

EDUCATED WORKFORCE AS A FACTOR OF AGRICULTURAL DEVELOPMENT OF THE DANUBE DISTRICT¹

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Abstract

In the paper were studied the existing and future needs for highly educated workforce, which have served agriculture development of the Danube district. The purpose of this research is in profiling staff that will help agricultural producers and enterprises to fulfil their goals, solve problems related to business and management, identify and use new possibilities, increase their agricultural knowledge and apply in practice the acquired knowledge. The Danube district has a great potential in agricultural sector, which has not been completely used. Accordingly, it is necessary to profile the professional staff in this field, so agriculture could contribute significantly to economic development of the Danube district. It is, as well, very important for development of Serbia, having in mind its correlation and impact to other sectors, due to the fact that it employs, directly or indirectly, numerous people, participates significantly in foreign trade, provides food safety of population and contributes to rural development and ecological equilibrium.

Key words: *agriculture, education, competitiveness, knowledge economy, human resources.*

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Introduction

Agriculture in Serbia meets many problems, which have been inter alia the result of restrictions occurred in terms of economic environment and agrarian policy carried out after the WW II until the dissolution of the SFRY, difficulties have arisen in the past fifteen years and difficulties in adjustment to the market economy. Agriculture in Serbia has been encumbered by consequences of the centrally-planned economy regarding ownership and land use. The policy is necessary for development, which can have an effect on increasing productivity through restructuring and investments, and it implied the clear property rights and the establishment of an efficient land market, credit and inputs inevitable for agricultural enterprises. Even though the micro-economic sector is the source of economic growth in every country, there asks a question whether and how it can successfully work in a country without defined and developed basic elements and postulates of a legal state and market economy. Exactly the reforms of political and state institutions, the legal reform (especially in the field of labour legislation, intellectual property, competition law), inefficient judiciary, underdeveloped markets (especially financial), unfinished processes of restructuring and privatization of large and public enterprises, inadequate physical infrastructure and unsuccessfully established institutional-legal frameworks to repress a corruption – represent a stumbling stone of Serbia on the way of competitiveness and sustainable economic development, according to assessment of many international institutions.

Great differences regarding development among Serbian regions manifest also through indicators of business demography. Greater opportunities for establishing new businesses have the prospective entrepreneurs in developed areas. The analysis points out that leads the way *the City of Belgrade* (11,939 or 28.7% of all newly-established firms in the year 2011) and the *South-Bac district* (4,291 or 10.8%).⁴ In these districts, there are also greater opportunities for survival and development of started business activities, so the survival rate is higher (66.0% and 64.0% respectively). On the contrary, in the *Pirot district* were registered only 371 newly-established companies or 0.9% of their total number in Serbia in 2011, while in this year 421 economic entities were closed. The net effect is the

⁴ The report on small and medium-sized enterprises and entrepreneurship for the year 2011, Ministry of Finances and Economy, Ministry of Regional Development and Local Authority, National Agency for Regional Development Belgrade, October 2012, p. 22.

greatest in the City of Belgrade, where the survival rate (2/3 of the established economic entities) is the highest. At the same time, in the *Danube district* 1,291 economic entities were closed, while the survival rate was 61.2%.⁵ Long-lasting crisis in the domestic economy has brought about to decrease of accumulative ability of agricultural enterprises in the *Danube district*. In such situation, there is neither a critical mass of funds necessary for organizing the investment activity, nor readiness to take over the follow-up financial risks. In the World Bank report, called the “Public Financial Support for Commercial Innovation” (January 2006) were analyzed various financial instruments, which could stimulate business innovation and provide series of recommendations for reforms, which should precede, so that these instruments could be well used. The goal of this report is to offer the opportunities for the European and Central Asia countries, especially the transitional post-communist countries and non-EU-member countries, increase productivity and economic growth by creating the favourable environment for applying knowledge in economy, through innovation and learning. Robert Solow has started the research, which helped the economists to get to know that permanent economic growth has depended more on technological changes than the accumulation factor, i.e. the traditional factors.⁶ The basic pillars of knowledge-oriented economy are the following: economic stimulation and institutional regulations; education and training; information infrastructure and innovation systems. Therefore, if the states invest the additional resources in research and development, and they at the same time don’t provide also economic relief and incentive bonuses, they don’t improve information infrastructure and educational system and if they don’t include the private sector and don’t develop the innovation system – money will be just wasted.

In accordance with it, the goal of this research reflects in profiling staff that would contribute to agricultural producers and enterprises to increase their agricultural knowledge and apply in practice the acquired knowledge. The subject of the research conducted is educated workforce in the function of agricultural development of the *Danube district*. Research design includes the following fields: educational structure of

⁵⁵ The report on small and medium-sized enterprises and entrepreneurship for the year 2011, Ministry of Finances and Economy, Ministry of Regional Development and Local Authority, National Agency for Regional Development Belgrade, October 2012, p. 22.

⁶ Solow, R.M. (1956): “A Contribution to the Theory of Economic Growth”, *The Quarterly Journal of Economics*, Vol. 70, No. 1. (Feb., 1956), pp. 65-94

population in the Danube district, creation and cancellation of jobs by the regions, trends on labour market of the Danube district, technological potential of food industry, restructuring of agricultural enterprises of the Danube district as an indicator of need for highly-educated personnel, development of human capital in agribusiness and more significant social inclusion.

In realization of the research task was used a desk research of data regarding the human resources and agriculture of the Danube district. Such research implies using the data from the official resources: National Employment Service, Republic Bureau of Statistics, National Employment Strategy for the period 2011–2020; as well as reports of regional development agencies. In the paper was also used data from domestic and foreign literature. Accordingly, there can get more reliable answer to the key questions, which have arisen within the analysis of the educated workforce as a factor of agricultural development of the Danube district.

Educational structure of population in the Danube district

In economic theory, but in modern practice too, it is well known that: if the total capital, as the production potential, conditionally divides into a *natural capital* (C_n) and a *human capital* – physical and intellectual (C_h), it is necessary that the total capital reserves ($C_n + C_h$) do not decline during the foreseeable time.⁷ The obvious condition is to provide the certain substitution level between different forms of capital, i.e. to replace the inevitable decrease of the natural capital with increase of the available human, primarily the intellectual capital. This can achieve the best by increasing the application of already acquired and new knowledge and the best modern production practice, i.e. by using resources of the total scientific-technical and cultural potential. In other words, the economy transition implies more significant apply of knowledge, innovation and new technologies, which includes numerous reforms in the field of education, science, scientific-research institutions and consulting.⁸ The

⁷ Milanović, M., Stevanović, S., Đorović, M. (2008): "Developmental advantages and elements of the Belgrade agrarian-rural multifunctionality", International Scientific Meeting: Multifunctional Agriculture and Rural Development III – rural development and (un)limited resources, 4-5th December 2008, Faculty of Agriculture in Zemun – Belgrade, Book 2, pp. 83-89

⁸ Cvijanović D. (2009): System of Education, Scientific-Research and Consulting Work in Agriculture of Serbia, page 61-72. 113th Seminar of the European Association of

substantial contribution and the major role in satisfaction of this important condition belongs exactly to science, profession, i.e. the adequate network of institutes and faculties, which would provide the inevitable support to enterprises in managing the transformation processes, as well as in creation of a new sector. Consequentially, there is necessary the decentralized and the regional approach to education. In such conditions, the educational structure of population in the Republic of Serbia represents a special challenge. The problems in accessing education have not been solved, a high dropout rate of children at all educational levels, and concerning most indicators we have brought up the rear in Europe.

Still around 10% of population do not finish the primary school (do not enrol in school or drop out during the primary education). Between 90-95% people enrol the secondary school, after finished primary school (around 80% of a generation), and around 15% of enrolled people do not finish the secondary education (approximately 35% of a generation). Only 13% finish two-year-college-level education or university education. Situation is slightly better if we look at the active population only, although the level is far lower than the EU average (19% with a tertiary diploma opposite to the EU average of 30%).⁹ Reducing a number of persons who quit education and increase of the share of highly-educated population in the total population represented the challenge for the Republic of Serbia, too, and the EU has defined it as one of its priorities.¹⁰ In the Danube district registers the following structure of population according to school qualification (*Table 1*):

- Without school qualification: 4,788;
- Incomplete primary education: 22,589;
- Primary education: 41,960;
- Secondary education: 81,802;
- Two-year-college-level education: 7,790;
- University education: 10,125;

Agricultural Economists (EAAE) – The role of knowledge, innovation and human capital in multifunctional agriculture and territorial rural development. Editors: Danilo Tomić, Zorica Valjiljević, Drago Cvijanović. Publisher: Institute of Agricultural Economics, Belgrade. December, 9th-11th 2009 Belgrade, Serbia.

⁹ Poverty Reduction Strategy for the period 2011-2020, “Official Gazette of RS”, no. 55/05, 71/05 – correction, 101/07, 65/08 and 16/11, p 19

¹⁰ Poverty Reduction Strategy for the period 2011-2020, “Official Gazette of RS”, no. 55/05, 71/05 – correction, 101/07, 65/08 and 16/11, p 19

Table 1. Age of population 15 years and over according to the professional qualifications, Census for 2011

Region Area Town-Municipality	Total	Without school education	Incomplete primary education	Primary education	Secondary education	Two-year-college-level education	University education	Unknown
Danube district	169,857	4,788	22,589	41,960	81,802	7,790	10,125	803
Velika Plana	35,093	1,100	5,709	9,340	15,991	1,296	1,456	201
Smederevo	91,562	2,573	10,176	22,532	45,248	4,482	6,140	411
Smed. Palanka	43,202	1,115	6,704	10,088	20,563	2,012	2,529	191

Source: *Municipalities and regions in the Republic of Serbia, 2013*, Statistical Office of the Republic of Serbia, <http://webrzs.stat.gov.rs/WebSite/>

The lack of qualified workforce, which would match the employers' requirements, i.e. deficit of competences and working skills, is the characteristic of workforce not only in *the Danube district*, the Republic of Serbia, but in most of the EU-member countries. It is difficult to expect that the existing educational system will be able to realign in the short term in accordance to changed structure of demand for labour, qualifications and skills.

The problem also represents the lack of the national qualification framework which implies the established qualifications, describes the qualification levels, relations, but also the totality of subjects and processes which concern their establishment, the method of acquisition, comparison, recognition, assurance of quality and standards, and which is adjusted to the European qualification framework.¹¹

In accordance to the National Employment Strategy for the period 2011-2020, the key challenges in educational policy reflect, first of all, in insufficient adjustment of employment, education and scientific-technological strategies, lack of legislation in the field of the adults' education, connection of formal and informal education, and problems of lack of institutions in accordance with the needs of the adults' education quality standards.

¹¹ Poverty Reduction Strategy for the period 2011-2020, "Official Gazette of RS", no. 55/05, 71/05 – correction, 101/07, 65/08 and 16/11, p. 19.

Creation and cancellation of jobs by the regions

The highest gross rate of jobs creation in the year 2011 had the region of Vojvodina. However, in this region has been realized at the same time the largest outflow of employees, so seemingly significant growth of employment has contributed the rate of newly-created jobs of 2.02%, or approximately near the republic average.¹² According to the same source, the Belgrade region had the lowest gross rates of creation and cancellation of jobs, so the gross rate of job creation had amounted 2.07%, or a bit more above the average net rate of created jobs in the Republic of Serbia. In the region of Sumadija and West Serbia was evaluated the highest net rate of job creation, which was amounted 2.25% in 2011, so it could be the important indicator of the regional economies recuperation. Meanwhile, in the region of South and East Serbia was realized the lowest net rate of job creation, 1.59 (Table 2).

Table 2. *Gross and net rates of creation and cancellation of jobs by the regions, in percentage, 2011*

Region	Gross rate of jobs creation	Gross rate of jobs cancellation	Net rate of jobs creation (+/-)
Belgrade Region	7.00	4.93	2.07
Region of South and East Serbia	7.05	5.46	1.59
Region of Kosovo and Metohija	0.00	0.00	0.00
Region of Sumadija and West Serbia	7.50	5.25	2.25
Region of Vojvodina	8.52	6.51	2.02
Total:	7.45	5.42	2.03

Source: *Employers Survey, National Employment Service, 2012*

The largest share of unemployed persons seeking employment for over 12 months (long-term unemployment – Table 3), has been recorded in Ras region (75.42%), Jablanica region (72.39%), Rasina region (71.53%), Morava region (71.36%) and Toplica region (70.54%), while the smallest share of long-term unemployment has been recorded in Central-Banat region (53.74%), North-Backa region (54.79%), Belgrade region (56.41%), Danube region (57.92%) and Branicevo region (58.56%).¹³

¹² Analysis of labour market and forecasting needs on the labour market in the Republic of Serbia, National Employment Service, USAID, Belgrade, September 2012, p. 27.

¹³ Work report of the National Employment Service for the year 2012, Belgrade, March 2012, p. 10.

Table 3. Areas with the largest and the smallest share of long-term unemployed persons in the total number of unemployed persons in the district at the end of 2012

Region	Share	Region	Share
Ras	75.42%	Central-Banat	53.74%
Jablanica	72.39%	North-Backa	54.79%
Rasina	71.53%	Belgrade	56.41%
Morava	71.36%	Danube	57.92%
Toplice	70.54%	Branicevo	58.56%

Source: Work report of the National Employment Service for the year 2012, Belgrade, March 2012, p 10

Trends on the labour market of the Danube district

The adequate goal is the affirmation of sustainable employment increase trend, which is followed by the growth of adult population share on the labour market, recognizing the reality and prospects of the *labour market in the Danube district*. Fulfilment of these two goals would decrease employment, as among persons who search for employment actively, as well as among discouraged persons who temporarily left the labour market.¹⁴

More significant improvement of terms on the labour market, which is expected after completing public companies restructuring in 2014, in the first phase will contribute not only to the employment increase, but also with additional inflow of unemployment, through comeback of inactive persons on the labour market. The most important factor that will affect the employment increase should be the establishment of new enterprises. Since in this scenario, a number of unemployed persons remain relatively stable and high, the primary power which has an effect on decrease of unemployment rate should be the employment growth.

Privatization of enterprises in Serbia aims to increase the total business efficiency. However, to obtain the ultimate goal, the side effects reflect in termination of jobs and lay-offs. Transition has been followed by the „transitional shock“ which manifest through decrease of business activity

¹⁴ Mihailović, B., Paraušić, V., Simonović, Z. (2007): *Analiza faktora poslovnog ambijenta Srbije u završnoj fazi ekonomske tranzicije*, monograph, Institute of Agricultural Economics, Belgrade.

and price pressure. Likewise, after privatization there is the effect of the „neutron bomb“ which reflects in significant lay-offs of workers in privatized enterprises.¹⁵ In such conditions, according to evaluations of the World Bank, it is necessary to create 40% of the national income in a new sector, in order to annul negative effects of the transitional shock. Experiences of the transitional-leader countries point out to the significance of foreign investors, who have proved to be good owners, with great positive effects on growth of productivity, volume of production, investments in enterprises, etc. Partly is surprising a fact that there are some positive effects on employment growth in the long-term. Taking over enterprises by the foreign investors has brought about to significant reduction of an employee number. However, after implemented changes, investments and training companies for the competitive business on the world market, there notices a tendency of employees increase in these enterprises.¹⁶

According to data of the Statistical Office of the Republic of Serbia, in the Danube district in 2012 was registered totally 36,596 employed persons (*Table 4*). Thereby, 26,947 employees are in legal entities (companies, enterprises, institutions, cooperatives and other organizations) and 9,649 private entrepreneurs (self-employed persons) and their employees. In the Danube district register 185 employees/1000 inhabitants, while the average for the Republic of Serbia is 240 employees (in the Belgrade region 341).

Obviously, there is a significant regional asymmetry in the regional employment. In such conditions, there is inevitable an efficient income policy, which would represent an important factor of enabling environment for efficient business and investments and one of more important instruments for aggregate demand control, the price stabilization and the competitiveness increase. Synchronization of salaries trends and labour productivity growth should support long-term sustainable economic growth, increased investments in development, new technologies and new workplaces. It would lead to improvement of competitive ability of economy, and on the other hand, there would decrease the inflationary pressures.

¹⁵ Mihailović, B. (2007): *Uloga konsaltinga u restrukturiranju preduzeća u tranziciji*, monograph, Institute of Agricultural Economics, Belgrade

¹⁶ Djankov, S. (2000): "Enterprise Restructuring in Transition: A Quantitative Survey", *World Bank Working Paper*, p 33

Table 4. Employees, Annual average¹, 2012

Region Area Town- Municipality	Totally employed ²	Employees in legal entities (companies, enterprises, institutions, cooperatives and other organizations) ³	Private entrepreneurs (self-employed persons) and their employees	Number of employees per 1000 inhabitants	
				Total	Employees in legal entities
REPUBLIC OF SERBIA	1,727,048	1,341,114	385,934	240	186
Belgrade region	566,807	468.706	98,101	341	282
Danube district	36,596	26.947	9,649	185	136
Velika Plana	7,212	4.449	2,763	178	110
Smederevo	21,228	16.138	5,090	197	150
Smederevska Palanka	8,157	6.361	1,796	164	128

Source: *Municipalities and regions in the Republic of Serbia, 2013, Employment and earnings, Republic Statistical Office, Republic of Serbia, <http://webrzs.stat.gov.rs/WebSite/>*

¹ Annual averages calculated on 31st March and 30th September

² Employees in legal entities have been comprised (companies, enterprises, institutions, cooperatives and other organizations), private entrepreneurs (self-employed persons) and their employees.

³ Employees in small companies have been included (up to 50 employees), who had not been comprised by a regular semi-annual research, but they had been assessed by the Survey for the supplement of semi-annual research on employees.

Increase of employment and salaries can be achieved by the improvement of technological production base of the privatized enterprises, with support of foreign direct investments, which enable not only transfer of technology, but also becoming familiar with modern management concepts and techniques.

The salaries and employment can be achieved by improving the education of the Danube district population in the field of entrepreneurship and agriculture as well, by which it would make a possibility of these husbandries transformation into the small and medium-sized enterprises in the field of agribusiness.

Consequentially, it would lead to reduction of the regional gap in employment and salaries. For example, in 2012, the average net salary in Belgrade was 51,121 RSD, while in the Danube district it was registered at the level of 38,588 RSD (*Table 5*).

Table 5. *Average net earnings, by the districts and municipalities, annual average*

Region	2008	2009	2010	2011	2012
Republic of Serbia ¹	32,746	31,733	34,142	37,976	41,377
City of Belgrade	40,089	39,862	42,489	46,986	51,121
Danube district	34,117	30,653	34,082	36,766	38,588
Velika Plana	28,403	26,958	28,832	32,872	37,215
Smederevo	37,586	33,115	37,524	40,458	41,499
Smederevska Palanka	28,877	26,642	28,216	29,118	31,509

Source: Republic Statistical Office, Republic of Serbia,

<http://webrzs.stat.gov.rs/WebSite/>

¹ Since 1999 without any data for AP Kosovo and Metohia

Technological potential of food industry

Technological backwardness of Serbian industry represents a serious obstruction to further development of industrial production and the high production standards and final products quality achievements, which today requires on high-developed countries markets.¹⁷ In accordance to the surveyed 154 enterprises (small, medium and big-sized enterprises) in the whole Serbia the data shows that the average age of machines and equipment in food industry is 27.17 years (*Table 6*).

Table 6. *Technological backwardness of food industry in the Republic of Serbia – data by the regions*

Region	Economic branch	Number of enterprises per an economic branch	Average number of machines in enterprises	Average age (age of machine production/total number of machines)
Vojvodina	food	6	16	1987 (22)
Belgrade	food	6	14	1986 (23)
Central Serbia	food	5	12	1982 (27)
East Serbia	food	4	9	1980 (29)
West Serbia	food	4	20	1981 (28)
South Serbia	food	4	29	1975 (34)
Total number of enterprises in a sample		154		1980 (29.5)

Source: *Employers Union of Serbia, 2010, p. 4.*

¹⁷ Employers Union of Serbia, 2010, p. 4.

In Central Serbia, the average age of machines and equipment in food industry is around 27 years. It is obvious that without modern machines, the commodities made in Serbia cannot achieve the high quality standards and they cannot be competitive on foreign markets.¹⁸ Mostly, the construction and the *level of technical-technological equipment* of food industry do not represent a limiting factor of agricultural production increase, but it significantly differs by the sectors. A specific number of enterprises is at the top of technical-technological equipment and disposes with highly-educated staff, while other enterprises lag behind the modern technological and marketing requirements. Since the beginning of the privatization process, the most was invested in oil industry, beer industry, dairy industry, confectionary industry and water processing industry, while on the other hand, less investments and less technological equipment were registered in sugar industry, meat industry, fruit and vegetable industry. At the same time, there is a relatively *low capacity utilization of food industry* (a level of capacities utilization, projected for the SFRY market and it ranges from 30% to 50%). The highest utilization level is regarding the capacities for mineral water production, oil refineries, mills, fruit and vegetable processing capacities, production of confectionery, breweries, dairies and sugar refineries.¹⁹ The lowest level of utilization has the capacities for fodder processing and slaughterhouses, which causes inefficiency in business and poor competitiveness of this sector.

Restructuring of agricultural enterprises of the Danube district as an indicator of a need for highly-educated personnel

The agricultural enterprises of the Danube district have to make some significant changes in order to come out from the economic crisis. Restructuring can be defined as an activity that is carried out in an enterprise, which performances are declining, so an enterprise would survive and then make a shift towards the profitable business. Restructuring in our conditions have to cover all areas of enterprises in the Danube district. It implies that it has to accomplish as ownership, market, organizational, business and financial transformation. There many individual changes and interventions, which can be implemented in every enterprise aiming to improve the

¹⁸ Employers Union of Serbia, 2010, p. 5.

¹⁹ Mihailović, B., Cvijanović, D., Cvijanović, G. (2010): "Analiza performansi preduzeća u agrokompleksu Srbije", *Zbornik naučnih radova 2010*, Vol. 16, no.1-2, Institute PKB Agroekonomik, Belgrade, pp. 265-273.

business results. When the performance of an enterprise cannot assess as satisfying, there are necessary the changes in organization, structure of jobs, assets of an enterprise and its financial structure, etc.²⁰ A need for restructuring makes demand for staff in this fields, which could be carriers and actors of economic changes. In practice, it appears to be a kind of a “personnel paradox”. That is to say, in most of enterprises of the Danube district, it is necessary to make personnel restructuring, which mostly implies the reduction of employees' number, and at the same time they have a few relevant professional personnel. At the same time, employers would gladly employ quality highly-educated personnel because they know by experience that potential benefits of their engagement are greater than expenditures for their salaries.

Creating business-attractive agricultural enterprises initiates the need for personnel in the field of entrepreneurship and agriculture. It is necessary to profile personnel, who would help enterprises to make their goals, solve the problems related to business and management, identify and use new possibilities, increase their knowledge and to apply that knowledge practically. In the domestic economy, there is a lack of knowledge in the field of business planning, which is inevitable when opening small and medium-sized enterprises.²¹ The essence of needed changes we can define as a new entrepreneurial society, which encourages taking risk and creates new entrepreneurial knowledge. Each dimension of enterprises restructuring is specific and it requires the professional expertise and experience of the personnel.²²

- *Ownership restructuring* represents the privatization of domestic enterprises which results by transformation of social and state capital into equity.
- *Market restructuring* means redefinition of the market on which an enterprise appears, aiming to improve sales and business. There are numerous enterprises in the Danube district which treat the market

²⁰ Mihailović, B., Pejanović, R., Paraušić, V. (2012): “Enterprises' competitiveness advancement of Serbian agrarian sector through strategic planning and organizational changes“, *Competitiveness of agro-food and environmental economy (CAFEE'12)*, Bucharest academy of economic studies, Bucharest – 8-9 November 2012, pp. 53-61.

²¹ Mihailović, B. (2008): “Uloga konsaltinga u razvoju malih i srednjih preduzeća u Srbiji”, *Ekonomika Niš*, Faculty of Economics in Nis, Association of economists „Ekonomika“ Nis, no. 1-2/2008. pp. 101-110

²² Mihailović, B. (2007): *Uloga konsaltinga u restrukturiranju preduzeća u tranziciji*, monograph, Institute of Agricultural Economics, Belgrade.

research projects as a great and unnecessary expense since they consider that they completely know their customers needs, i.e. that they know well the market. However, the increasing number of enterprises understands the importance of the market and the approach to scientific methods in implementing this activity, or they leave it to the specialized institutions.

- *Organizational restructuring* represents the change of organizational model of an enterprise and a concept of functioning. It is necessary to conduct an analysis of organization, create intervention strategy, create the report, etc. The special expert teams engage in order to make the state diagnosis in an enterprise.
- *Business restructuring* results in significant changes in activities of an enterprise. The goal of these interventions is to increase the economic value of a firm and improve its negotiating power on the market.
- *Financial restructuring* involves a change in the capital structure of an enterprise, thus changing the relation between ownership and debt. The domestic enterprises have a disrupted financial balance, inappropriate structure of source of funds, as well as high indebtedness.

Restructuring of the agricultural enterprises of the Danube district is a consequence of a delayed reaction and adjustment to changes. However, the enterprises restructure in developed market economies. The difference is in a fact that their experience in market conditions makes them capable to adjust simultaneously and make changes in business, organization, a method of funding, etc. It can be expected that the domestic enterprises, after restructuring as a result of the economic crisis, will enter the period of efficient business, when it will be competent to adjust to modern trends. The essence of an enterprise restructuring in the Danube district is in increase of external and internal competitiveness through opening up to the international market and pressing forward making new small and medium-sized enterprises.

Development of human capital in agribusiness and more significant social inclusion

In the sector of agribusiness, education and extension represent the significant factors of business modernization. In support to this argument, there should mention the proven fact that investing in extension (and agricultural researches) brings around 40% of the average earning rates,

which is “much more than other investments in agricultural development”.²³ Improvements of managerial abilities and skills can be achieved by the high-quality training and education. Steeve Goss, the consultant of the European Reconstruction Agency and the Ministry of Agriculture, Forestry and Water Management of RS, points out that good training and advices to agricultural producers are the most important and the most useful way of the state support. Development and improvement of human capital is of great importance for the employment strategy and policy. Raising the quality of labour force through education and trainings and social inclusion of individuals and groups, who are in the situation of social exclusion, will contribute to economic and social development of the Republic of Serbia.²⁴ Due to significance of the educational system development, it is very important to establish cooperation and coordination between the relevant actors, in order to manage education properly, spot defects responsible for dysfunctional relation among supply and demand on the labour markets and in order to create favourable social and business environment, which would instigate the investments.

Accordingly, in academic education exactly, the development of innovation and transfer of the innovative knowledge and technologies from the academic to the economic sector, represent the most important form of activities which stimulate development. In that sense, there should stimulate the mutual work of universities, research institutes and economy, as well as the use of equipment and knowledge of present at universities and institutes by the economic entities and *vice versa*, as well as the students' projects and practice. Labour market policies should increase the share of additional education and trainings program in measures of the active employment policy, which comprises various qualification and training programs, additional trainings and retraining, functional primary education of the adults, as well as to direct those programs to the most threatened groups on the labour market and the individuals with multiple-vulnerability factors, primarily through strengthening of capacities at the local level for improvement of education and training development. The training programs should adjust to the employers needs, as well as to the needs of individuals, aiming to increase competitiveness.

²³ Van den Ban, A.W., Hawkins, H., S. (1996): *Agricultural Extension*, Blackwell Science, UK, p. 13.

²⁴ National Employment Strategy for the period 2011–2020, „Official Gazette of RS”, no. 55/05, 71/05 – correction, 101/07, 65/08 andi 16/11, p. 24.

Conclusion

Research has shown that it is necessary to promote the entrepreneurship and the entrepreneurial learning and education. The support reflects in providing consulting services, as well as on encouraging self-employment through continuous entrepreneurial education and training. Many factors affect less investment in the Danube district, primarily high commercial and non-commercial risks, slow economic transition and underdeveloped institutions, which, in practice, guarantee rights deriving from the private property and the contracts. Serbia has to encompass its self in territorial, status and economic sense, as well as to finalize the privatization of enterprises, as the main lever of the market economy affirmation. Improving business conditions in the Danube district requires that the competitiveness sources move toward high education, the efficient market and the ability to earn on the existing technology, i.e. the focus of the economy should be moved from the physical resources toward knowledge. This is especially since many enterprises in the Danube district have unfavourable business performances, which manifest through declining the market share and profitability, the increase in borrowing, inadequate investments and increased volume of new business ventures at the expense of a primary business. It is evident that adequate entrepreneurial knowledge and innovated managerial skills are necessary.

More important role of the states is to implement the necessary structural reforms in order that the investments in education and innovations could benefit. That is to say, the state funds are anyway meager; therefore they should be engaged where they can return the best. If a state has a lack of the institutional framework and innovation and information infrastructure or a lack of suitable sets of economic policies and incentives, insufficient correlation between the scientific institutions and the private sector, inadequate educational system and similar, the funds used for support to research and development, as well as innovations might be just wasted.

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