. There is no single, universal recipe. All, so far has been identified a number of models have advantages and disadvantages. Best practices in different societies and economies must be basic bench marker in the creation of strategies and development policies in the future.

Independent University of Banja Luka, in the celebration of ten years of work and existence, has organized this international scientific conference with the aim of finding science-based answers to the key challenges of the overall development until 2020, as the year that should mark the definite resolution of problems and consequences of the global economic and the financial crisis. Time behind us showed that, in the vast delusional were all those who thought that they would be the consequences of the crisis avoided, ie, that these effects quickly and easily removed.

The Conference will present eminent international and national experts in various fields of development and with different aspects elaborating the current problems and challenges of development, with the assessment of trends to 2020, as evidenced by papers and presentations that follow.

I want sincerely to thank all the participants of the Conference, whose participation gave undoubted contribution to the Conference to justify its meaning and achieve the set goals - to be professionally and scientifically based way to answering the most important questions and dilemmas of development challenges by 2020.

I am confident that this special issue of the journal Svarog - Proceedings of the international scientific conference "Development Challenges in 2020", organized by the Independent University of Banja Luka, will be extremely useful to all those who in any way deal with the issues and problems of development in the future.

VICE REKTOR

Professor Slobodan S. Župljanin PhD