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Notes from the Editor-in-Chief

Scientific journal International Review has been published since 2012 as a modernly designed and technically arranged according to the Act of editing of the Ministry of education, science and technological development of the Republic of Serbia. in the scientific circles worldwide because of the quality papers and various topics that it covers. This Journal is an international one, considering its international editorial staff and authors. It comes out twice a year in English.

I would like to express my gratitude to all the published authors, but at the same time to invite new authors to suggest topics that they would like to write about and read about.

The invitation for new reviewers, other associates and guest editors is constantly open.

According to this policy of the journal we are looking forward to your applications and welcome your useful suggestions.

At last, editorial board wish our authors and readers Happy New 2020!

December 2019.
Belgrade

Yours faithfully,

Academician Mirjana Radovic-Markovic

Editor in Chief

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PART I
ECONOMIC ACTIVITIES AND ORGANIZATIONAL DEVELOPMENT OPORTUNITIES

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ORIGINAL RESEARCH PAPER

Strategic Alignment Role in Achieving the Organizational Excellence Through Organizational Dexterity – Analytical Study of the Opinions of a Sample of Professors at Colleges of Karbala University

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Abstract

The current research aims to reveal the strategic alignment role and its dimensions (communication, governance, infrastructures, Partnership, skills) in order to achieve the organizational excellence through organizational dexterity, so some colleges of Karbala University have been chosen. Given that, the research problem is crystallized by some intellectual and applied questions looking forward to being answered through determining its level of importance, impacts and the possibility of achieving the strategic alignment in the researched colleges. The questionnaire form was designed as a means to get data and information. The researcher adopted the descriptive analytical method that includes three variables which are: the strategic alignment, the organizational excellence, and the organizational dexterity that was used for strengthening and enhancing these concepts by concentrating on professors by choosing an Intentional sample included 80 professors in the under-examination colleges. The data analyzing was occurred through a group of statistical techniques such as (SPSS V.23). One of the most significant inclusions that the researchers found out is that the strategic alignment represents a group of attitudes and qualities seeking to innovation and changing to find out new tracks in discovering and investing the available energies. One of the most important recommendations was creating a new social reality in order to overcome conflicts and contradictions by excellence in providing the individual freedom and cooperative work to get benefit from its current capacities.

Keywords: strategic alignment, organizational excellence, and organizational dexterity

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Introduction

Institutions of higher education in Iraq face many challenges resulted from the accelerating changes in Iraq and in all fields, especially political, economical, social, and technological fields, that arose within the last years. These educational institutions require achieving the strategic alignment in their educational activities and programs as appropriate to the changes in order to meet their requirements to be capable of achieving the dynamic alignment with its

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environment and spreading the spirit of agreement and consistency between the coworkers, in addition to working in continuous harmony to communicate with customers, business partners and committees responsible for organizing work. The strategic alignment in all fields, including the work environment, contributes in eliminating the work problems, besides making the work times funnier and more comfortable, rather than provide calm and stable circumstances and deep impressions and emotions to deal with these challenges and conditions. The organizational dexterity is an essential factor for competition between organizations as they help in finding out opportunities and invest them perfectly to achieve excellence and sustainability. On the other hand, seeking for excellence in any educational institution is a primarily demand within the world environmental and competitive changes.

Thus, these institutions have to adopt an administrative and strategic philosophy enabling them to enhance the institutional reality and overcome the difficulties, as well as, make a tangible change in the performance which results in sustainability and competition. Based on that, this research carried out to reveal the strategic alignment role in achieving the organizational excellence in the researched colleges through the medium variant, the organizational dexterity. In order to achieve the content, a sample consisting of 80 professors in the under examination colleges was chosen; the research was divided into four themes: the first theme was about the research methodology, while the second theme was devoted to theoretical framework, the third theme was allocated to the practical side, and the research was concluded by the fourth theme that includes conclusions and recommendations.

Research Methodology

This theme is about recognizing the research problem and its importance, aims, the hypothetical model and hypotheses which are:

Firstly: Research Problem

Achieving the strategic alignment in the internal and external work environment of the organizations is one of the fundamental components in achieving the organizational excellence, and the incompatible work environment results in disrupted relations, disappointed connections, as well as, inability to invest opportunities and face challenges and consequently leads to breakdown and exclusion. Achieving the strategic alignment contributes in achieving stable organizational work environment which reflects on the abilities of these organizations to outperform highly efficient through the organizational dexterity.

The Problem Lies in the Light of the Following Questions:

1. Is there a clear perception about the strategic alignment of the researched organization?
2. To what extent does strategic alignment contribute in achieving organizational excellence in the researched colleges?
3. Is there an impact of strategic alignment on achieving organizational excellence through organizational dexterity?

Secondly: Research Importance

1. The research importance results from the importance of the three discussed variables as the strategic alignment, the organizational excellence and the organizational dexterity are necessary for viability and continuity of the business organizations and they are the keys of their success within the dynamic business environment as they enable these organizations to control and adapt with the sudden environmental changes.

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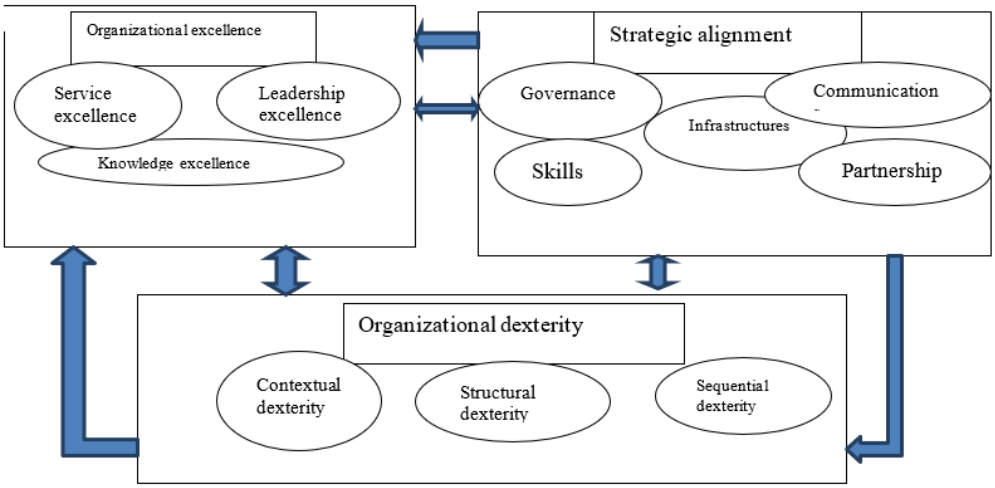
2. Drafting several plans and strategies that may provide the administrative strategic alignment techniques with means of interaction among people inside the organization that strengthens the organizational excellence.
3. The research importance resulted from the organizational dexterity techniques that the organization may achieve by depending on the components of the strategic alignment as it guides anything that may achieve the organizational excellence.
4. Recognizing all the conditions that surround the strategic alignment variable and that increase the excitement level of performance in order to eliminate the red tape.

Thirdly: Research Objectives

This research seeks to achieve a group of objectives such as:

1. Working on strengthening and supporting the strategic alignment techniques through effective communications, adopting partnership principles in taking business decisions, and conducting seminars and courses to train the staff to comply with the rules and objectives of the Organization, as well as, working on strengthening and supporting the skills and experiences within the business environment in order to contribute in achieving the organizational excellence through the organizational dexterity.
2. Considering the strategic alignment technique as an important variable in achieving the organizational excellence and organizational dexterity.
3. Clarifying the most significant dimensions of the organizational excellence and dexterity that should play a significant role in strengthening and supporting the strategic alignment's practices and techniques within the business environment.

The Hypothetical Model of the Research



The reference: prepared by the researchers

Research Hypotheses

The research hypotheses were formulated according to the hypothetical model of the research; they are going to be tested through correlations and influence to prove its validity and invalidity.

1. The first main hypothesis (there aren't any statistical correlations between the strategic alignment with its dimensions and the organizational excellence).

2. The second main hypothesis (there isn't any statistical association relationship between the strategic alignment with its dimensions and the organizational dexterity).
3. The third main hypothesis (there isn't any statistical correlation between the organizational dexterity and the organizational excellence).
4. The fourth main hypothesis (there isn't any statistical influence between the strategic alignment with its dimensions and the organizational excellence).
5. The fifth main hypothesis (there isn't any statistical influence of the strategic alignment with its dimensions on the organizational dexterity).
6. The sixth main hypothesis (there isn't any statistical influence of the organizational dexterity on the organizational excellence).
7. The seventh hypothesis (there aren't any multiple statistical influences of the strategic alignment and the organizational dexterity on the organizational excellence).
8. The eighth main hypothesis (there aren't any indirect statistical correlations between the strategic alignments in achieving the organizational excellence through the organizational dexterity).

Research Community and Sample

The researcher has chosen Karbala University to be the study field because of its role in the society, in addition to its understanding and cooperative society in achieving researches and scientific studies. The study included four colleges of the university which are: College of Management and Economics, the College of Engineering, the College of Islamic Sciences and College of tourism. The researcher distributed (88) questionnaire form to the target sample and the retrieved were 80 under study forms; thus, the included under study sample was (80), and the retrieval percentage was (1%).

Measurements

The strategic alignment was measured by a scale consisting of (25) items according to [1]; the scale validity was framed and tested by [3]. The questionnaire items were measured by Pentagram Likert Scale that consists of (5 items) ranging from (1) I don't seriously agree to (5) I seriously agree. The scale consists of five sub-dimensions which are: (1) communications "5 items", (2) governance "5 items", (3) partnership "5 items", (4) infrastructures "5 items", while the organizational excellence variable was measured by a scale consisting of (15 items) according to the scale of [2] it consists of three dimensions: (1) leadership excellence, (2) service excellence, (3) knowledge excellence, according to the scale (Tuchman, 2013:7); also the organizational dexterity variable was measured by a scale consisting of (15 items), and three sub- dimensions which are: (1) successive dexterity, (2) structural dexterity, (3) contextual dexterity.

Theoretical Framework

Strategic Alignment

The word (Alignment) was mentioned in (Webster Dictionary); it means lining up on a straight line; it's a co-operative agreement between some people or a group of people on a common issue or point of view. But in the business field, the association is between the organizational objectives and personal objectives of the staff; so, it requires understanding to the theses and objectives of the organization and coherence between objectives and plans to be carried out. After identifying the strategic administration's thought, we found that the strategic alignment is a main topic that the organization cares about, especially, the productive

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organizations that adopt the strategic alignment concept. The researcher used different terms to refer to the strategic alignment such as compatibility, proportionality, integration, and coherence; so, it relates to the associations between the business organizations to achieve a group of desired objectives. The strategic alignment increases the return on investments and achieves the competition and flexibility to meet the new challenges and opportunities [4], [5] assured that achieving the strategic alignment requires all the staff to unify their common purposes and visions, as well as, have the ability to understand the method of performing their individual roles that support carrying out the whole strategy of the organization by methods that enable the staff to understand and create strategic awareness through different means of communications. The organizations use methods to increase the staff strategic awareness which support their reorganization of the theses, visions and strategic objectives of the organization.

Dimensions of Strategic Alignment

The strategic alignment has main dimensions in universities; here comes an explanation for these dimensions:

Communications

The information accuracy and quality are the keys of excellence and gaining advantages over the competitors. Exchanging actions, ideas, information and the clear understanding to the main ideas of the organizations includes the successful strategies which are the main factors of increasing the strategic alignment mission. A very important issue is that the dynamic environment, that characterizes most of the organizations, includes exchanging continuous knowledge within the institutions. Many companies employ the staff that plays official communication roles between the units or does several jobs to facilitate exchanging knowledge [6]. Also (Granbier Gobaroun, 2013) thinks that communications are the exchanging process of ideas and information between the individuals and communities who work for the same organization in order to establish a common understanding to achieve common objectives.

Governance

It can be defined as the structure of relations, operations and over sighting of an institution for achieving its main objectives by adding values rather than striking a balance between risks and the return [2], [7] assured that the companies governance is a system through which we can manage the business companies and control them. The structure of the companies' governance specifies the rights and duties of both the individuals and the stakeholders in the company; it also establishes the rules and detailed procedures to take decisions concerning the commercial business and company affairs. Based on that, a structure was established to identify the objectives of the company and its methods to achieve these objectives in addition to over sighting the performance.

Partnership

It means building the exchangeable trust, communication, and co-operation in exchanging information rather than the ability to find the additional value that leads to sustainable competitiveness with common purposes to ensure achieving the strategic objectives (Kimeli, 2013). But (Gentimir, 2015) sees that the partnership is a co-operative operation that imposes

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a common technique or common activities. Economically, it's a plan that requires finance and modulation to achieve the common objectives as what happened before, which represents a real challenge from the common values standpoint, between the European Union and the Russian Federation.

Infrastructure

The dictionary mentioned the definition of infrastructure as it's the base or the texture as it has recently become the strategic and main choice to enable participating in the activities and different events. It's considered as the technological framework that helps the organization satisfy the customers and meet the needs of the management as it's a group of resources and organizational abilities that provides a base to apply and developing the strategic objectives (Xia & King, 2002:3).

Skills

The main changes in the needed skills often requires effective procedures of the high working practices, and they may increase the skills value in communication and co-operation; the organization have to get benefit from the current unused staff abilities instead of demanding development of the new skills [8]. The skill means the ability of critical thinking and evaluating the environmental conditions to be a crucial strength that could solve unexpected problems within these skills. (Suteski, 2012:2) specified the kinds of skills as (technical skills, cognitive skills, personal skills) used widely in the work practices and characterized by flexibility, innovation and effectiveness rather than independence to achieve the excellent performance.

Secondly: Organizational Excellence

In the light of the modern scientific development, especially, the rules of studying management, the intellectual contributions related to the philosophy of organizational excellence not only of the staff performance but also their abuses have been developed and included the concept of organizational excellence. The total quality management approach has been emerged and concentrated on the philosophy of excellent performance and continuous development, so these approaches should provide trust in the organization's ability to achieve the sustained success on the long run. The organizational order is associated greatly to excellent organizations, so it presents a competitive and changeable environment. The organization can't be excellent except through the strategic alignment that works on compatibility between the staff objectives and the organization objectives, the institutions invest the pre-effective strategic planned crucial opportunities with a common clear vision of the objective and the sufficiency of recourses and performance [9].

Dimensions of Organizational Excellence

The organizational excellence includes three sub- dimensions that used in the universities as follows:

Leadership excellence

The leadership excellence [10] is one of the most significant pillars of the modern management as it requires an utmost ability of the leader to be capable of keeping up with the developments and changes imposed by the knowledge era. There's no doubt that leaders who can't confess inefficiency and problems in all situations; they may have the opportunity to

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increase competition which may push them towards excellence. The importance of the leadership excellence in the academic institutions results from the complicated and ambiguous business nature of the universities [11].

Service Excellence

Authors [12] identified the service excellence as the organized abilities to introduce continuous advice for the distinctive customers. These abilities are related to all the activities inside the organization and it doesn't only include the customer services department, but also the other employees contributing specially in achieving the service excellence. It's one of the main challenges that face the organization on the strategic, technical, and operational levels; it reflects four main organizational dimensions which are: the strategic, cultural, creative and operational dimensions. The service is characterized by introducing unique characters that express great satisfaction resulted from the good and surprising performance. Thus, the service organization doesn't need only to satisfy the customers, but also it should make them happy because happiness is always a result of excellent service that exceeds expectations [13].

Knowledge excellence

The knowledge management (KM) has become a very important matter in the academic institutions which motivates the ability to gather and analyze data and transform it into knowledge, and then apply and strengthen it. The knowledge has become a strategic, main, and necessary resource for flourishing and competitiveness. In the light of globalization and the knowledge economy, the knowledge lies in innovation and creation which are the main elements of the competitiveness ability. Using the knowledge management (KM) will achieve important benefits in the educational institutions for developing the curriculum, students' and graduates' services, administrative services, as well as, strategic planning (Pinto, 2014:2). [14] assured that knowledge is the modern root for evaluating, spreading, storing and using the educational processes. Knowledge management has become a strategic solution as it participates effectively and uses the human efficiency, experiments, experiences, skills, talents and ideas rather than intuition, commitments, innovations, practices and imagination then merging them as sources of information that the organization uses to achieve its strategic objectives. Thus, the educational society should host the knowledge excellence as a strategy used for carrying out its organizational philosophy and operations in the educational institutions.

Organizational Dexterity

The history of researches dealt with the organizational dexterity goes back to [15] who was the first used the word "dexterity" in the business works as a structural perspective of this concept. He suggested it as a double organizational structure for the companies that look forward to innovation. it has two sections: the first section is starting or developing creative activities which means discovering innovation; the other section is carrying out or spreading creative activities which means getting benefits of innovation. He explained "dexterity" as a serial concept that the organizations use to discover or abuse in the same time but on long terms between the two methods. [16] Refers to the challenge that the organization may face on the long run which seems successful according to the recent greatly increasing of the uncertain economic cases, as the ability of adaptation concentrating on fast movement towards new opportunities and modifications of changeable markets is a very important matter. It means that the successful companies shouldn't only search for new opportunities, but they also should be capable of abuse the assets (properties) values; this capacity provides great compatibility [17] which means enabling the companies to achieve balance between discovering and abusing to achieve sustained competitiveness through which the

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organizational dexterity existed [18], [19] think that the organizational dexterity is the organization ability to discover and abuse its internal and external resources at the same time to meet the daily business needs, as well as, adapt with the future markets' changes. But (David, 2016:43) refers to the organizational dexterity as the company's ability to managing the education at the same time within double workshop and one workshop in gradually and radical searching and innovating field, as well as, stability and transformation of organizational adaption.

Dimensions of Organizational Ambidexterity

The organizational dexterity has three sub-dimensions used by the universities which are:

Sequential Ambidexterity

The organizations developed through changes and sequential adaptations with environmental transformations by reorganizing the structures and the operations [20], [21] assured that the excellent organization can reorganize its structure because of the changeable environmental conditions; according to this change, it can develop its strategies and objectives which enable it to adapt with the environment in order to discover and invest environmental opportunities to match the market variables. Facing these changes, the theory of balance between the organization and the environmental changes should be formulated; it is necessary to achieve the balance between the structures and redesigned its operations and the environment through serial and sequential operations according to the time as the more excellent the organization is, the greater ability to adapt with time and the current environmental change it has and the much capacity to achieve the sustained competitiveness it has.

Structural or Simultaneous Ambidexterity

The structural side is still the most spreading side of the organizational dexterity. This concept depends on the organizational designs that are separated from the concurrent or simultaneous activities with separating the discovering and obsessive structures into independent units that require leadership, integration and coordination of the high management in the organization. The structural or simultaneous dexterity is a means of achieving the balance between discovering, abusing and preferring by using sub-organizational units that are separated but strategically integrated with the different systems, efficiencies, motivations, operations and cultures [20]. The structural dexterity is achieved through developing some structural mechanisms in order to deal with the competitive requirements that face the organization to achieve compromise and adaptation [17], [21] thinks that the organizations follow-up several methods in achieving the balance between discovering opportunities and abusing them through following an integrated method and concentrating on efficiencies, systems, motivations, operations and cultural programs inside the organization rather than strategic plans on the organizational structural level and working on establishing a comprehensive group of values that concentrates on the key of organizational dexterity represented by the organization ability to invest new opportunities through discovering and abusing at the same time.

Contextual Ambidexterity

The contextual dexterity in the field of changeable business refers to the best way to achieve dexterity through building context of business unit to encourage people to participate in both discovering and abusing instead of the structural separating; this model decreases the costs of coordination and facilitates organizing and adaptation as [17] has referred to. There

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should be a management in order to establish the double structural order, as it's expected that the leader may creat a context of business unit in systems, operations and beliefs. This kind of techniques is individually in the organization. The successful management is expected to establish a balance between (discipline, supporting and trust) within the organizational contexts. But [22] mar think that the contextual dexterity is the behavioral ability to establish the compatibility and adaption at the same time within the whole business unit; it's also the ability that enables the unit/organization to achieve the balance between discovering and abusing. The organizational context is characterized by interacting through supporting, discipline, and trust [21].

The Practical Aspect of the Research

Analyzing and Testing the Research Hypotheses

Describing the search tool

In order to get information about the study variables, we need preparing a questionnaire including two parts: the first part includes (5) items about the demographic properties of the research sample that represents the shifting variables that affects the respondents replies on the questionnaire items of general information about (age, gender, working years, scientific title, career qualification), while the second part of the questionnaire includes (50) items distributed on the study variables, the items related to the study, (strategic alignment, organizational excellence, organizational dexterity). The items were distributed by (4) items and (5) items on the study variables. The questionnaire form depends on a primarily tool; to gather the study data; a group of techniques such as (content validity) The stability refers to the ability of the form to gather the same results if we repeat the research by using the same tool on the same sample. The stability was proven through stability factor as shown in (Cronbach Alhpa) by using the method of internal coherence. The results in table 2 refer that Cronbach Alpha factor for all the scale items was higher than the acceptable minimum rate. It refers to the coherence between items.

Demographic characteristics of the research sample

Table 1. Descriptive Statistics (N=80)

Demographic characteristics	The number	Ratio
1- Gender		
Female	5	% 6.25
Male	75	% 93.75
2- Age		
Under 30	25	% 31.25
31-45	33	% 41.25
More than 46	22	% 27.5
3- Scientific title		
Assistant Lecturer	15	%18.75
Lecturer	35	%43.75
Assistant Professor	22	%27.5
Professor	8	%10
4- Qualification		
M.A	25	%31.25
Ph. D	55	% 68.75
1- Years of service		

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From 5 to 10 years	25	% 31.25
From 11 to 15 years	20	% 25
More than 15 years	35	% 43.75

Social Gender: From table (1), it's obvious that most of the sample is males as their percentage was about 93.75% which means about 75 males. But females were 5 with percentage 6.25%, which is obviously greatly less than the male's percentage. Age: A percentage of 31.25% which means 25 persons of the sample were fewer than 30 years. But the sample ages between (31-40 years) had the highest percentage (41.25%) as they were 33 people. Scientific Title the numbers of persons titles (Assistant Teacher) was (15) with the less percentage (81.75%). The persons titled (Teacher) were (35) with the highest percentage (43.75%). The numbers of persons titled (Assistant Professor) was (22) with the percentage (27.5%). Finally, the persons titled (Professor) were (8) with the percentage (10%). Scientific Qualification: The results mentioned in table (2) refers that the vast majority of the sample, 55 persons, have PhD with the percentage (75.68%). (25 persons) have Master's degree with percentage (25.31%) These percentages show that the respondent sample has the ability and efficiency to understand the questionnaire items which positively reflects on the final results of the research. The Service Years: The percentages mentioned in table (1) refers that the highest percentage was of those whose services in the university were about (more than 15 years) they were (35 persons) with percentage (43.75%) of the study sample. The lowest percentage was of those whose services in the university was (less than 15 years) with percentage (25), they were (20) persons. The number of persons whose services in the university were (5-10 years) was (25) with percentage (31.25%). These percentages obviously refer that the university has high academic experts.

Table 2. Cronbach's alpha values

Cronbach's alpha	number of paragraphs	search variables
0.887	20	**Strategic alignment**
0.906	15	**Organizational Excellence**
0.930	15	**Organizational ingenuity**

* The Statistical Validity and Reliability Test of the Research Scale

The Statistical Description of the Research Variables

This item aims to know the dimension levels of the study represented by (strategic alignment, organizational excellence, and organizational dexterity) by using the arithmetical mean and standard deviation; the questionnaire form adopted the pentagram (Lekirt Scale) (I agree intensively, I don't intensively agree); as every variable has an hypothetical arithmetical mean less than(3) is rejected. The independent variable (strategic alignment) has an arithmetical means about (3.744), and the standard deviation was (0.395), and the centigrade weight was (74.88) , The arithmetic mean of the organizational dexterity variable was (3.744), and its standard deviation was (0.395), the centigrade weight was (71.0%).

Table 3. Means, standard deviations, Percentage, order of dimensions (N=80)

Variables	Means	S.D.	Percentage	order of dimensions
1.X	3.744	.395	%74.88	1
2.Z	3.550	.494	%71.0	3
3.Y	3.635	.481	%72.7	2

Note ** p<.01.

The Correlations Hypotheses of the Key Search Variables Test

This part of the research is specified to a statistical show through which we can test and analyze the correlation between the key research variables (strategic alignment, organizational

excellence, and organizational dexterity), it will be mentioned according to the research hypothesis planning as follows:

Table 4. The correlation matrix for the main search variables (N=80)

Variables	1	2	3	Sig.(2-tailed)
1 X Strategic alignment				0.000
2 Z Organizational Ambidexterity	0.785**			0.000
3 Y Organizational Excellence	0.792**	0.840**		0.000

Note ** p<.01.

1. The first key hypothesis test: it provides that there isn't any moral relationship between the strategic alignment with its dimensions and the organizational excellence). The data mentioned in table (4) refer to a positive and moral correlation if the coefficient correlation factor is 0.792 at the moral level (1%) which refers to the validity and acceptance of the hypothesis.
2. The second key hypothesis test: (there's no moral correlation between the strategic alignment with its dimensions and the organizational dexterity).The data mentioned in table (4) refers to moral and positive correlation if the coefficient is (0.785) at the moral level (1%) which refers to the validity and acceptance of the hypothesis.
3. The third key hypothesis test: (there's no moral correlation between the organizational excellence with its dimensions and the organizational dexterity).The data mentioned in table (4) refers to moral and positive correlation if the coefficient is (0.840) at the moral level (1%) which refers to the validity and acceptance of the hypothesis.

Secondly: The results of the influence relations between the research variables

According to this item, the hypotheses are tested in order to investigate their validity, so the simple linear regression was used rather than (R2) to measure what the variables stand for which affects the organizational dexterity.

A – The fourth key hypothesis test: There's no moral influence between the strategic alignment and the organizational excellence. Table (5) shows the coefficient analyzing model of the regression used to measure the impacts of strategic alignment on the organizational excellence. Table (5) is for testing and identifying the impacts of strategic alignment on the organizational excellence according to the following regression equation y=a +b(x).

1. R2 value was (0.627) which means that the strategic alignment contributed in achieving the organizational excellence with percentage (0.627) of the changes that may occur to the organizational excellence, but the remaining percentage returns to other variables involved in the model which explained the morality and strength of this model.
2. The regression coefficient of the strategic alignment in achieving the organizational excellence was (0.792) which is a moral value which supports the calculated (t) value of the regression coefficient which was (11.450), it's a moral value at the moral level (1%) which proves the validity and acceptance of the hypothesis.

Table 5. Organizational Excellence and Relations of Influence between Strategic Alignment

OE	(a)	β	Regression coefficient	(t)	F	R2
SA	.0270	.9640	.7920	11.450	131.103	.6270

Note, p<.01.

B – The fifth key hypothesis test: in order to test this hypothesis, the researcher used the regression coefficient including (f) test, beta coefficient (B), R2 and (t) test to identify the impacts of strategic alignment on the organizational dexterity as in table (6):

From table (6), it's obvious that R2 was (0.617) which means that the strategic alignment contributed in achieving the organizational dexterity with percentage (0.617) of the changes occurred to the organizational dexterity. But the remaining percentage returns to the other variables involved in the model which explains the morality and strength of this model. The regression coefficient of the strategic alignment in achieving the organizational dexterity was (0.785) which is a moral value which supports the calculated (t) value of the regression coefficient which was (11.202) which was greater than the tabulated value that was (1.296), it's a moral value at the moral level (1%) which proves the validity and acceptance of the hypothesis.

Table 6. Organizational Ambidexterity and table (6) Relations of Influence between Strategic Alignment

OA	(a)	β	Regression coefficient	(t)	F	R2
SA	-0.125-	.982	.785	11.202	125.475	.617

Note, p<.01.

C – The Sixth Key Hypothesis Test: in order to test this hypothesis, the researcher used the regression coefficient including (f) test, beta coefficient (B), R2 and (t) test to identify the impacts of organizational dexterity on the organizational excellence as in table (7):

It's obvious that R2 was (0.706) which means that the organizational dexterity contributed in achieving the organizational excellence with percentage (0.706) of the changes occurred to the organizational excellence. But the remaining percentage returns to the other variables involved in the model which explains the morality and strength of this model. The regression coefficient of the organizational dexterity in achieving the organizational excellence was (0.982) which is a moral value which supports the calculated (t) value of the regression coefficient which was (0.840) which was greater than the tabulated value that was (1.296), it's a moral value at the moral level (1%) which proves the validity and acceptance of the hypothesis.

Table 7. Relations of Influence between organizational Excellence and Organizational Ambidexterity

OA	(a)	β	Regression coefficient	(t)	F	R2
OE	.730	.818	.840	13.697	187.613	.706

p<.01. Source: Researchers based on the results of the electronic

D – The Seventh Key Hypothesis Test (8) there's no multi statistical impacts of both the strategic alignment and the organizational dexterity on the organizational excellence). The researchers used the multi regression method for testing the mentioned hypothesis by using the statistical program (SPSSV.21). The following table shows the multi regression coefficients:

Table 8. Decomposition directed effects (Multiple Regression,) X, Y, Z

	Organizational Excellence Y		(t) Regression coefficient	(F) Regression coefficient	R Square
	A	b			
Strategic alignment X	0.096	0.419	3.750	116.544	0.752
Organizational Ambidexterity Z		0.555	6.218		

p<.01. Source: Researchers based on the results of the electronic

The table shows that the regression coefficients of the strategic alignment after interaction with the organizational dexterity on the organizational excellence are (0.555, 0.419) in order,

both of them are moral at the level (0.01). (f) Value that measures the regression model morality was generally (116.455), it's a moral value at the level (1%); R2 value was (75.2%) which means that the interaction between the two variables explains about (75.2%) of the occurred changes of the following variables. But the remaining percentage returns to the other variables involved in the model. If we compare the final results of the mentioned multi regression model with the results of the regression model that measures the approved and average variable in the organizational excellence separately, we find out that R2 of both of them according to the tables (7, 8) were (0.617%) and (.0706%) in order; the R2 of both of them were less than the R2 resulted from the interaction between them. The researcher concluded from the mentioned results the validity of the seventh hypothesis.

D – The Eighth Hypothesis Test (indirect influence): there's no indirect statistical influence of the strategic alignment in achieving the organizational dexterity. For testing this hypothesis, the researcher tested the average role of the organizational dexterity variable by using (Baron & Kenny, 1986:1176) which is a common method in testing the direct and indirect influences of the independent variables on the approved variables in the existence of average variables.

In order to test the average organizational dexterity variable between the strategic alignment and organizational excellence, we notice from table (9) the morality of regression model related to the strategic alignment if the beta value is (0.419) with morality less than (0.01) and the R2 is (0.752) which assures the morality of the regression model which means achieving the seventh hypothesis with percentage (100%), thus, the organizational dexterity variable goes between the strategic alignment and the organizational excellence.

Table 9. Indirect effects X, Y

~~Organizational Excellence Y~~	β	R^2	ΔR^2	Sig.
Strategic alignment X	.419	.752	.125	0.00

p<.01. Source: Researchers based on the results of the electronic

Conclusions and Recommendations

The analyzing results show that the strategic alignment has an important role in establishing the concept of organizational dexterity for the professors in the searched universities, as well as, the sustainability of approving the organizational excellence in order to face different challenges. the strategic alignment represents a group of techniques and qualities that aim to achieve the organizational excellence and encourage the professors to innovate and transforming to find out new processes of discovering and investing the available energies. results clarify that there's a positive correlation between the strategic alignment and the organizational dexterity which refers to the topics originality and interactions between them. results refer to the impacts of strategic alignment on the organizational dexterity that was (79.2%) which refers to the sample's interests of developing and improving the educational level from one side, and resources and abilities investments, as well as, following- up elegant techniques in the organizational dexterity from the other side.

Although the under-study universities tried to open up to the local community to achieve excellence in their businesses through building a balanced social relationship to meet the needs of business market and bear their social responsibilities.

Recommendations

The academic institutions are sources of scientific and intellectual enlightenments as it's necessary to find out the concepts, compatibility and co- operation in different fields to improve the educational reality in order to strengthen the strategic alignment techniques. It's

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necessary to keep the values and principles and establishing an encouraging business environment for the organizational excellence in order to invest new abilities to provide the students with future skills. We should crystallize a new social reality to overcome the conflicts and contradictions through the balance between discovering new abilities and investing the current possibilities. Increasing the critical thinking in formulating strategies matching with the highly competitive fields to strengthen the organizational excellence and concentrating on the strength of the resources (talents, patents, copy rights, highly competitive possibilities).

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ORIGINAL RESEARCH PAPER

A Statistical and Analytical Study of the Factors that Impede Women's Participation in the Economic Activities in Kirkuk, Iraq

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Abstract

This study deals with the issue of women's participation in economic activities in Kirkuk, Iraq, and the main factors that impede this participation. It employs the questionnaire designed for this purpose and distributed to women in Kirkuk. Additionally, the principal components method is used to reduce the number of the variables involved in the analysis to the lowest number of factors that serve as the best representation of the variables. The findings demonstrate that eight main factors representing the study variables. These factors explained about 70% of their total variance. Based on these factors, conclusions and recommendations are made on the study subject.

Keywords: Iraqi Woman, Factor analysis, principal component method

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Introduction

The woman is an essential part of society in its public and private fields, and its present and future. She is a key means for reproducing the fundamental values and principles of society, whether through her role as a mother or participation in society. Hence, women have assumed a pivotal position enabling them to play a prominent role whose effects are reflected in their various contributions at the various cultural, social, political and economic levels.

However, this role has sometimes been exposed to challenges that often arise from the nature of the circumstantial, social and ethnic environments surrounding the status and role of women in those societies. This has often weakened the role played by women in some fields and even marginalized it [1].

Hence, the importance of this study lies in highlighting the most important factors that impede women's participation in various economic activities in Iraqi society, especially in Kirkuk. It is important to mention that Kirkuk is one of the most important cities in Iraq economically. The main goal of this study is applying factor analysis using the method of principal components analysis to the variables identified as may affect women's participation in economic activity in Kirkuk. It also aims to explain the extent to which many of these variables can be represented by principal components fewer than variables included in the analysis. Thus, the results obtained from this method are utilized to reduce the number of variables. Consequently, the components resulting from the analysis are key indicators representing the original variables better representation and explain the majority of their variability [2].

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Literature Review

It is important to mention that Kirkuk is one of the most important cities in Iraq economically. In this section, we highlight the recent researches that studied Iraqi women affairs. The researches have pointed on the obstacles that prevent their participation in different life sides and roles in the Iraqi economy.

The study in [3] showed that the Iraqi women had a good right in different country sectors.

However, situations associated with wars and economic embargo on Iraq and internal conflicts have influenced to their roles. Furthermore, the study summarized the challenges and available chances in the Iraqi economy. Moreover, the authors listed recommendation about how to enhance women roles in the Iraqi economy.

In 2016, the central statistical organization of the Iraqi ministry of planning [4] conducted a study to create a statistical database about the situation of Iraqi women in rural place. The aim of the survey was to prepare the required recommendations that may promote rural women in different sectors. Briefly, main objectives were increasing the efforts to educate the women of their role and impact in: 1) Agricultural development process; 2) Economic and social rights; 3) Legacy; 4) Incubation; 5) Education; 6) Health; and 7) Gender equality.

The authors in [5] studied women situation after 2003 when their participation has increased due to establishing political parties and pluralism system. Additionally, the study has presented several negative situations because of deteriorating in security events in some places and the associations that opposed to woman freedom and impeded their roles.

Theoretical Section

This study is based on the most important methods of factor analysis. It is the method of principal components that will be relied upon in determining the factors that represent the variables of the phenomenon studied better representation. Accordingly, it explains the greater proportion of their total variation, as mentioned earlier.

Factor Analysis [6]

Factor analysis seeks to detect a relatively small number of non-observed (latent) variables that adequately represent the relative relationships between a large number of measured variables. Therefore, each latent variable represents a common variation between several measured variables. This procedure facilitates dealing with several variables through the use of fewer latent variables that represent the study variables regardless of their diversity. These are called “Latent Factors”.

Generally, Factor analysis starts with the correlation’s matrix, which includes correlation coefficients among row variables that are also repeated in columns. As the variables found in the matrix are the same as those found in columns. The diagonal cells divide the matrix into two triangles of cells; each has the value of (1) because they indicate the association of each variable with itself. Then, the correlation matrix is analyzed using factor analysis to obtain as few factors as possible, enabling to express the greatest variation among these variables.

Objectives of Factor Analysis

Factor analysis performs various functions that can be expressed by the following two main objectives [7]:

Reducing the number of measured variables to a fewer number of latent variables.

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Detecting the latent factor structure or indicative areas that underlie the multiplicity of measured variables.

Procedures of Factor Analysis [8]

1. Analysis of the matrix of correlations between the measured variables.
2. Applying a method of extracting or deriving factors.
3. Rotation methods to obtain significant factors or to facilitate the interpretation of factors.
4. Calculating factor scores for each individual (i.e., a score for each individual for each of the extracted factors).

The assumptions required by factor analysis are the nature of distributing the scores of measured variables and level of their measurement (i.e., the sample). Then, it requires testing the validity of the data or correlations matrix to apply factor analysis to it. After confirming that the data are suitable for factor analysis, the next step is implementing factor analysis methods in processing the data to extract the factors. Next, using simulations for determining the number of extracted factors. After that, the interpretation of extracted factors by referring to Rotation Methods, including Orthogonal Rotation and Oblique Rotation. Kaiser-Mayer-Olkin (KMO) is one of the metrics used to measure the degree of correlations between variables at the matrix level. KMO aims to estimate the adequacy or efficiency of investigation. Additionally, it is an indicator for calculating the volume of correlation coefficients of the measured variables to partial correlation coefficients. KMO equation can be expressed as follows [9]:

$$KMO = \frac{\sum_{(correlation)}{}^{2}}{\sum_{(correlation)}{}^{2} + \sum_{(partial\ correlation)}{}^{2}}$$

Both the numerator and denominator are close or equal when the total squares of the partial correlation coefficients are small compared to those of the correlation coefficients. Consequently, KMO is close to or equal 1. Furthermore, KMO ranges between zero and 1, where, zero indicates that factor analysis is inappropriate. However, when it is close to 1, the correlations matrix is valid for factor analysis. Finally, it is worth mentioning that Kaiser states that this measure is accepted when it is not less than 0.5.

Evaluating the Validity of Correlations Matrix for Factor Analysis

1. Most correlations coefficients should exceed 0.30 and be significant, and the statistical significance is unreliable.
2. The absolute value of correlation matrix determinant must be greater than (0.00001). Consequently, it signifies the lack of very high correlations and the absence of linear dependence among variables [10], [11].
3. Bartlett's Test should be statistically significant and indicate that the correlations matrix is not the identity matrix (free of relationships) [12]. However, it is available to a minimum of relations. In this case, it must be strengthened by other tests.
4. Based on Kaiser’s simulation, KMO test for all matrix should be higher than 0.50. This signifies that the level of correlation between each variable to other variables in the correlation’s matrix is sufficient to conduct a factor analysis.

Factor Analysis Methods

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After testing the validity of the correlation matrix to factor analysis, one of factor analysis methods is apply to detect the latent factor structure that summarizes the various interrelationships among the measured variables [7].

There are two methods of factor analysis:1) Principal Component; and 2) a set of methods that all based on Common Variance. To identify the difference between them, it is necessary to clarify some concepts represented by Common Variance, Unique Variance, Specific Variance and Error Variance. The maximum variance of the variable is 1. This general variance that composes the variables is divided into two types:

1. Common Variance: represents the common area between variables or the ratio of variance shared by a set of items or measured variables.
2. Unique Variance: it is the variance in which the variable does not engage with other variables. In other words, it corresponds to the variance after deleting common variance from the total variance of the measured variable that equals 1. It is divided into two types:
    a. Specific Variance: it is variance of the variable and forms its identity and distinguishes it from other variables.
    b. Error Variance: it is independent of specific variance and its display of irregularity. Its size is estimated by using Reliability, particularly Alpha for internal consistency.

Principal Component Method [13]

This method is based on all variance that composes the measured variables, whether it is a common or unique variance of its two types of specific and error variance. Method of the principal component in analyzing the correlations matrix between variables is applied to detect groups whose components are highly correlated. So, these variables represent a linear combination to achieve the possible maximum total of the correlation's squares between this combination and the original variables. This combination is known as factor, which represents the maximum variance in measurement items. The correlation coefficients between this combination and the original items are called Loadings. After extracting the first factor, the second factor is extracted by configuring a second-best linear combination of variables with other weights so that the second factor is independent of the first one. Accordingly, the method of principal components analysis extracts gradual factors in terms of their importance, starting with the first factor and ending with the last one. Hence, the first factor is characterized by representing the largest proportion of variance and containing the most eigenvalue. This case indicates that its relation to the variables it represents is stronger than the relation of other factors extracted from the variables they represent.

On the other hand, the analysis method based on general variance is consistent with the method of principal components in that the extracted factors are independent and not related to each other. However, it differs from the method of principal components, where it derives factors from employing common variance excluding unique variance. The problem that faced the methods of extracting factors (based on common variance) is the mechanism for determining common variance or value of commonalities that the process of extracting factors is based on it. This mechanism is the basis for the difference between the types of factor analysis based on common variance.

The value of communalities, which are equal to the total squares of a particular item loadings on the components or factors extracted. Furthermore, it represents the ratio of variance explained by the factors extracted in a certain item or a certain measurement variable, It is found to be equal to (1) when using the principal components method because it uses all the variance that is determined by (1) at the level of the measured variable. Whereas,

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the value of communalities of items or variables measured when using principal components method are mostly less than (1). The reason is that this method only uses the variance part which consists of a variable that is common with variance of other measured variables and excludes specific and error variance. Value of communalities may be equal to 0.60, 0.80 or 0.70 or any other value, which is necessarily less than (1) where (1) represents all variance which consists of measured variable).

Applied Section

Women's Economic Position in Kirkuk

Kirkuk is a city located at Iraq's northern region about 255 Km from Baghdad. It is the fifth among Iraq's cities in terms of population, which is one million and 400 thousand inhabitants according to the census of 2014. The city is a crucial city with economic importance. Furthermore, among the factors that played a role in its importance is oil and fertility of its agricultural lands. Moreover, to its distinctive geographical and commercial location, which makes it a link between Central and Northern Iraq [14].

To identify the extent of women's participation in economic activity in Kirkuk, some information on commercial and industrial centers and the construction sector were collected for the period (2015-2018). The data collected showed women's position and involvement in economic activity in Kirkuk. The information was collected from Kirkuk Chamber of Commerce and Industry. The information was on the numbers of the following points:

1. Participants in training courses.
2. Loan recipients to create small projects.
3. Number and type of projects for females.
4. Employees in State's institutions.

Based on Table 1, the number of females was less than males who participated in training courses for economic projects in Kirkuk. Hence, females represented about 29%; while males represented by 71%.

Table 1. Number of males, females, and percentage of participants in training courses

Gender	Number	Percentage (%)
Males	885	0.71
Females	358	0.29
Total	1243	

Table 2 shows the number of loan recipients to create small projects. The number of females was 41 much lower than that of males (which was 1521) in obtaining the loan for economic projects in Kirkuk city. Therefore, females represented 3%; whereas males represented by 97%.

Table 2. Number of males, females, and percentage of loan recipients to create small projects

Gender	Number	Percentage (%)
Males	1521	0.97
Females	41	0.03
Total	1562	

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Table 3 refers to the types of economic projects created by women in Kirkuk. It is noted that the sewing project was of more interest for women than other projects reaching 51%, (i.e., more than half of other economic projects). There were different projects forming about 37%, and 12% for the project of women's barbershop.

Table 3. Number and percentage of projects created by females

Project type	Number	Percentage (%)
Women's barbershop	5	0.12
Sewing	21	0.51
Different projects	15	0.37
Total	41	

Finally, Table 4 refers to the number of employees in the State's institutions. It is clear that the number of female employees is (39), which is also lower than that of males (129). It seems that the State gives more employment opportunities for males than females. Hence, the percentage of male employees is represented by 77% versus 23% for females.

Table 4. Number of males, females and percentage of employees in State's institutions

Gender	Number	Percentage (%)
Males	129	0.77
Females	39	0.23
Total	168	

Data Description

To obtain data on the reality of women in Kirkuk, the questionnaire designed for this purpose was adopted in this study. It consisted of 26 questions, believing that they affected the determination of the fundamental obstacles to women's participation in economic activity in this Iraqi city. Each question was represented by the symbol Xi, (i=1,2, ... ,26). These questions are defined as follows:

X1: The dominant male culture in society is a major obstacle for women in the economic field.

X2: Considering domestic work as a basic work for women and work in the economic field and investment is for men.

X3: The inferior view of women to be as a worker and subordinate, not as a businesswoman and head of work.

X4: Identifying the type of women's self-employment and confining them to specific occupations, such as opening beauty salons, establishing nurseries, etc.

X5: The prevailing social violence against women reduces creativity, skill, and leadership for women.

X6: Women's fear of exploiting their social reputation during labor competition in the economic field.

X7: Prevailing social customs and traditions are generally a fundamental barrier.

X8: The weakness of the private sector itself reduces jobs opportunities and women's participation in them.

X9: The weakness and backwardness of technology and traditional work have led to limited participation of women.

X10: Weak and lack of sponsorship (funding) for productive projects by the government.

X11: The lack of insurance companies to protect productive projects and capital in the case of disasters and unexpected situations.

X12: The lack of law for establishing small projects, which are considered the most important economic, productive field where women are involved.

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X13: The lack of a product protection law, which in turn leads to the poor marketing process.

X14: The lack of a consumer protection law that has a direct impact on competition and progress.

X15: The lack of courts for addressing problems and disputes between work and capital, which makes it difficult for women to enter this field.

X16: Weak public sector cooperation with the private sector leads to weakness and underdevelopment of the private sector.

X17: The lack of a clear policy on the part of the government to regulate, develop, and encourage the private sector has led women to move away from the field of economic work.

X18: Poor social awareness about women's participation and employment in the private sector has led women to tend toward the public sector and government occupations.

X19: The small number of organizations and associations working in the economic field has a significant impact on the poor awareness and leadership of women to work in the private sector.

X20: The negative role of media in showing women as a tool for commercial advertisements only, not as successful businesswomen in society.

X21: Limited participation and lack of experience and practice for women in the economic field have led to men's monopolism of business associations with all their branches.

X22: The lack of social balance (man-woman) in administrative bodies of associations and unions of business with all branches, leading to weakness of moral support for women.

X23: There is no law or instructions to encourage women to participate in economic work.

X24: Civil Status Code stipulates the distribution of inheritance as 1:2 between man and woman.

X25: There are instructions issued that a woman should not obtain a passport without the consent of her guardian until a specific age.

X26: Income tax for husband and wife is calculated as one and not as two separate persons.

After distributing the questionnaire to a sample consisting of (84) women from Kirkuk who work in various economic activities, they filled in its items and then gave it to the researchers. The answers are shown in the appendix (1). The appendix clarifies the total number of women's answers to the questions (distributed by the four items).

Results and Discussion

SPSS (18.0) was used to obtain all results for descriptive statistics and the principal component method based on the data that collected from the questionnaire [15], [11].

Table 5 shows an overview of the variables (questions) under study. The arithmetic means, the standard deviations and the number of values were included in the analysis for each variable. From the initial analysis of the relationships among (26) variables involved in factor analysis using the principal components method, the correlation matrix was different from the unit matrix. Furthermore, its determinant was greater than (0.00001), where the specified value was equal to (0.0000493). This outcome means that there is no strong correlations and lack of linear dependence among variables.

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Table 5. Descriptive statistics of the variables

Variable	Mean	Std. Deviation	N	Variable	Mean	Std. Deviation	N
X1	2.7024	1.09522	84	X16	3.0357	.78305	84
X2	2.3095	1.21215	84	X17	2.9881	.82862	84
X3	2.1429	1.17343	84	X18	3.1667	.78898	84
X4	2.2024	1.14891	84	X19	3.0238	.82105	84
X5	3.0476	.82000	84	X20	3.1310	.90220	84
X6	2.8095	1.05826	84	X21	2.9286	.88883	84
X7	2.8452	.97553	84	X22	2.8333	.92922	84
X8	3.1190	.79766	84	X23	2.7857	.93230	84
X9	2.5000	1.00000	84	X24	2.7857	1.13440	84
X10	3.1667	.92922	84	X25	2.5833	1.08892	84
X11	3.1429	.80873	84	X26	2.3810	1.12908	84
X12	2.8810	.76685	84				
X13	2.8690	.86121	84				
X14	3.0000	.80660	84				
X15	2.8333	.94210	84				

Regarding KMO and Bartlett's test, Table 6 clarifies that the KMO value is equal to (0.669), which is greater than (0.5). This result indicates that the level of correlation of each variable to other variables (in the correlation matrix) is sufficient for conducting factor analysis as well as the adequacy of sample size. The result of Bartlett's test also indicates that it is statistically significant (0.000), which is less than (0.05). This is shown by the test result in Table 3, which confirms the correlation matrix not as the unit matrix (i.e., free of relationships), but there is a minimum of relationships among variables. Hence, factor analysis was conducted using the method of principal components.

Table 6. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.669
Bartlett's Test of Sphericity	Approx. Chi-Square	898.160
	Df	325
	Sig.	.000

Based on Table 7 below, the values of communalities of variables illustrate the ratio of variable variance that can be explained by the factors extracted. The variance ratios ranged between 77% and 57%. For example, the value (0.707) of variable X1 explains that the extracted factors explain about 71% of the variable X1. Accordingly, the interpreted variance has been obtained.

Table 7. Communalities

Variable	Initial	Extraction	Variable	Initial	Extraction
X1	1.000	.707	X14	1.000	.773
X2	1.000	.755	X15	1.000	.713
X3	1.000	.775	X16	1.000	.577
X4	1.000	.743	X17	1.000	.655
X5	1.000	.737	X18	1.000	.655
X6	1.000	.749	X19	1.000	.639
X7	1.000	.767	X20	1.000	.742
X8	1.000	.689	X21	1.000	.685
X9	1.000	.619	X22	1.000	.570
X10	1.000	.643	X23	1.000	.666
X11	1.000	.693	X24	1.000	.715
X12	1.000	.717	X25	1.000	.730
X13	1.000	.678	X26	1.000	.661

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Table 8. Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings
	Total	Percentage of Variance (%)	Cumulative Percentage (%)	Total
1	5.813	22.357	22.357	5.813
2	2.991	11.504	33.860	2.991
3	2.187	8.413	42.273	2.187
4	1.706	6.585	48.842	1.708
5	1.639	6.303	55.145	1.639
6	1.352	5.201	60.346	1.352
7	1.289	4.956	65.302	1.289
8	1.072	4.124	69.426	1.072
9	.879	3.381	72.807	
10	.776	2.986	75.793	
11	.748	2.876	78.669	
12	.705	2.712	81.381	
13	.679	2.611	83.992	
14	.587	2.258	86.250	
15	.481	1.850	88.101	
16	.437	1.681	89.781	
17	.428	1.647	91.429	
18	.399	1.536	92.965	
19	.331	1.275	94.240	
20	.318	1.221	95.461	
21	.259	0.998	96.459	
22	.246	.948	97.407	
23	.221	.848	98.255	
24	.190	.731	98.987	
25	.150	.576	99.563	
26	.114	.437	100.000	

Table 8 demonstrates that there are eight basic factors that control the phenomenon under study because its eigenvalues are greater than one. This means that the method of principal compounds reduced the relationship among variables to eight factors representing a certain percentage of the variable's information. The proportions of variance explained by each factor are as follows:

1. The first factor: 22.357%.
2. The second factor: 11.504%.
3. The third factor: 8.413%.
4. The fourth factor: 6.585%.
5. The fifth factor: 6.303%.
6. The sixth factor: 5.201%.
7. The seventh factor: 4.956%.
8. The eighth factor: 4.124%.

As shown in Table 9, the proportion of total variance explained by these eight factors is estimated at 69.426%.

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Table 9. Total variance explained

Component	Extraction Sums of Squared Loadings	
	Percentage of Variance (%)	Cumulative Percentage (%)
1	22.357	22.357
2	11.504	33.860
3	8.413	42.273
4	6.568	48.842
5	6.303	55.145
6	5.201	60.346
7	4.956	65.302
8	4.124	69.426

Table 10 is a matrix of factors that represents the loadings of factors which reflect the degree to which each variable is related to a particular factor. The variable that is related to it helps to describe it well when the loading of a particular factor is greater than (0.3). On this basis, the results are as follows:

- The first factor includes these variables: X1, X2, X3, X5, X6, X7, X8, X9, X10, X11, X12, X13, X14, X15, X16, X17, X18, X19, X20, X21, X22, X23 and X26.
- The second factor includes these variables: X1, X2, X3, X4, X6, X8, X15, X17, X18, X21, X22 and X23.
- The third factor includes these variables: X1, X8, X10, X11, X13, X14, X18, X22 and X26.
- The fourth factor includes these variables: X4, X5, X24 and X25.
- The fifth factor includes these variables: X1, X4, X6, X15, X20 and X25.
- The sixth factor includes these variables: X4, X5, X13, X21 and X26.
- The seventh factor includes these variables: X5, X11, X14 and X19.
- The eighth factor includes these variables: X3, X7 and X8.

Then, the component transformation matrix was utilized to determine whether the rotation process is necessary. If the transformation matrix is unit, it means that the rotation process is not necessary for the study. Based on results found in Table 11, the transformation matrix is not unit, so the rotation process is necessary for this work.

Table 10. Component Matrix

Variable	Component							
	1	2	3	4	5	6	7	8
X1	.388	.480	.383	.024	-.328	.115	-.104	.217
X2	.302	.704	.074	-.177	.311	-.029	-.057	.176
X3	.365	.569	.230	-.138	.190	.076	.259	.370
X4	.177	.593	.129	-.307	.366	-.296	-.094	-.135
X5	.449	.253	-.179	.455	.029	-.334	.322	-.126
X6	.392	.560	.199	.013	-.388	.207	.090	-.203
X7	.523	.229	.205	-.089	-.183	-.271	-.073	-.528
X8	.349	.310	-.477	.130	-.162	-.110	.216	.376
X9	.615	.160	-.135	.070	-.243	-.264	-.246	-.050
X10	.479	-.020	-.547	.045	-.218	.163	.148	-.122
X11	.452	.045	-.576	-.127	.079	.145	.309	-.124
X12	.728	-.007	-.166	-.232	-.004	-.200	-.208	-.033
X13	.400	.038	-.427	.052	.125	.554	-.088	.061
X14	.381	.131	-.398	-.061	-.044	.204	-.633	.143
X15	.491	-.332	-.122	-.155	.487	-.039	.252	-.167
X16	.680	-.187	.079	-.132	.091	.122	.071	-.082
X17	.651	-.401	.124	-.193	-.061	-.029	-.085	.007
X18	.560	-.377	.367	-.122	-.150	.136	-.092	-.257

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X19	.436	-.205	-.185	.288	.258	-.205	-.340	.226
X20	.467	-.177	.060	.199	-.561	-.178	.228	.247
X21	.504	-.369	.209	.239	.112	-.312	-.155	.014
X22	.457	-.402	.308	-.069	-.105	.159	.252	.122
X23	.608	-.370	.130	-.167	.274	-.071	.142	.183
X24	.235	-.010	.218	.677	.092	.274	-.194	-.133
X25	.148	.218	.154	.695	.357	.019	.088	-.051
X26	.499	.115	.413	.032	.191	.432	.033	.054

Orthogonal Rotation method (Varma) was employed to improve the position of the extracted factors by maximizing large loadings and reducing small loadings. As listed in Table 12, after the rotation process, the matrix of rotated factors was obtained. Based on the outputs of factor analysis after rotation, the following is concluded:

- The contribution of variables (X12, X15, X16, X17, X18, X20, X21, X22, X23 and X26) to the formation of the first factor.
- The contribution of variables (X1, X2, X3, X4 and X26) to the formation of the second factor.
- The contribution of variables (X8, X10, X11, X13, X14 and X15) to the formation of the third factor.
- The contribution of variables (X1, X6, X15, X19, X20 and X26) to the formation of the fourth factor.
- The contribution of variables (X5, X24, X25 and X26) to the formation of the fifth factor.
- The contribution of variables (X5, X8, X9, X20 and X21) to the formation of the sixth factor.
- The contribution of variables (X4, X5, X6, X7, X9 and X12) to the formation of the seventh factor.
- The contribution of variables (X9, X12, X13, X14 and X19) to the formation of the eighth factor.

Table 11. Component Transformation Matrix

Component	1	2	3	4	5	6	7	8
1	.685	.251	.367	.152	.170	.290	.334	.292
2	-.542	.690	.089	.404	.105	.056	.214	-.005
3	.395	.166	-.711	.359	.207	-.216	.030	-.304
4	-.202	-.281	-.064	.013	.853	.364	-.115	.060
5	.099	.502	.026	-.676	.336	-.373	-.168	.021
6	.099	-.088	.461	.468	.180	-.525	-.492	.000
7	.112	.100	.311	-.077	-.010	.324	-.127	-.868
8	.093	.292	-.195	.053	-.211	.463	-.736	.253

Table 12. Rotated Component Matrix

variable	Component							
	1	2	3	4	5	6	7	8
X1	.149	.377	-.116	.685	.040	.176	.099	.131
X2	-.071	.827	.075	.144	.052	.009	.114	.152
X3	.150	.784	.078	.273	.048	.182	-.108	-.102
X4	-.103	.722	-.084	-.077	-.044	-.129	.421	.046
X5	.002	.169	.257	-.096	.427	.559	.358	-.100
X6	.014	.251	.205	.699	.126	.077	.357	-.086
X7	.231	.119	.023	.218	.082	.031	.802	.009
X8	-.111	.246	.425	.070	-.052	.631	-.069	.157
X9	.185	.085	.137	.168	.038	.369	.466	.420
X10	.114	-.142	.700	.074	-.015	.259	.161	.145

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X11	.128	.106	.777	-.138	-.070	.148	.125	.002
X12	.427	.172	.271	-.043	-.110	.130	.496	.393
X13	.134	.056	.675	.107	.164	-.122	-.184	.337
X14	-.004	.052	.322	.144	-.040	-.086	.092	.793
X15	.559	.148	.348	-.480	.076	-.052	.118	-.071
X16	.638	.085	.299	.036	.087	-.031	.244	.066
X17	.740	-.051	.070	.017	-.111	.118	.132	.237
X18	.745	-.123	-.050	.235	.004	-.030	.107	.122
X19	.270	.044	.011	-.309	.260	.280	-.026	.567
X20	.373	-.228	.030	.314	-.028	.666	.084	-.021
X21	.565	-.020	-.249	-.191	.225	.353	.041	.299
X22	.701	-.129	.064	.143	.029	.062	-.019	-.179
X23	.749	.160	.103	-.235	.001	.105	.029	.043
X24	.113	-.153	-.009	.190	.782	-.059	.015	.167
X25	-.062	.166	-.009	-.071	.823	.098	.039	-.067
X26	.507	.340	.102	.344	.341	-.190	-.086	.010

Conclusions

Factor analysis was employed using the method of principal components. It was based on correlation coefficients between variables. The analysis results indicated that there are eight main factors affecting women's participation in the economic field as a businesswoman.

Variables with a loading value of (0.3) and above and with Eigenvalue of more than one was considered. These eight factors were able to explain about 70% of the total variance. The study reached the following results:

1. The study showed through descriptive statistics that the situation of women is at its lowest levels in terms of their participation in economic activity as a businesswoman and the decline of their activity in education, nursing and opening of barbershops.
2. The lack of women's involvement in the economic field to take their natural role in contributing to management and business has marginalized them, allowing their breadwinner to practice domestic violence to them.
3. Traditional customs and traditions, male culture, and the inferior view of women are a major obstacle to women's participation in the economic field and as a businesswoman.
4. The lack of insurance companies to protect small projects that can be led by women or co-managed by them and frighten them from disasters, fires and wars is a crucial factor in the decline of their role and participation.
5. The weakness of the private sector, the lack of public sector support, security, and economic conditions and instability have led to women's weak participation and leadership of economic projects.
6. Tests used in data analysis showed that the matrix of correlations among variables could be analyzed using factor analysis as well as they are free of linear dependence and high correlations.
7. The first factor was the most important, explaining about (22.35%) of the total variance and included (23) variables in the social and economic field and the nature of work that women can perform. Hence, most researchers consider these variables to have a significant impact on the decline of the role of women and the lack of their involvement in the economic field.
8. The second factor explained about (11.504%) of the total variance and included (12) variables and so on the rest of the factors. However, the common characteristic of all these factors confirms that the social factor, customs, traditions, male culture, and the inferior view of women are common factors. These factors significantly affect

women's non-involvement in economic activity as a businesswoman and leader of economic projects.

Recommendations

In light of the findings, the study recommends the following:

1. An intensive awareness campaign by civil society organizations on the importance of women's role and their right to participate as a businesswoman and leader of some economic projects.
2. Demonstrate women's ability to manage projects and to advertise successful projects led by women or that have contributed to their success and the propagation of these experiences and projects by media.
3. Support of the private sector, the establishment of a fund to support small projects, providing the necessary materials for the success of these projects and assigning their responsibility to women for their leadership and demonstrating their capabilities.
4. Enact legislation and laws encouraging women and protecting women's rights from waste and loss.
5. Opening workshops and courses to develop women's capacities in senior and middle management and project management will raise the reality of women and encourage them to engage in economic activity and manage projects.

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Appendix 1. Numbers and the total number of women's answers to questionnaire questions in Kirkuk, Iraq

Questions	Number				Total Number
	Disagree	Agree to some extent	Agree	Strongly agree	
X1	15	21	22	26	84
X2	31	17	15	21	84
X3	38	10	22	14	84
X4	34	13	23	14	84
X5	4	14	40	26	84
X6	13	17	27	27	84
X7	10	17	33	24	84
X8	3	13	39	29	84
X9	19	16	37	12	84
X10	5	15	25	39	84
X11	2	16	34	32	84
X12	2	24	40	18	84
X13	7	16	42	19	84
X14	3	18	39	24	84
X15	9	18	35	22	84
X16	4	12	45	23	84
X17	5	14	42	23	84
X18	4	8	42	30	84
X19	2	21	34	27	84
X20	6	11	33	34	84
X21	8	12	42	22	84
X22	8	20	34	22	84
X23	8	23	32	21	84
X24	23	12	29	20	84
X25	14	20	25	21	84
X26	26	17	24	17	84

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ORIGINAL RESEARCH PAPER

Relevant Economic Factors Affecting Franchise Operations in the Services and Trade Sectors

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Abstract

The paper analyzes the basic elements of the economic efficiencies of franchises in the field of trade and services in Serbia. Basic economic performance indicators of are analyzed, which include payback period, an accounting rate of return, net present value, profitability level and break-even analysis. External factors affecting the overall business, especially the choice of locations, were analyzed through the impact of the standard of living of the population. Calculations and analyzes were made on the basis of the balance sheet data of individual franchises and statistics on the trends of living standards for individual cities and regions in the Republic of Serbia.

Population and standard of living have proven to be a significant factor in business decision making. Business premises can be reasonably opened in areas with an average population of about 3.33% of the total population. In regions and cities with a lower percentage of population, it is justified to open franchises if they are situated in high-frequency locations such as highways and/or tourist destinations.

It is important to note that for management, in addition to all the indicators analyzed, it is very important to maintain standards that include recognizable appearance, standard quality offer, well-trained staff and everything else that the brand carries with it.

Keywords: franchise, basic elements of franchise agreements, economic indicators of business, living standard of the population, regression analysis

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Introduction

The main objective of the paper is to show the importance and role of internal and external analyzes in evaluating franchises in Serbia. The first analysis deals with the calculation of basic economic indicators on the performance, profitability of companies and return on investment. The second analysis deals with an external factor, that is, how and in what way the living standards of the population affect the chances of opening new franchises in Serbia in the field of services and trade. The results show very clearly the conditionality and impact of living standards on performance and economic efficiency, especially the choice for the location of a potential franchise operation. The calculations were made based on the analysis of the databases formed in the first case by downloading the balance sheets of individual franchises. The second analysis was made based on statistics for individual cities and regions in the Republic of Serbia.

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The text provides an overview of the literature, in particular attitudes and opinions that indicate the importance of monitoring key business indicators, return on investment, and assessing broader economic indicators on the country's economy and developments in the standard of living of the population. The methodology for calculating economic performance indicators and the impact of living standards is universal and can be used in the example of any country, region or area.

Franchise Operations and Intertwined Goals of International Corporations and Domestic Companies

In the business operations of signing and starting a franchise permeate the intertwined goals of international corporations and domestic companies. [1] points out that the primary goal of international companies in signing a franchise agreement is a strategic way to reduce dependence on domestic demand and grow new, future revenue and profit centres around the world. Expanding the brand globally through franchising involves low risk, requires minimal investment, and offers huge potential to increase capacity. Unlike them, the domestic companies are looking for: (1) a reputable brand that means a product guarantee for the customer and allows him to feel at home anywhere in the world. This is why the franchise system takes care of who to entrust its franchise with, since one business unit operating poorly is enough to cause great damage; (2) a simple, attractive product or service that should focus on products that are not of short-life, that do not have large fluctuations in volume and revenue during the year of selling; and (3) a distinctive, elaborate business system from which a domestic company or entrepreneur gains the right to use a brand, product or service, as well as years of franchisee experience.

The interconnectedness of franchise operations for the donor and the recipient is a shared success that is measured by sales growth, good reputation, brand preservation, and in particular, long-term growth and development prospects. However, the common goal is often the result of long, complicated and strictly signed commitments. In this regard, it is very important as Stanton [2] states that "franchising is an attractive option for entrepreneurs because of "the turnkey" process, established brand and proven experience of the whole system." However, every entrepreneur or franchisee must be aware of the following five issues: (1) whether signed contracts, arrangements or franchising can be a profitable business; (2) whether key performance indicators – KPIs – are known and can be identified and learned, measuring the underlying processes and success factors while helping to understand the complete franchise business, that is, identify the underlying drivers of success; (3) whether industry status and market conditions have been identified and assessed; (4) whether business arrangements that are known and understood are selected and (5) whether effective and developed management functions are in place in major management areas such as marketing, HRM, ITC, real estate and day-to-day operations.

As can be seen, it is very important that each aspect, factor and business relationship of the two partners is realistically defined, that the global aspect and success of the brand are reduced and seen in the prism of the local economy, habits, business culture and in particular, the habits and behaviour of local consumers. Franchising World [3] highlights and defines good practice for improving the franchise business. Practical and effective approaches to business improvement are: (1) assessing trends and identifying areas for improvement are key to success and maximizing profitability. The first thing to do is identify the data that is needed to understand how to and where the business can be improved; (2) evaluate trends, benchmarks and comparisons with other franchisees; (3) measure and maximize performance, such as key performance indicators – KPIs and at the same time, to share data with employees to maximize their role, vision commitment and level of responsibility. Other actions could be

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answering the questions by monitoring employees' performance – how can the efficiency of the company in general and the efficiency of employees in particular be improved; identifying demand for products and services, and exploring the habits and preferences of the population.

In addition, it is very important to know the efficiency and return on investment data, the seasonal impact on sales, the movement of relevant prices of other products and overhead costs; and (4) accurately defining relevant and valid performance metrics across all franchise locations. Set a goal, measure the stated target, and analyze those results to get the expected results that each franchisee will pass.

Modern market business is permeated by radical and complex qualitative-quantitative changes that lead to completely new demands in all areas of life and work of individuals, businesses and national economies. Technical progress and technological advancement condition the continuous growth and development of existing areas of economy, as well as the emergence of new industries, which further leads to the "arrangement" of the new situation on the world, regional and local markets. The improvement of existing areas of business, as well as the development of new areas, implies the need for new levers and drivers, both in the sphere of financial activity and in the field of appropriate legal regulation and harmonization of these new relations. New business modalities and new ways of connecting among market participants are emerging, requiring new forms of financing to function smoothly. The trend of constant change, caused by a precarious market situation, creates new "stimuli" for development that directly stimulate growth and development of economy, whose positive effects lead to broader social well-being.

As a result of the search for the optimal solution for expanding the market and finding new opportunities, apart from mergers and acquisition, a new, atypical form of market financing – franchising – has emerged. The meaning of franchising comes from the fact that the right to use the property is more valuable than the ownership of the property itself. The ownership of capital, as a social relationship that allows cash assets to be fertilized, is not the only most important item in a business, but the "ceding" of its use in the function of producing and increasing capital. Franchising is based on the business philosophy that "ownership is an exceptional luxury". Franchising is a form of business integration in which an explicit and successful business concept is transformed into another organization. Thus, available capabilities and resources are absorbed.

Franchising is a widespread concept of business cooperation that provides an incentive for developing entrepreneurial potential and the economy. It contributes to stimulating entrepreneurs with insufficient experience to start their own entrepreneurial venture and gain an enviable market position over time. The franchisor invests his initial capital, knowledge and experience, and the franchisee contributes through the additional investment of capital, business experience gained through doing business in various markets. Franchisees use a sophisticated business system; therefore, the business takes on the dimensions of a less risky business.

Due to the range of benefits it provides to both users and providers of the system, franchising is in the phase of worldwide expansion. Worldwide franchising is synonymous with McDonald's American fast food restaurants that provide identical services worldwide.

The actuality of this topic is certainly contributed by the fact that franchise systems influence the creation of a large number of business units in the short term, the creation of new jobs and the involvement of domestic capital, which is of particular importance in developing countries.

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Franchisees and Adaptation Strategy to Local Circumstances and Needs

World Franchising [3] defines franchises as "a system of commercialization of products and/or services and or technology, based on the close and continuous cooperation of the entity, legally and financially specific and independent, the franchisor and its franchisees, whereby the franchisor grants its franchisees the right and imposes an obligation to run the business in accordance with the franchisor concept. The ceded right authorizes and obliges the franchisee, in exchange for direct or indirect financial compensation, to use the mark and, or brand of the product and or services, know-how and other intellectual property rights, aided by the continued provision of commercial and, or technical assist with and during the duration of the written franchise agreement concluded between the parties to that end."

Unlike the previous franchise definition, [4] defines a franchise agreement as "an oral or written agreement for a fixed or indefinite period, by which one person assigns to another person the use of a company, service mark, or other feature, and within which there is a common interest in placement of goods or services in bulk, retail, lease or otherwise under that license." The emphasis is on a common interest in the marketing of goods or services and the joint growth and development.

From the above definitions, we conclude that the franchise is a model of contractual cooperation between legally independent entities whereby a "leader" company exercises its licensed right to sell its products and services to small or medium-sized enterprises, using both its brand and its enviable experience when performing the activity. Franchising is a proven way for small and medium-sized businesses to thrive in business using someone else's experience and knowledge in running a given business.

The three basic elements of each franchise agreement are:

- Reputable brand – it means the customer a guarantee of the product and allows him to feel at home anywhere in the world. This is precisely why the franchise system cares about who to entrust its franchise with, because one business unit that does poorly is is sufficient to do great damage;
- A simple, attractive product or service – should focus on non-short-lived products that do not have large fluctuations in volume and income during the year;
- Recognizable, developed business system – An entrepreneur acquiring a franchise acquires the right to use a brand, product or service, as well as years of experience of the franchisor.
- The franchise fees.

The emergence of any company that is willing to expand its network through franchisees should be seen as an opportunity for a large number of small and medium enterprises. From an entrepreneurial point of view, this means the possibility of opening one's own business with faster and easier entry into the supply market, reduced business risk and reasonable profit in business, as well as faster return on invested capital.

Franchise business is accompanied by reduced market and financial risk, since the already acquired reputation of the franchisor, with the developed marketing system facilitates their market penetration with a very small degree of own investment. Franchising is a package of rights including the brand, design, knowledge and ongoing support provided by the franchisor to the recipient with appropriate compensation and with the obligation not to violate the rights of either party. Entering entrepreneurship through a franchise is about starting your own business, which does not mean being left to yourself because franchising provides a complete tried and tested business system, brand, manuals, training, equipment and other support services.

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In addition to all the benefits, there is a need to mention the other side of the franchising business, which is the fact that the profit in the franchise is less than the profit that would be earned in the ownership. The future franchisor must deal with the inevitable problems of communication and work with franchisees. Initial investing can be expensive for a potential business entity, but in the long run it solves the problem of business expansion, as well as the lack of three basic factors for business: time, money and motivated staffing.

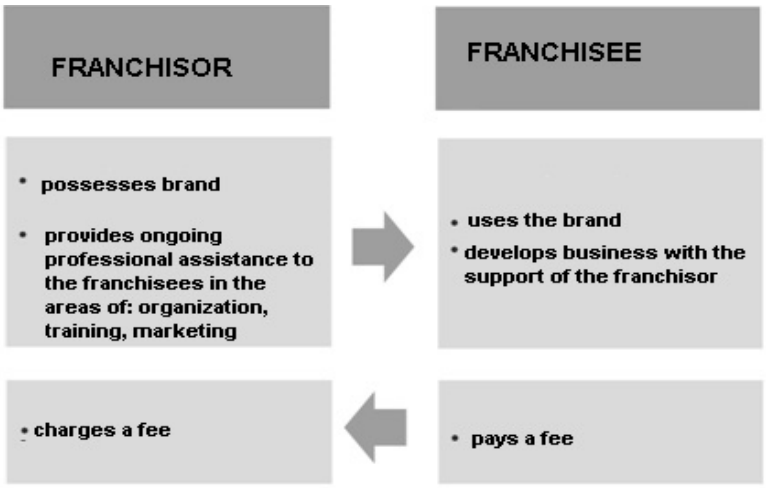

Fig. 1. Basic concepts of franchising

The figure clearly shows that franchising implies that a franchisee transfers an existing successful business model to another company franchisee. The franchisee pays financial compensation and complies with agreed standards of conduct.

The balance of small business [5] specifically emphasizes that each franchise system has one unique franchise offer, but opening and managing a system of individual owners will rarely and may never be as predicted, contracted and signed. Therefore, it is important that strategic and operational business decisions rest on the specifics and opportunities prevailing in the region or local community where the new franchise opens. Only in this way, it is possible to design one's own franchise offer and have a proper business case that will enable you to realistically attract and expand your own franchise system as planned. It is necessary to ensure that the franchisee's own offerings, legal contracts, fees and support structures are in line with the long-term development strategy and, in particular, the marketing strategy if the intended results are to be achieved.

Franchises in Serbia – The Basic Elements of Success and Economic Indicators of Business

The main goal of every company, even the franchise, as an entrepreneurial model, is profitable business. Franchising is an investment that is subject to economic evaluation and cost-effectiveness. Franchise investments are complex business ventures that require the involvement of financial resources and the realization of which takes a long time. In order to evaluate the project as a successful business venture and to ensure a turning point of profitability within a favourable period, cost-benefit analysis is strongly supported in evaluating the cost-effectiveness of the project solution.

There are several methods to evaluate the effectiveness of investment projects. They have in common that they are all based on an evaluation and comparison of the volume of investments made and the future economic benefits of those investments. When evaluating franchise investments, we start with the simplest valuation method – the payback period.

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1. The Payback Period is the number of years required for a project to cover its initial investment, i.e., the period in which the amount of cash inflows will be equal to the initial outflow. The calculation of the payback period is based on the prediction of net cash flows for the first few years and a comparison of their accumulated value with investment outflows.

This investment criterion does not require discounting of cash flows, which reflects its advantage. It is the simplest indicator that points to the liquidity of the observed investment, as it shows the length of the "relatedness" of the financial resources in the project. It does not allow us to determine the real profitability of the invested project. The payback period is calculated using the formula

$$PP = \frac{\text{Value of Initial Investment (II)}}{\text{Annual Cash Flow (CF)}}$$

It is important to emphasize that for the purposes of the analysis that follows, a projection of the value of investments and cash inflows was made, based on the business data of the observed companies for 2018 from the financial statements available on the website of the Agency for Business Registers. The projected value of the investment was calculated as a ratio of the total invested assets and the number of business objects, while the projection of cash inflows was calculated as a ratio of cash flows from business activities and the number of business objects.

Table 1. Return period for several leading franchises in Serbia

	Mc Donalds	Uniqua	Trafika	Dve šmizle
1. The value of the investment (in €)	1.000.000	7.500	1.500	6.000
2.Projected cash inflows (in €)	200.000	3.000	3.000	2.000
Period of return (1/2)	5	2	0,5	3

Source: Budgets made on the basis of data downloaded from the Business Registers Agency, which can be accessed at: https://tinyurl.com/sygdgbp

The criterion for accepting an investment in a given franchise is a return period that is lower than a predefined standard.

2. Investment efficiency ratio, known as the Accounting Rate of Return. The second method for evaluating investments is the relative ratio of the projected profit expected to the average amount of investment. The investment efficiency ratio is calculated using the formula:

$$ARR = \frac{\text{Average Annual Profit}}{\text{Average amount of investment}}$$

The criterion for a positive evaluation of an investment project is an accounting rate of return that is higher than the expected return. To calculate ARR, we assume that profitability flows are equivalent to cash flows.

Table 2. Summary of investment efficiency ratios for several leading franchises in Serbia

	Mc Donalds	Uniqua	Trafika	Dve šmizle
1. The value of the investment (in €)	1.000.000	7.500	1.500	6.000
2.Projected cash profit (in €)	200.000	3.000	3.000	2.000
Period of return (2/1)	20%	2	0,5	3

Source: Budgets made on the basis of data downloaded from the Business Registers Agency, which can be accessed at: https://tinyurl.com/wwztqar, [Accessed: 20 May 2019].

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The main disadvantage of the previous two methods for evaluating investment is to neglect the time value of money.

3. The Net Present Value (NPV) method is the difference between the present value of net cash flow from the exploitation of a project and the capital expenditure made in that project.

Most often, the standard rate of return is the discount rate at which future cash flows are reduced to their present value.

$$NPV=\sum_{t=1}^{n}\frac{CF_t}{(1+k)^t}-CF_0$$

Dynamic methods of ranking investment projects respect the concept of time value of money. This concept is explained by the claim that a dinar today is worth more than the dinar that will be received tomorrow or anytime later. This is explained by the understanding that the dinar today can be immediately invested in a business in order to obtain a return from its use.

Table 3. Net present value for several leading franchises in Serbia

	Mc Donalds	Uniqua	Trafika	Dve šmizle
NPV	544.200	15.663	21.663	9.442

Source: Calculations were made on the basis of data downloaded from the Business Registers Agency, which can be accessed at: https://bit.ly/35Xqd8p, [Accessed: 20 May 2019].

An estimated 5% discount rate over a ten-year period was used to calculate the NPV.

The decision rule is: if the NPV is greater than zero, the project should be accepted. This method is considered particularly suitable for the evaluation of successive investment projects in several stages.

4. The profitability index, in contrast to the previous method, relativizes profitability, expressing it in percentages:

$$\text{Profitability index}=\frac{\text{The present value of net cash flow}}{\text{The present value of capital expenditure}}$$

A project is considered worthwhile if the PI is greater than one because the present inflow value is greater than the present outflow value.

Table 4. Profitability index for several leading franchises in Serbia

	Mc Donalds	Uniqua	Trafika	Dve šmizle
Index	1,54	3,09	15,44	2,57

Source: Calculations were made on the basis of data downloaded from the Business Registers Agency, which can be accessed at: https://bit.ly/2TutKIH, [Accessed: 20 May 2019].

5. The lower point of profitability is an analysis of the financial performance of the business under consideration, derived from a profitability account that should show whether a project is financially viable. Within the profitability account, particular importance is attached to determining the level of the break-even point, which indicates the necessary level of revenue necessary to cover the total operating costs.

$$CVP=\frac{\text{Total fixed costs}}{\text{Contribution result rate}}$$

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All applied economic methods of calculating investment projects indicate that the observed franchising investments should be accepted as they do not require a long period of return on invested capital and implemented budgeting, and from the experience of already opened franchises it is shown that the investments are profitable in the planned period of ten years.

Different forms of risk can affect the expected outcome of an investment project. The risk itself implies the likelihood of an event that we do not want, which would mean that for the investment being made there will be a loss in the future due to insufficient, poorly available or even incorrect information when deciding on the investment itself. In order to manage the risk, it is necessary to analyze all potential threats that may affect the profitability of the investment in the future. One of the factors that determine the implementation of a franchisee start-up investment project is the living standard of the residents of a country, area or city where the potential investment would be initiated. In a multitude of living standards, the average monthly earnings of residents are highlighted.

Franchises – A Profitable Business and the Standard of Living of the Population in Serbia

The following analysis should examine whether the standard of living of the population in Serbia enables profitable business operations in all parts of the country. For the purposes of data analysis (testing of hypotheses and regression model creation), the following variables were observed: average earnings, the number of residents, and number of franchised facilities in a place or a specific area. From a measurement point of view the variable of average earnings are quantitatively continuous, while the variables the number of residents and number of franchise objects are quantitative discrete random variables. The SPSS software package was used for statistical data processing.

The cost-effective franchise business in the area of services and the impact of the living standards of the residents

Mc Donalds, Uniqua, Big blue and Trafika were observed for analysis. The total number of facilities in the territory of the Republic of Serbia is 44. The average earnings and the number of residents in which the business facilities are located are observed, as can be seen in Table 5.

Table 5. Number of franchise facilities, average earnings and the number of residents by city

	Number of facilities	Average earnings	Number of residents
Belgrade	22	93024	1687132
Novi Sad	7	91686	351126
Niš	2	70103	256825
Subotica	3	68949	137753
Kragujevac	1	71846	177977
Velika Plana	1	62050	38423
Pančevo	1	75303	120361
Stara Pazova	1	66102	65033
Užice	1	72756	74371
Svilajnac	1	59662	21690
Bogatić	1	58407	26941
Sombor	1	66903	80400
Sremska Mitovica	1	68909	76499
Apatin	1	64450	21107

Source: The database for analysis has been formed on the databases of the Statistical Office of the Republic, which can be accessed at: http://data.stat.gov.rs/?caller=SDDB, [Accessed: 20 May 2019].

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If we look at the earnings in places where there are franchise facilities, we can see that the average salary is RSD 70,725.00 with a standard deviation of RSD10,357.17. With a probability of 95%, we claim that earnings range from (64,744.95-76,705.05). We can also see that in 50% of cities, the salary is less than RSD 68,929.00.

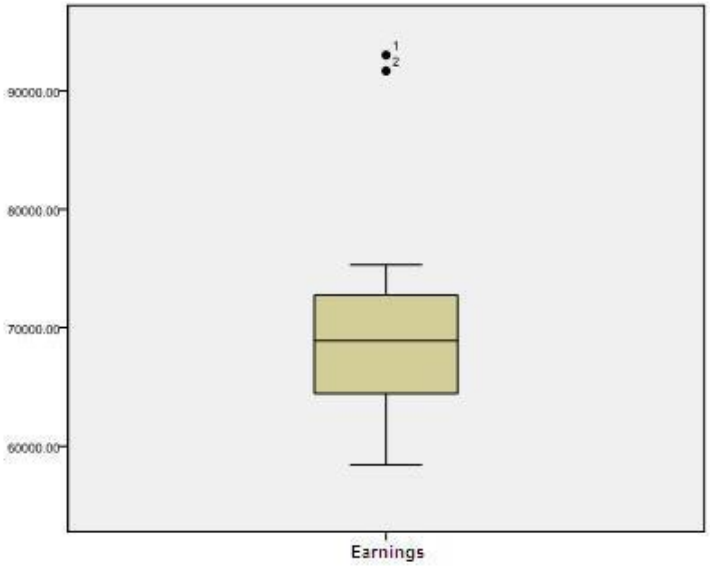

Chart 1. Average earnings in cities with franchise facilities
Source: [6]

In Chart 1. we can see that there are influential points – i.e., observations that may affect the model below, in different ways, such as estimated coefficients or test results. Outlier- the value of a dependent variable that is quite different from the value predicted by the model, while for observations that have unusual predictor values, we say that they are high leverage.

It is very important here for our model to answer whether these points affect the model.

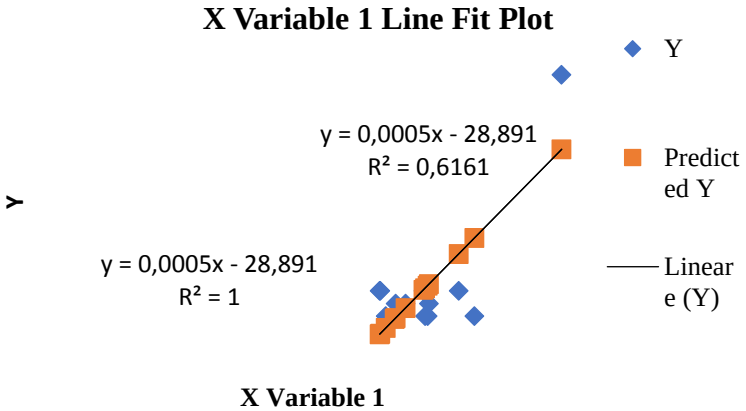

Chart 1.

As our point is an outlier, and as the values of the slope coefficients with and without the outlier are very similar (0.0004 and 0.0002 and also r2 in the second model is insignificantly higher – 0.62 compared to 0.60 because we excluded point that deviates from other values), because of all these similarities we can conclude that the point is not influential even though it is an outlier.

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If we observe a multiple regression equation showing the dependence of open restaurants on average earnings and the number of residents in a place or area (by which we can estimate the number of restaurants for a given average earnings and population), we get:

$$\text{The Number of Restaurants} = a_0 + a_1 \times \text{Average Earnings} + a_2 \times \text{The Number of Residents}$$

$$\text{The Number of Restaurants} = -2{,}47 + 0{,}00004 \times \text{Average Earnings} + 0{,}00001 \times \text{The Number of Residents}$$

Sig. <0.05, so the model is statistically significant, and as for the regression coefficients, the parameter a2 is statistically significant because its p-value is <0.05. We can observe that the coefficient of determination (r2) is 0.97, which means that we have 97% of the explained variability, which means that the number of objects varies 97% when the salaries and the population vary, and only 3% are some other unexplained factors.

Table 6. Linear regression coefficient values

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986[a]	.973	.968	1.010

a. Predictors: (Constant), The number of residents, Earnings

Table 7. Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-2.469	2.750		-.898	.389
	Earnings	4.071E-5	.000	.074	.993	.342
	The number of residents	1.220E-5	.000	.929	12.411	.000

a. Dependent Variable: Number of facilities

If the policy of the franchisee company is to open business premises in cities with a minimum monthly earning of greater than 70,000, we can test at the 1% significance level the hypothesis that the company should open a facility in one of the 5 cities in the Raška region where the average salary is RSD 61,700, with a standard deviation of RSD 2,590.

$$H_0 : \mu \geq 70000 \qquad H_1 : \mu < 70000$$

We have that:

$$\begin{aligned} n &= 5 \\ \mu_0 &= 70000 \\ \bar{x} &= 61700 \\ s &= 2590 \\ \alpha &= 0{,}01 \end{aligned}$$

$$t = tinv(0{,}02; 4) = 3{,}75$$

$$T_S = \frac{\bar{x} - \mu_0}{\frac{s}{\sqrt{n}}} = \frac{61700 - 70000}{\frac{2590}{\sqrt{5}}} = -7{,}18$$

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Since Ts<3.75, the null hypothesis is rejected, so the company should not open a facility in the observed Raška region.

The Profitable Business of Franchises in the Field of Trade and the Impact of yhe Living Standard of Residents

In the table below, for the purposes of analysis, the companies "Trafika" and "Dve Šmizle" were observed.

Table 8. The number of franchise facilities, average earnings and the number of residents by regions

Region	Number of facilities	Average earnings	Number of residents	% of residents
Belgrade region	20	93024	1687132	24,03%
West Bačka region	1	64177	175347	2,50%
South Bačka region	3	75255	617949	8,80%
Middle Bačka region	1	69859	177308	2,53%
Srem region	2	66057	300988	4,29%
Kolubara region	1	69420	165273	2,35%
Mačva region	1	62658	283007	4,03%
Morava region	2	64359	202026	2,88%
Pomoravlje region	3	61584	202025	2,88%
Raška region	3	61700	305954	4,36%
Šumadija region	3	69159	284957	4,06%
Bor region	1	77980	114816	1,64%
Danube region	2	70105	189091	2,69%
	43			67,03%

Source: [6]

The average earnings in the areas where franchisees operate is RSD 69,641.31, with a standard deviation of RSD 8,639.55. The 95% confidence interval for average earnings moves into the interval (64,420.48-74,862.13). The coefficient of variation for average earnings is 12.41%, so the data in the series are homogeneous.

The correlation coefficient for population and average earnings is r=0.78, so the relationship is strong, while the correlation coefficient for variables the number of facilities and population is r=0.97, so the relationship is very strong.

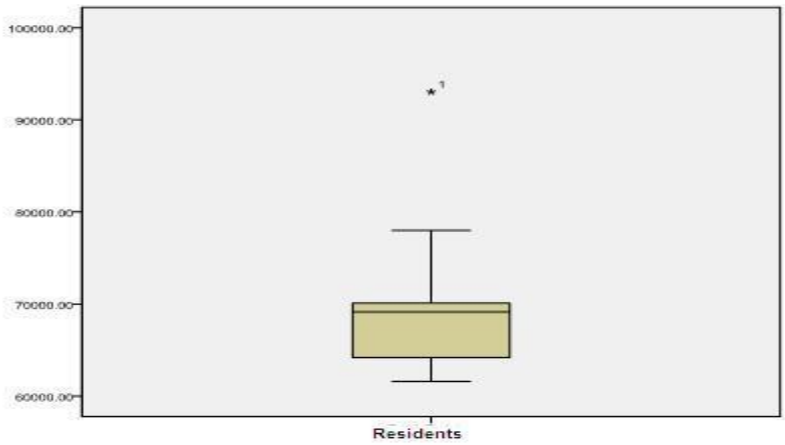

Chart 3. The number of residents in areas with franchise facilities
Source: [6]

Should a company intend, or was it a business decision, to open facilities in areas with an average population of at least 250,000, we can test the hypothesis of whether to open facilities

in any of the 5 observed areas with an average population of 224,134 with standard deviation of 57,574, at a significance level of 0.05%.

$$H_0 : \mu \geq 250000 \qquad H_1 : \mu < 250000$$

We have that:

$$n = 5$$
$$\mu_0 = 250000$$
$$\bar{x} = 224143$$
$$s = 57574$$
$$\alpha = 0,05$$

$$t = tinv(0,1;4) = 2,13$$
$$T_S = \frac{\bar{x} - \mu_0}{\frac{s}{\sqrt{n}}} = \frac{224143 - 250000}{\frac{57574}{\sqrt{5}}} = -1,01$$

Since Ts<2.13, the null hypothesis is rejected, so the company should not open a facility in the observed areas with an average population of 224,143.

Conclusion

The Republic of Serbia is a great untapped potential for franchise investments, as a modern business form of international financing, given the very low percentage of franchisees' participation in the total turnover of the country. In order for franchising to be the basic way of entrepreneurial investment, it is necessary to ensure an adequate market climate accompanied by appropriate legislation and the necessary enforcement institutions. Previous economic analyzes of the cost-effectiveness of franchise investments have indicated the justification of the investments themselves, given that areas that would be a potential destination for investment must be taken into account, all related to average earnings and population in the area. The number of residents has proven to be a significant factor in business decision-making, as business facilities can reasonably be opened in areas with an average population of about 3.33% of the total population. In less populated areas it is justified to open franchises if they are located in high-frequency locations such as highways or tourist destinations visited by a large number of both domestic and foreign tourists or persons in transit. It is also significant that for management, in addition to all the indicators analyzed, it is very important to maintain standards that include recognizable appearance, standard quality offer, well-trained staff and everything else that the brand carries with it.

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PART II
ECONOMIC GROWTH AND FINANCE

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SCIENTIFIC REVIEW

The Review of European Community and European Union Through the Prism of Common Market

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Abstract

The paper deals the characteristics and significance of the common market, which was the main objective while forming the European Economic Community (EEC), and institute with no alternative for the functioning of its successor – the European Union (EU). The research approach to this institute of international rank is fundamentally critical. The main reason for that view is disagreement with the claims that in internal market there are all types of business relationships and various transactions among Member States, without restrictions, problems and discrimination. The purpose of the paper is to look at market activities and identify problems that are their inevitable followers, the evaluation and affirmation of success, and identification of deficiencies. The aim of the paper is to look for an answer to the question: whether a single (internal) market really obliges each Member State to move towards the defined objectives, same directions, and whether it succeeds in standardizing its internal market, in order to make it compatible with the objectives contained in the Treaty establishing the European Economic Community (EEC).

Keywords: Common Market, European Economic Community (EEC), European Union (EU), Single European Act, "four freedoms"

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Introduction

Most of the stories about European integration begin with important events that took place after the end of the Second World War. Certain authors [1] see the beauty of the formation of European Economic Community (EEC): "… in its originality, simplicity and the chosen way ... which before has never been exposed to history check... it is the integration of different nations on a voluntary basis". Others think that the first step in this direction was made by Winston Churchill (*Winston Leonard Spencer Churchill*) while giving his famous speech at the University of Zurich (Switzerland) on September 19, 1946. The majority of people claims that Treaties signed in Rome in 1957 are actually recognized as legal documents that formally marked the establishment of the European Economic Community (EEC), since they contained all necessary legal, institutional and material provisions. Without any doubt, this was a very significant event, but it seems that the main one is being forgotten, the one that had turned the European globe around. It is a meeting of the famous Bilderberg group in 1954, held at the Bilderberg Hotel in Arnhem (Netherlands). This group has no official name, except for the aforementioned, which was obtained according to the location of its first meeting, when the decision on formation of the European Community was made. Accordingly, many theorists

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claim that only after this event we can talk about the power of the Rome treaties and all others that will mark the integration processes in the second half of the XX century.

However, the focus of discussion is on the term, characteristics and significance of the common market, an institute created for the benefit of all Member States of the European Economic Community/Union. There should be no doubt that the establishment of a single or internal market represents the best intention in order to secure free movement of people, goods, services and capital, as well as within the borders of any European country individually. Still, remains dilemma concerning the prohibition of discrimination for which is believed that will be present until certain Member States enjoy the right to any kind of national sovereignty.

Formal Characteristics of the Common Market

The signing of the Treaty establishing the European Economic Community (EEC) in Rome by six European countries (Germany, France, Italy, Netherlands, Belgium, Luxembourg) marked the setting up of ambitious economic goals, followed by (with fewer restrictions) political ones. The economic objectives of the newly established European Economic Community (EEC) were strictly defined in the introductory provisions of Article 2 of the Treaty. It is a very wide range of goals:

1. Encouraging a balanced and sustainable economic and social growth and high level of employment,
2. confirmation of its own identity on international economic-political scene through special conduct of a common foreign and security policy,
3. strengthening of the protection of rights and interests of nationals of Member States by establishing the right of citizens of the European Economic Community (EEC) and
4. strengthening of the European Economic Community (EEC) as a place of freedom, and
5. comprehensive preservation of *acquis communautaire* and its further development [2].

Grosso modo all goals are directly related to the establishment of common market, introduction of economic and monetary union and implementation of common policies and activities in Member States. The importance of the common market and its relation to other objectives of the European Economic Community (EEC) is best illustrated by the fact that for a long time in all communications, the European Economic Community (EEC) and the common market have been simply identified. Accordingly, the Community is actually an internal market, as within the latter the international trade between Member States is not disturbed by customs duties or quotas, while investments are directed to places where conditions for the functioning of "four freedoms" are ensured in the atmosphere of free competition. Kovač [3] says: "... that the internal market was not known in theory as an institutionalized degree of economic integration ... so it can be considered as an intermediate or process of becoming an economic and political union, and not a final economically independent goal of the Member States ... the market as an economic category exists totally with all accompanying attributes or does not exist, so in that sense it could be compared with gestation ... Gestation either exists or does not exist ... and to be only in half state of gestation is impossible". Therefore, the establishment of market could not stay in a halfway. If the market really is a market, then it has to be unique, and if it is not unique then it is not a market and therefore the effects are absent like it does not exist. It seemed that Single European Act (SEA) signed in 1986 defined internal or single market in a simple and functional way, as a space without borders between Member States where the free movement of goods, persons, services and capital is guaranteed [4]. But it only created a big dilemma for which the legal theory had no effective solution. It initiated a conflict of opinions [5] whether the notion of internal market is narrower than the term of common market. Therefore, in the literature,

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when determining its significance, it was possible to find and, therefore, distinguish two methodological approaches.

The first one, very spacious, implied finding and comparing of the similarities of its content with the content of the previously introduced term, a common market, within which there are also different opinions and opposing attitudes. Advocates of the rigid claim have no doubt that the term of internal market is much narrower than the concept of common market [6] because the internal market is not able to encompass all common policies (social, fiscal or agricultural), while it is easy for the common market to do so. The common market is a wider concept, because the countries renounce certain market prerogatives due to their membership [7] which automatically become an integral part of it. The rigid attitude is opposed by a more flexible one, that the single market is considerably deeper than the common, since it implies the abolition of even last obstacle that could be legitimate in the common market, especially if it contains presumed measures that contribute to the achievement of economic, legal and social cohesion in the Community. The last opinion is finally pacifying [8] because according to its followers, the concepts of common and internal market are identical, and therefore there is no need, after the common market has been established, to proclaim the internal market as an entirely new goal.

According to the second, functional methodological approach, the internal market is defined first, in accordance with the final goal whose realization is expected in a given period of time. A functional approach was used by the European Court of Justice in one of the first cases (Van Gend en Loos 26/62, 1963) when it was noted that the objective of the Treaty establishing the European Economic Community (EEC), was the creation of a common market whose direct functioning concerns only the Member States. Such cases that have enriched the European Court of Justice jurisprudence and justified the institutional nature of the European Court of Justice are numerous and they have served in some way to regulate the rules and to enact acts and documents on which the market is based, regardless of its name.

On several occasions, the European Court of Justice has emphasized the similarity between the concepts of a common and unique market by asserting [9] that the Treaty aims by establishing the common market and gradually harmonizing the economic policies of Member States to consolidate national markets in one single market that would have characteristics of domestic one ... Common market of the European Economic Community (EEC) is described as a space without barriers to trade within its borders, that is, a truly internal market in which all national markets should be included. Barents [10] claims that the European Court of Justice was practically forced to take the stand, that realization of the internal market refers to the establishment and functioning of a common market, which practically means that between not only concepts but institutes there is also a sign of equality.

Another approach in order to define a common market comes from the degree of individual economic freedoms and conditions created for their enjoyment. Therefore, the common market is a deliberately determined area where all participants must be absolutely free to invest, borrow money, work, offer, sell or buy goods and services in any place in the Community. Within it, they all enjoy equal rights and freedoms, and are individually managed according to the economically most favorable conditions determined by the conflict of supply and demand.

Any form of market linkage, whether in common or internal market of the European Economic Community (EEC), and later the European Union (EU), Member States saw as an area where they could easily achieve, firstly, all their economic goals and then directly affect the creation of surroundings for achieving other, common goals. This is how the easy process of establishing and functioning of internal market has created the conditions in which has occurred the gradual immersion of various national markets in a single (*marché unique*) or internal market (*marché intérieur*). The basic message of its establishment was that there was

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no difference between market entities and that to all were allowed equal conditions for carrying out economic activities regardless of where they came from and to whom they belonged. The internal market is characterized by the fact that it indirectly forced third non-member countries to different market behavior and to change the organization of internal, national market in order to adapt to its conditions in a more efficient way. Non-member countries that managed to recompose their market behavior in a timely manner were more easily adapted to new business rules in the internal market of European Economic Community (EEC), so they have managed to create within their borders the similar conditions to those in the markets of Member States. Obviously, the internal market of the European Economic Community (EEC) is further confirmed as a very important factor of integration not only between Member States, but also in non-member state – Member State relations. Its special quality is the direct and indirect creation of conditions in which the inter-state political rapprochement [11] is very convincingly induced, since through the turbulent legal, and then political process creates a cohesive union with a harmonized or unified communitarian legal system.

The critical attitude towards the aforementioned claims refers at first place to the position of third non-member states through the question: are they and to what extent discriminated in organizational, economic or political way? They are discriminated, because it is impossible to avoid the fact that for their economic strength (goods, services, people), the establishment of internal market within European Economic Community (EEC) is nothing but raising of the ramp [12] to take part in supply and demand, or building a European trade fortress (*forts commerciales europeennes*). Given that for the third countries, the principle of "four freedoms" has no relevance, many, when they were able, applied protectionist policy measures in order to protect national market. In that sense, the European Commission (EC) already in 1985, while analyzing this issue from the point of view of the interests of Member States of the European Economic Community (EEC), emphasized: "... that the trade identity of the Member States and identity of the European Economic Community (EEC) must be established so that their trading partners can not realize the benefits of the wider market without giving similar benefits" (White Paper, 1980), which is essentially a highlight of the policy of strict reciprocity.

European Single Act, Changes and Violations of the Integrity of "Four Freedoms"

Single European Act is an agreement signed by Member States in order to eliminate problems that have devastated the concept of "four freedoms" and slowed free trade flows beyond the borders of the European Economic Community (EEC) through a multi-year program. Its adoption finally restricted the international space in the form of a future single market where the same rules should apply, for example, on foreign trade for all Member States. Formally, this was the document whose adoption meant the first modification of the Rome Treaty on the European Economic Community (EEC). Having laid down the legal foundations on which the future single market should been postulated, it clearly defined the new competences of Community (social policy, economic and social integration, research and technological development, environmental protection), initiated cooperation in the area of foreign policy, expanded the powers of the European Parliament and simplified the decision-making process of the Council of Ministers. This explains that all European Economic Community (EEC) institutions and documents have to be based on law, so it was more precise to call it a community based on administrative law (*communauté fondée sur le droit administratif*). Practically, from its foundation (until the change of name), it was nothing but administrative law community. In the beginning, administrative law was under considerable pressure of comparative law and only through the institutions of the European Union (EU) it

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managed to overthrow the cover of national isolation, which overcame former narrow aspects and opened up significant developmental perspectives [13].

The 1980's in Europe were often called "turbulent" because they were marked by very important events, popularly called "filthy revolutions," [14] which radically changed the flows and development of the European Economic Community (EEC). However, the biggest political event that marked the XX century, for which there is an academic consensus, was the demolition of the Berlin Wall, that since 1961 when built, symbolized interstate antagonism and Cold War. That cold November 9, 1989, Europe literally exploded politically, and the "iron curtain" had to fall because of the strong detonation [15]. One year later, East and West Germany reunited, which to malevolent seemed as the announcement of creation of a new great economic empire, since after many decades through the Branderburg Gate in Berlin members of the German people were passing again, just until yesterday separated on two sides, strictly controlled with artificial boundaries. Although reunited, they were not alone.

They were "reinforced" by billionaires tycoons and criminals predominantly from the former Soviet Union, "hungry" for European life, reckless, with full bags of dirty, oil-soaked money, who were crossing Europe and seeking opportunities to invest crime-funded financial capital into English and French stables, football clubs, coastal resorts and luxury vessels in the Mediterranean belt. Therefore, it is so important to avoid one of Europe's biggest misconceptions: that the emergence of large multinational companies, new figures in economic, sports, political life and the circulation of fascinating amounts of dirty money, was the success of organized and communitarian law of a single European market. Everything else might be, but this certainly not. Eliot [16] does not say by chance: "... that place where legal business stops, and arises unlawful, becomes increasingly blurred, so it cannot be easily detected".

Therefore, all mentioned circumstances imposed the unexpected obligations to Community which is why the latter had to expand its activities outside of economic sphere [17].

Accordingly, the form of the previous founding treaty was changed, since on February 7, 1992, the new one was signed in Maastricht (Netherlands), which came into force on November 1, 1993. The Treaty establishing the European Economic Community was amended as follows: "... instead of the name" European Economic Community (EEC), will be used the term "European Union (EU)" .The internal market (*marché intérieur, Biennenmark*) is regulated as an area without internal borders, where the free movement of people, goods, services and capital is guaranteed, in accordance with the provisions of the new treaty and in the terminological approach (internal or common) there were no specific changes, which means that there are no significant differences in that sense. This is the same goal, so there were no obstacles in the equal use of both terms and their further equal existence [18]. After all, there are many documents and significant sources that the European Economic Community (EEC) has previously used, and the European Union (EU) is still using, in which both terms are treated equally. This means that the market name does not change its essence, function and role, which is the winning argument [19]. Whether being unique or internal, it is only a form of economic integration [20] that by abolishing technical and administrative barriers, has led to the creation of a common market within the territory of the participating states. When all the circumstances are brought together, it is possible by using deductive method to conclude that establishment of the internal market should serve to create optimal conditions for the smooth functioning of economic and monetary union, which practically led to the introduction of the single currency (€). For the latter, the name (internal, common, unified) or the origin (national, territorial) has no importance, it is solely a matter of its market role.

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Internal Market – a Paradigm of Integration Processes

Common market as an opportunity, characteristic of federally organized economies that strive to maintain the economic balance between economic interests and political desire for communion, neither as a concept nor as institution is unknown or original [21]. Initiatives for its establishment are historically early dated, and therefore it is anomalistic, the establishment of the European Economic Community (EEC) to take as the primary reason for its creation.

Namely, even before there were successful and unsuccessful attempts to establish more solid or loose alliances and/or unions, for example, the customs union of the German states (*Zollverein*) or the customs union of the Benelux states (Belgium, Netherlands and Luxembourg), which was established after signing by the three governments in exile in 1944 in London (United Kingdom). The agreement entered into force in 1947. Accordingly, if the European Economic Community (EEC) is unacceptable as a paradigm for the establishment of a common market, there is no reason not to be the standard of economic integration that has had a major impact on all other forms of international connectivity. This is why the economic theory all integrations in European Economic Community (EEC) measured by the strength of the bonds between the Member States and through the free trade area, common market, customs, political and economic union.

The common market is an important factor that contributes to the smooth running of free trade. It does not endure any obstacles in trade and other relations between Member States, and if they happen to exist, then they impose the need for its immediate removal. On the other hand, it does not prevent Member States from independently defining their own trade policies towards non-member countries and to conclude different business arrangements and international agreements and contracts with them [22]. Member States of the European Union (EU) can, without any problems, establish various types of business contacts [23] with the European Free Trade Association (EFTA), the Latin American Free Trade Association (LAFTA) or the North American Free Trade Zone (NAFTA). By establishing intergovernmental trade contacts with these zones outside Europe, Member States contribute to its affirmation, which everyday confirms its role in creating a large number of opportunities for the promotion of not only international trade relations, but also other forms of human activities. To become common in the true sense of the word, the market had first to be deprived of customs, to eliminate most trade restrictions if there were any and to install a common tariff system [24] for third countries, non-members. These processes took place in stages, with the establishment of a customs union for industrial products on July 1, 1968, and then on January 1, 1970 when was officially expanded to all other products. The establishment of common customs tariff system has given the European Economic Community (EEC) a double benefit.

First, it provided the primary source of financial funds, and secondly, it received wider jurisdiction in negotiating and concluding a customs-related treaty with third countries and international organizations. The creation of customs union did not go easy, but it was not carried out quickly and without a strategy. It turned out to be correct that only the gradual abolition of barriers could have a positive effect on the smooth conduct of international trade and establishment of other business relationships. Their abolition, without major earthquakes, contributed to the increase in trade and financial transactions not only between Member States, but also with the rest of the world, to increase in the supply (demand) of goods and services and in achieving a greater volume of financial and other benefits for all market participants. According to [25] for a period of less than three decades (1958-1985), part of the total exports of the ten Member States of the European Economic Community (EEC) increased from 35% to 53%, which resulted in increased participation in gross domestic product (GDP) from 4.9% to 14%. In 1985, the European Economic Community (EEC),

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officially (and expected), became the largest trading block in the world with nearly 320 million inhabitants and with 20% of its share in world foreign trade, just after the United States of America (USA). Opposite to the customs union, there was a completely logical political union that, from the legal and political point of view, implied the existence of a single nation and central government. Its task was to fully control the implementation of monetary and fiscal policy measures, which, politically speaking, was identified with the role of central parliament. Therefore, a complete unification of monetary and fiscal policy was achieved between all Member States [26]. Thus, it would be non-academic at the very end to neglect the fact that all these forms of international integration could be achieved exclusively with positive and negative measures (Craig, 2002), by elimination of many barriers in trade between Member States, changing of existing instruments and institutions and creating and introducing new ones. The community has gone through all the necessary phases, and for the realization of common goals, it was forced to adopt a series of legal and technical regulations, firstly in industrial and agricultural production, and then in trade and transport.

Conclusion

The development path and the process of functioning of the common market was not deprived of difficulties, as it has been hindered in many Member States by technical, regulatory, legal and bureaucratic obstacles. In particular, international trade was restricted, which directly affected the status of four aforementioned freedoms. For these reasons, Member States and institutions of the European Economic Community (EEC), together and continuously from 1985 to 1992, have tried to remove them, to create a clean space and provide the necessary ambience for the smooth functioning of the common market. Success was not missed. According to the European Commission, since the signing of the Treaty in Maastricht (The Netherlands) on February 7, 1992, the single market has enabled the creation of more than 2.5 million new jobs and generated over 800 billion euros of additional material wealth in Member States. With the elimination of national restrictions, at least 15 million Europeans have been given a unique opportunity to work and live in one of the Member States of the European Economic Community (EEC). Academic authorities in financial and political literature for decades suggested that European Economic Community/Union looked like the entrance part of a Greek temple lying on three pillars, which was effectively used in Maastricht in 1992 to formulate its structure, but also architecture. The first pillar was of a supranational nature, and was legally based on the Treaty on the European Economic Community (EEC) and the Treaty on the European Atomic Energy Community (EUROATOM). The second pillar symbolized the cooperation of Member States in foreign and security policy, and the third involved co-operation in the domain of state police and judicial institutions in charge of criminal and other legal proceedings.

The need to reduce or fully eliminate differences between the regions was particularly emphasized while concluding Treaties of Rome, which was continued after the adoption of the Single European Act, in order to speed up integration processes on the economic and social agenda. This resulted in a significant change in the conduct of the financial policy, which ultimately relied on financial solidarity, by allocating part of the funds paid by Member States to the European Economic Community (EEC) budget to less developed regions and non-member countries. The single market as the greatest achievement of the Community has allowed the removal of trade barriers and welfare among people across the continent, as well as the international recognition of many Member States and has undergone a real revolution in achieving brilliant results (finance, communication, smart technology) that touched every segment of European man's life.

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PROFESSIONAL PAPER

Intervention Effects of Rural Development Programme on Landscape Management in Bulgaria

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Abstract

This paper aims to make an evaluation of CAP contribution to landscape management in Bulgarian economy of rural areas. To sum up, landscape is a non-commodity output produced as direct or indirect outcome of the activities operating in a particular area and it is valued by society for its functions (use and non use values, ecological, recreational, cultural etc). Due to this complex nature, it produces second-order effects that are captured by the stakeholders in rural areas (farmers or others), and that generate potential markets for new activities.

Therefore, through the generation of these effects, landscape contributes to boosting the economy of rural areas and is an important driver for the whole regional economy.

The Rural Development Programmes of the current period (2007-2013) support measures that can have an added value for this new perspective of the policy. Some of them such as the agri-environmental payments and the measures designed for less favoured areas can have direct and indirect effects in the provision of landscape and in delivering landscape as environmental public good, playing also an important role in terms of financial allocation in the current Rural Development Programme.

The analysis of existing specific measures targeted at local level connected to the landscape allow to distinguish supporting potential landscape-related activities and its role at the economy of rural areas.

Keywords: rural development, landscape managemet, Bulgria

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Concepts and Theories

The concepts of multifunctionality of landscape and of its multiple values represent the starting point of the analysis, to explain the potential generation of socio-economic benefits.

The analysis of the different functions of landscapes and the recognition of their attributes and peculiarities is an essential condition for valuating the possible socio-economic benefits that landscapes may generate in rural areas. The interaction between the fundamental features of landscape, such as its historical, cultural, recreational, production, aesthetic, biodiversity and ecological functions, determines the multifunctional character of landscapes and generates their value as perceived by society. In turn, this potential of satisfying social expectations and needs can represent a valuable factor for generating economic benefits in rural areas.

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To sum up, landscape is a non-commodity output produced as direct or indirect outcome of the activities operating in a particular area and it is valued by society for its functions (use and non use values, ecological, recreational, cultural etc). Due to this complex nature, it produces second-order effects that are captured by the stakeholders in rural areas (farmers or others), and that generate potential markets for new activities. Therefore, through the generation of these effects, landscape contributes to boosting the economy of rural areas and is an important driver for the whole regional economy.

As it is shown by the analysis of examples and studies examined, the potential for local development can be interpreted as direct and indirect benefits for the agricultural sector in particular, and also for the whole regional economy. On the one hand direct socio-economic benefits can arise in terms of job and income opportunity both for farmers and for rural stakeholders other than farmers, from their involvement in activities related to the management, the maintenance and the conservation of specific landscape elements. On the other hand, indirect socio-economic benefits in the regional economy are provided by landscape amenities and by means of all potential activities and opportunities for the local economy directly linked to landscape functions. This sort of indirect benefits may be translated in the development of tourism and recreational opportunities in rural areas. In other hand create in new market opportunity for local products and in the continuation and viability of rural crafts and traditional skills. Additionally, it influences in the inward migration of workers and population growth in specific areas, in the attraction of inward investments. At the end we can summarize and more in general, these benefits can lead to employment creation and maintenance, to positive income effects on the wider rural economy and to the strengthening of cultural heritage, identity and social inclusion.

On this basis, two kinds of interventions can be identified:

- Support to the agricultural sector for actions directly or indirectly beneficial to landscape and aimed at securing a level of provision in line with society's demand (e.g., encourage certain traditional farming practises or method of production particularly beneficial to landscape, avoid land abandonment, convert intensive farming systems into more extensive ones, restore and maintain hedges, rural pathways, terrace fields etc);
- aids to farmers or other local actors to cover initial costs that new activities may imply and to search for new commodity and non commodity markets, in which they may have a competitive advantage (e.g., diversification of on-farm activities and new off-farm activities such as agro-tourism, craft, care and leisure activities, direct selling and marketing of high-value products, etc.)

Methodology

Indeed, the value of landscape and its multifunctional attributes have been widely acknowledged and studied in the literature, and some definitions of landscape constitute an attempt to explain this concept [1], [2].

The relationship between landscapes and the economy of rural areas suggests that the valorisation and conservation of landscapes has to be supported not only for its inherent value and its nature of environmental public good, but also for its potential to generate socio-economic benefits in rural areas. Public intervention can therefore target landscapes as important drivers for the economic development of these areas.

The first necessary condition to translate such potential benefits into real opportunities for the actors operating in rural areas is that the characteristics and the state of landscapes in a given area correspond to the ones desired by society. This means that the current level of provision of landscapes has to match the societal demand of landscape, and public

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intervention is required to reverse the "undersupply" of landscape detected in certain areas [3].

The second condition to generate such potential spill-over effects is that the actors operating in rural areas are able to exploit the potential market opportunities offered by landscapes and their functions. Only in this case are the potential benefits likely to be translated into new opportunities for income and jobs.

The reference to these two conditions is important to understand which kind of public intervention is needed, in which circumstances, to generate such landscape-related opportunities.

(1) First condition: public support is required to secure a level of landscape provision in line with society's demand, and therefore in the case of landscape degradation to secure and restore its environmental attributes.

To satisfy this objective, intervention can take the form of support to the agricultural sector for actions directly or indirectly beneficial to landscape. Farmers can, for example, be encouraged to convert intensive farming systems into more extensive ones, and incentives may be provided to encourage certain traditional farming practises or methods of production particularly beneficial for landscape or to maintain sufficient levels of production in areas where land abandonment is a factor of landscape degradation.

Public support can also be provided to other actors operating in rural areas, such as local contractors or associations, to undertake actions and specific works directly aimed at the maintenance and restoration of landscape features (e.g., hedges and tree rows, rural pathways, farm roads, dry stone walls, terraced fields, etc.), whose existence is not related to the production of agricultural commodity outputs.

(2) Second condition: the intervention should be targeted to the farmers and the local economy in view of allowing them to best capture the opportunities offered by landscape amenities and functions. Not all farmers, for example, are able to diversify on-farm activities, or to engage in new off-farm activities (agri-tourism, craft, care and leisure activities, production of added value products, direct selling and marketing of high-value products and investments in higher value chains), or to cooperate with other sectors of the rural economy (e.g., agro-industry, tourist industries, local networks with public and private partnerships etc.). Financial support can therefore help farmers or other local actors to cover initial costs that new activities may imply and to search for new commodity and non commodity markets in which they may have a competitive advantage.

The Rural Development Programmes of the current period (2007-2013) support measures that can have an added value for this new perspective of the policy. Some of them such as the agri-environmental payments and the measures designed for less favoured areas can have direct and indirect effects in the provision of landscape and in delivering landscape as environmental public good, playing also an important role in terms of financial allocation in the current Rural Development Programmes. On the other hand the measures designed to add value to agricultural products, to provide basic services for the economy and rural population, to promote village renewal and development, and to support tourism activities seem to be appropriate to support farmers and the local economy to best capture the opportunities offered by landscape amenities and functions. The existence of specific measures targeted at local level to capture the landscape site specificity and to boost the economy of such areas by supporting potential landscape-related activities is very important to help understanding and promoting the link between landscape and the economy of rural areas.

The analysis of the different functions of landscapes and the recognition of their attributes and peculiarities is an essential condition for valuating the possible socio-economic benefits that landscapes may generate in rural areas. In this respect, this chapter provides a preliminary overview on these aspects, based on literature research.

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Results

Based on the above, it is possible to analyse the extent to which the Rural Development Policy 2007-2013 and its set of measures may support those types of actions as previously identified. Among the 44 measures proposed to Member States by Council Regulation (EC) n. 1698/2005, it is possible to identify a set of 20 measures related, to a different extent and in different ways, to landscapes. As shown in Table 1 below, this set of 20 measures can be further broken down into two big groups according to the two conditions mentioned above:

(1) the first group of measures is related to the "provision of landscapes";

(2) the second group concerns the provision of "landscapes related services and activities", i.e., actions helping rural stakeholders to carry out activities that are potentially linked to the existence and attractiveness of landscapes in rural areas. The measures of EAFRD are codified as follows[1]:

Table 1. Main Rural Development measures supporting directly or indirectly the provision of landscapes and helping the creation of landscape-related activities

		Provision of landscape		Landscapes related services and activities
Code	**Type of measure**	**Direct**	**Indirect**	
	AXIS 1			
111	Vocational training, information actions, including diffusion of scientific knowledge and innovative practices in the agricultural			
114	Use by farmers and forest holders of advisory services			
115	Setting up farm management, farm relief and farm advisory services, as well as forestry advisory services			
121	Farm modernisation			
123	Adding value to agricultural and forestry products			
132	Supporting farmers who participate in food quality schemes			
133	Supporting producer groups for information and promotion activities for products under food quality schemes			
	AXIS 2			
211	Natural handicap payments to farmers in mountain areas			
212	Payments to farmers in areas with handicaps, other than mountain areas			
213	Natura 2000 payments and payments linked to Directive 2000/60/EC			
214	Agri-environmental payments			
216	Support for non-productive investments			
	AXIS 3			
311	Diversification into non-agricultural activities			
313	Encouragement of tourism activities			
321	Basic services for the economy and rural population			
322	Village renewal and development			
323	Conservation and upgrading of the rural heritage			
331	Training and information for economic actors operating in the field covered by Axis 3			
	LEADER AXIS			
412	Local development strategies. Environment/land management.			
413	Local development strategies. Quality of life/diversification.			

Source: Landscape and rural areas: towards an economic valuation of socio-economic impacts

[1] Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

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Measures Related to the Provision of Landscapes

An additional classification is possible for the measures identified as potentially related to the provision of landscapes. Firstly, 2 measures of Axis 2, Agri-environmental payments and Support for non-productive investments (measures 214 and 216 respectively) have a direct relationship with landscape provision. Their objectives, as defined in the legal framework of the rural development policy, refer in fact directly to the protection and improvement of landscapes and their features, thus potentially covering actions and commitments aimed at their delivery, such as:

a) upkeep of landscapes and maintenance of high nature-value farmland areas, including the conservation of historical features (e.g. stonewalls, terraces, small wood);
b) management and conversion of pastures;
c) extensification of farming systems that are directly related to high landscape quality and diversity.

A second group of measures, mainly from Axis 2, indirectly relates to the provision of landscapes, by improving the sustainability of agriculture and natural capital. These measures include compensatory payments for Less Favoured Areas (LFA) (measures 211 and 212), the main aim of which is to avoid land abandonment and its negative effects on landscape and the countryside, and the measures linked to Natura 2000 payments and payments linked to Directive 2000/60/EC (Water Framework Directive) (measure 213). Some measures of Axis 1 give support to farmers who make use of advisory services to improve their scientific knowledge and education on farming techniques and sustainable use of natural resources, including the maintenance and enhancement of landscapes (measures 111, 114, and 115).

Other measures of Axis 3, which can also indirectly influence the provision of landscapes, are the ones conceived for specific actions (e.g. studies, investments) associated with the maintenance, restoration and upgrading of the natural and cultural heritage, or aimed at increasing the economic attractiveness of villages or group of villages (measure 323). Finally, the Axis 4 measure concerning local strategies by Local Action Groups on the environment and land management (measure No 412) can also indirectly affect the provision of landscapes.

Measures Related to "Landscape Related Services and Activities"

Some measures of Axes 1 and 3 refer to different types of actions aimed at enhancing the economic viability of rural areas through diversification of agricultural activities and thus help farmers to capture the opportunities offered by landscape amenities and functions:

- measures 311 and 313 support farmers to undertake non-agricultural activities: service and craft activities (bed and breakfast, education and social activities on farm, production of local products), trade activities (creation of local store attached to the farm and direct selling of self-made products), and infrastructure for tourist sites and recreational activities.
- measures 121, 123 and 132 respectively help farmers to bear the costs for investments in the holding, support the processing and marketing of existing and new products and encourage the participation in food quality schemes.
- measure 321 provides support to cover the setting up of basic services for the rural population, including cultural and leisure activities and related small-scale infrastructure for the economy of rural areas (leisure, sport and cultural activities, child care facilities, transport services, telecommunication services).
- measures 322 and 413 give support to actions aimed at village renewal and development in order to face depopulation and economic decline of certain areas and

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to the implementation of local development strategies focused on quality of life and diversification.

Table 2. Payments of the measures related to landscape

Measure	Applications filed		Approved applications		Payments	
	number proposed projects	Expenditures BGN	number selected projects	Expenditures BGN	number ended projects	Expenditures BGN
Indirect provision of landscape						
111	169	55,814,779	107	29,360,494	30	1,804,619
114	58	142,094	0	0	0	0
115						
211	131,284		129,527	151,760,164	129,527	142,649,397
212	53,373		52,725	45,438,110	52,725	43,493,036
213	2,427		0	0	0	0
323						
412						
Total Indirect Provision	187,311	55,956,873	182,359	226,558,768	182,282	187,947,052
Direct provision of landscape						
214	6,662		5,127	37,777,167	5,127	36,255,434
216						
Total Direct Provision	6,662		5,127	37,777,167	5,127	36,255,434
Landscape related services and activities						
121	3,501	982,006,199	2,609	664,156,937	1,882	464,855,162
123	495	521,113,196	358	343,316,194	124	71,532,660
132						
133						
311	428	144,542,501	197	67,499,737	66	11,663,016
313	111	39,243,024	32	7,839,154	27	3,700,731
321	753	2,681,900,556	226	723,458,503	213	340,772,960
322	522	585,960,008	269	283,122,655	225	126,628,089
331						
413						
Total related services and activities	5,810	4,954,765,484	3,691	2,089,393,180	2,537	1,019,152,618
TOTAL	199,783	5,010,722,357	191,177	2,353,729,115	189,946	1,243,355,104

Source: http://prsr.government.bg/

Importance of the Measures Related to Landscape in the Rural Development Programmes for the Period 2007-2013

According to the classification provided in the previous chapters, chart 1 gives a picture of the importance of the three groups of landscape-related measures in terms of the allocated expenditures in the Rural Development Programmes of the 2007-2013 programming period in the Bulgaria.

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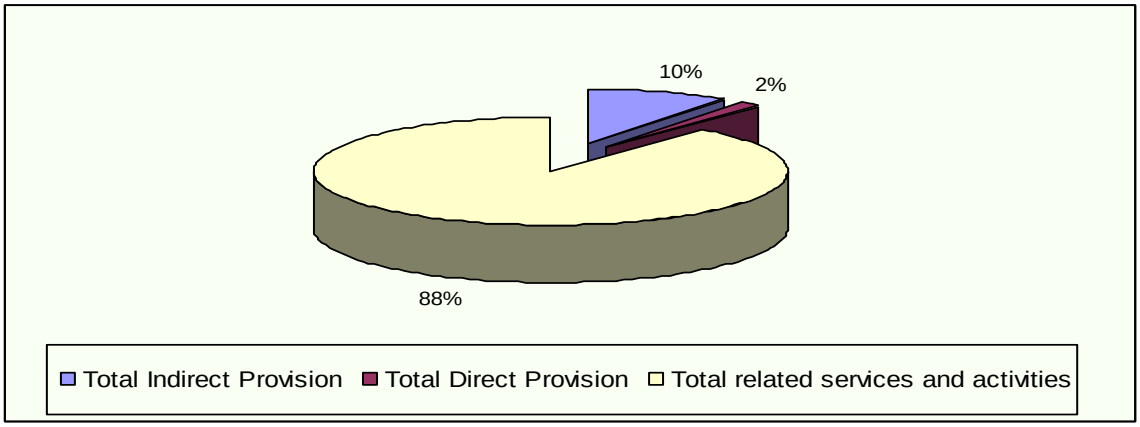

Chart 1. Importance of potentially landscape-related group of measures, in terms of total allocated expenditure (including EAFRD contribution and national co-funding) for the 2007-2013 programming period, in the Bulgaria[2]
Source: own elaboration

The chart below provides a more detailed overview, by single measure, of the financial weight of the rural development measures identified in the previous chart, with respect to the overall financial envelope for national rural development programme.

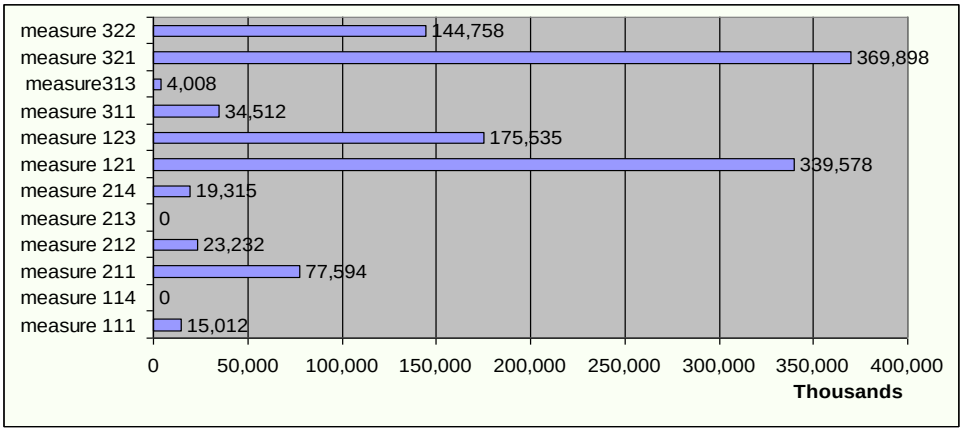

Chart 2. Total expenditures by measures /thousands of euro/
Source: [4]

Measure 321 and measure 121 are the most favourable among Bulgarian beneficients.

Expenditures on these measures exceeded the followings in several times. As reasons can be pointed the low level of modernization of holdings and not well-provided rural areas with infrastructure so there is a necessity of big investments in these directions. Other measures 114 and 213 don't report any cost because of rejection of all proposed projects.

[2] Information on Financial plans per Member State, programming period 2007-2013 in Statistical and Economic Information Report 2009.

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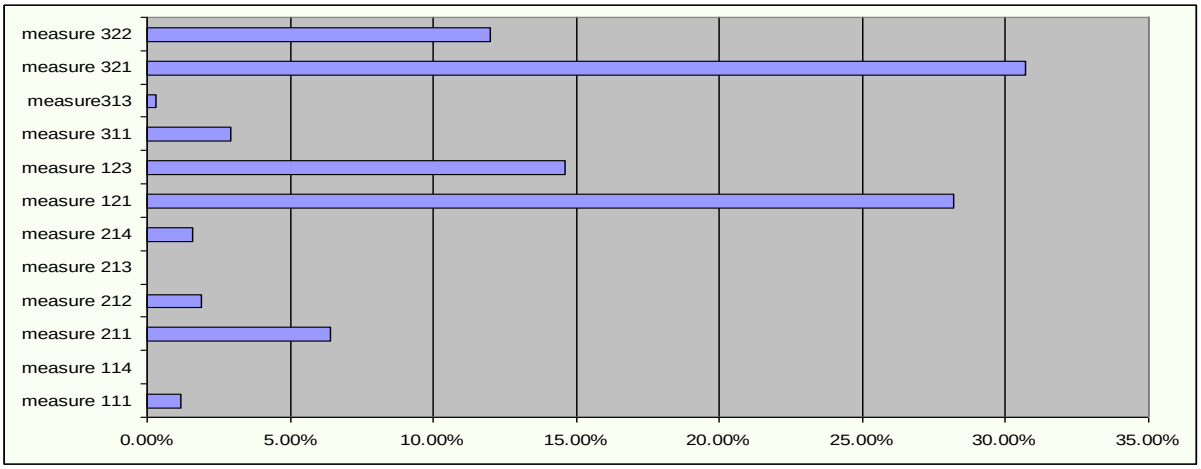

Chart 3. Relative importance of potentially single landscape-related measures, in terms of total allocated expenditure (including EAFRD contribution and national co-funding) for the 2007-2013 programming period, in Bulgaria

Source: own elaboration based on the financial plan – programming period 2007-2013

Measures 321 and 121 account for more than 50% of the budget allocated across all the rural development programmes. Basic services for the economy and rural population (measure 321) cover, alone, some 30% of the total allocation.

Concerning in particular the "measures directly related to the provision of landscape", the Agri-environmental (measure 214) is applied only. Measure 214 accounts for the majority of RDP funding in several other northern Member state (FI, DK, AT, IE) allocate between 30% and 50% of their rural development funds to this measure.

The significance of this chart and figures for assessing the contribution of rural development programmes to the direct provision of landscapes has however to be taken with caution since measure 214 covers a wide range of environmental objectives, not necessarily in connection with the provision of landscapes.

Table 3. Actions delivering "agrarian landscape" under the Agri-Environment Measure (214)

Actions	Adopted proposals
Organic farming	377
Organic bee keeping	155
Maintain pastures	598
Maintain habitats of protected birds	1
Maintain and manage traditional orchards	32
Introduction of rotation to protect soil and water	1
Control of soil erosion	36
Use of local, rare breeds of livestock	312
Maintain or introduce extensive grazing practices	182

Source: http://prsr.government.bg/

Concerning the measures identified as "indirectly related to landscape", the most important, in terms of budget allocation, are the measures targeted to Less Favoured Areas which cover payments to farmers in areas with handicaps in mountain areas (measure 211) and in other areas (measure 212) and which respectively account for 67% and 20,1% of the total "indirect" measures. These two measures are particularly important for the conservation and preservation of landscape in the areas concerned. The first objective of these measures is in fact to avoid land abandonment, which can have negative consequences for the countryside as a whole and also for landscapes.

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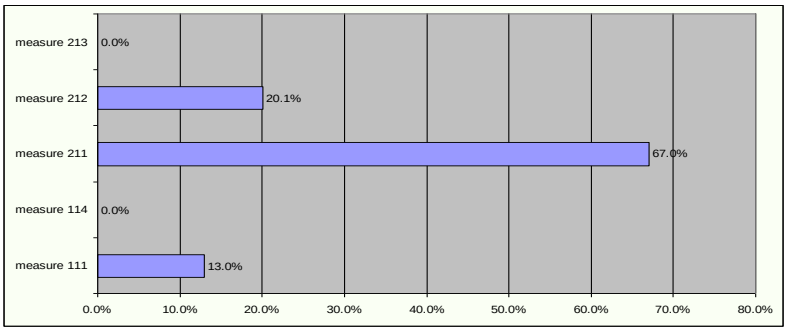

Chart 4. Proportion of total public rural development expenditure for the measures indirectly related to landscape, in Bulgaria
Source: own elaboration

Table 3 below is based on the results of the Evaluation of RDP in Bulgaria and shows an increasing interest to the measures in the last two years. These results do not give any information on the importance of these actions in terms of public expenditure within the programmes, only the amount of expenditures is reported.

It is reported increasing interests to these measures during the last year. Expenditures at year base raise as well the number of selected proposals. Rural Development Programmes contribute landscape in mountain areas better then other areas.

Table 4. Number of submitted and selected proposals on M 211 and M 212 by years

year	Measure 211			Measure 212		
	Submitted proposals	Selected proposals	Expenditures (000 euro)	Submitted proposals	Selected proposals	Expenditures (000 euro)
2007	22.649	22.646	12.377	9.417	9.411	3.786
2008	24.151	24.026	11.505	10.017	9.977	3.801
2009	26.246	26.134	18.436	10.835	10.793	4.642
2010	29.031	28.308	15.522	11.619	11.301	4.234
2011	29.210	28.265	19.403	11.489	11.194	6.719
Total	**131.287**	**129.379**	**77.243**	**53.377**	**52.676**	**23.182**

Source: http://prsr.government.bg/

Concerning the group of measures potentially supporting landscape-related activities and services, the most important in terms of total public expenditure allocated is the Axis 3 measure 321 “Basic services for the economy and rural population” and the Axis 1 measure 121 “Modernisation of agricultural holdings”. They account for 66% of the total budget. No relevant actions under this measure have been found by means of the screening exercise, in the Rural Development Programmes as delivering agrarian landscapes.

Finally, the measure 123 “Adding value to agriculture and forestry products” absorbs over 16% of the budget. However as for the measures 321 and 121 no relevant actions targeted at delivering agrarian landscapes have been found under this measure. All the other measures are of minor importance, each of them absorbing less than 4% of the total public expenditure of all Rural Development Programmes. Overall, the relative importance of these measures can vary significantly (chart 5).

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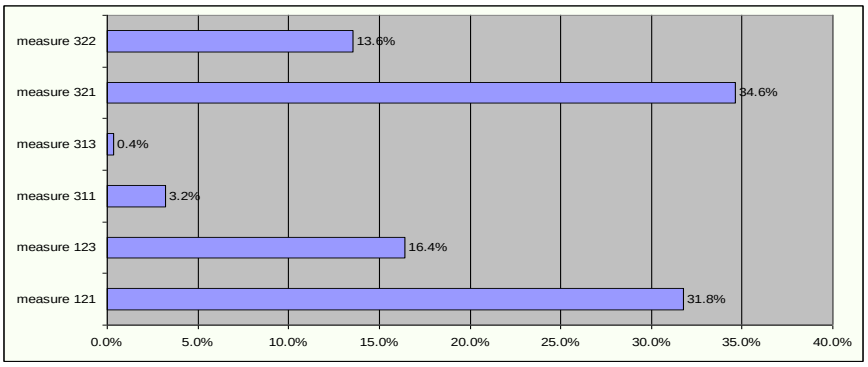

Chart 5. Proportion of total public rural development expenditure for the measures related to the socio-economic effects of landscape, in Bulgaria
Source: own elaboration

Finally, the most common actions found in the Rural Development Programmes as delivering agrarian landscape under the 321 measure are displayed in Table 5.

This measure provides support to cover the setting up of basic services for the rural population – maintenance and constructing of water supply networks and sewerages. Other activities as cultural, social and leisure activities are also objecting on investments. Roads contribute for boosting the economy of rural areas and also improve the landscape. All expenditures in these activities make the landscape more attractive for people.

Table 1. Actions to provide agrarian landscape in the Rural Development Programmes for 321 /09.02.2012/

Roads - new (км)	Roads - new (euro)	Roads – existing (км)	Roads – existing (euro)
18.07	3 544 832.05	414,76	76 812 620.35
Water supply network - new (км)	Water supply network - new (euro)	Water supply network - existing (км.)	Water supply network - existing (евро)
160,19	26 605 221.57	1 047,75	146 628 277.20
Sewerage and purifying - new (км)	Sewerage and purifying - new (euro)	Sewerage and purifying - existing (км)	Sewerage and purifying - existing (euro)
655,14	96 290 470.64	75,34	17 943 867.27
Centres of culture - new (n.)	Centres of culture - new (euro)	Centres of culture - existing (n.)	Centres of culture – existing (euro)
6	3 312 557.97	46	11 357 358.92
Sport places - new (n.)	Sport places – new (euro)	Sport places - existing (n.)	Sport places - existing (euro)
34	20 984 095.32	30	15 148 564.55
Centres of social services - new (n.)	Centres of social services - new (euro)	Centres of social services - existing (n.)	Centres of social services - existing (euro)
6	3 503 125.96	8	2 251 841.95

Source: http://prsr.government.bg/

Conclusions

The potential for local development is at the core of the justification of public policies in support of the valorization and conservation of landscapes. The first necessary condition identified is that the characteristics and the state of landscapes in a given area correspond to the ones desired by the society. This means that the level of provision of landscapes must match the societal demand. The second condition to generate spill-over effects is that the actors operating in rural areas are able to exploit the potential market opportunities offered by landscapes and their functions. Only in this case are the potential benefits likely to be translated into new opportunities for income and jobs.

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In conclusion the measures are relevant and contribute regional development. In the matter of fact, the adoption of them must be accelerated in order to achieve economic and social benefits in certain areas.

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SCIENTIFIC REVIEW

Features of the Pension System, the Impact on the Level, Quality, and Life Expectancy

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Abstract

Each pension system is unique, despite their common goal. Any state forms or does not form its own pension system depending on many factors, and the structure and methods of introducing this system into the real life of citizens differ radically from state to state. The pension system is an essential part of the social support of the population. The idea of a pension system is necessary as a solution to the problem of providing means of life for people in old age when they cease to receive income from labor activity. Thus, the core of the pension system, as a rule, is a labor pension, which performs the function of transferring people's income from the able-bodied stage of life to the period when a person loses his ability to work. Therefore, a pension is, first of all, social compensation to someone who cannot receive a salary due to reaching retirement age and leaving the labor market. However, this is not the end of the social function of the pension – it should provide not only necessary but also decent living conditions for those who did not receive high salaries and were unable to earn a large pension [2].

Keywords: pension system, quality of life, life expectancy, health care, healthy lifestyle, retirement age

JEL: M20
UDK: 364.35
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Introduction

Pension support is understood as a form of material support of citizens by the state [8]. The grounds for its receipt are determined by the legislative framework of the country. Note that they vary for each state due to their own characteristics. The pension system is formed and operates also on the basis of the characteristic features of the economic and social situation and the life of the country's population [9]. And the activity and condition of the society older people live in largely depends on the regulation of the pension system.

Pension systems have two main objectives: reducing the poverty level of citizens in old age and replacing income or smoothing consumption. The first objective, as a rule, is provided by state pension systems financed on the pay-as-you-go basis (PAYG) from targeted contributions or from general incomes. The second objective of the pension system is to maintain more or less the same standard of living for all after retirement, which can be achieved through the PAYG system or the funded pension system.

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Methods

The contributory pension system implies investment of pension contributions and payment of benefits out of accumulated savings. Accumulative pension systems are often called private. Indeed, the state pension systems of most OECD countries are funded by the insurance part, while private systems are contributory. However, contributory pension systems can also be regulated by the state, which partially relates to the Russian Federation. In order to evaluate pension systems, it is necessary to consider these two systems (the PAYG system in comparison with the contributory system, the state system in comparison with the private one) separately.

Multiple theoretical and empirical studies have been conducted on the impact of funded pension systems on households and national savings. An empirical study is essentially an inconclusive assumption regarding the mandatory funded pension system, which, in general, can contribute to the growth of national savings.

Contributory pension systems can also contribute to economic development through other instruments – they can reduce the distortion of employment and the number of constraints to increase savings through contributions to social insurance funds [7]. They can also facilitate long-term investments in important areas such as infrastructure. Moreover, they can increase the efficiency and level of financial intermediation, improving the prospects for economic growth.

Results and Discussion

Pension systems have two main objectives: reducing the poverty level of citizens in old age and replacing income or smoothing consumption. The first objective, as a rule, is provided by state pension systems financed on the pay-as-you-go basis (PAYG) from targeted contributions or from general incomes. The second objective of the pension system is to maintain more or less the same standard of living for all after retirement, which can be achieved through the PAYG system or the funded pension system.

The contributory pension system implies investment of pension contributions and payment of benefits out of accumulated savings [6]. Accumulative pension systems are often called private. Indeed, the state pension systems of most OECD countries are funded by the insurance part, while private systems are contributory. However, contributory pension systems can also be regulated by the state, which partially relates to the Russian Federation. In order to evaluate pension systems, it is necessary to consider these two systems (the PAYG system in comparison with the contributory system, the state system in comparison with the private one) separately.

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There are three main channels of the influence of contributory pension systems on financial development:

1. Direct changes in the system of contributory pensions, as well as in the size and composition of the financial system as a result of the transfer of mandatory pension payments from PAYG to the contributory pension system. Pension reform can affect the volume of savings in the economy and, as a result, lead to a change in the level of financial intermediation.
2. A direct effect on financial intermediation should also be expected. If the transition from AYG to the contributory system occurs through the issuance of government debt, market capitalization will increase and, possibly, the maturity of government debt will increase. The development of the public debt market can, in turn, stimulate the growth of the market for non-equity securities.
3. Changes in the effectiveness and composition of financial intermediation as a result of the emergence of pension funds and other institutional investors. Certain improvements in the financial system may be the result of regulatory reform, as well as the work of pension funds and other institutional investors participating in the new contributory system.

Pension funds and other institutional investors can have a secondary effect on the composition of the financial system, for example, by increasing the time for fulfilling obligations on corporate and private loans. They can also increase the effectiveness of financial intermediation, for example, by increasing the liquidity of securities markets and acting as a counterweight to the powers exercised by banks. They can thus contribute to a better allocation of resources and improve economic performance [10].

Summary

Pension systems of different countries have their own distinctive features determined by various factors, such as the country's history, political situation, the regime of government, etc. Identification of the advantages and disadvantages of a particular pension system is necessary as it helps adopt the positive experience of other countries, thereby improving the domestic system. In order for the standard of living of the population to grow and other important criteria for the well-being of citizens to be at a decent level, it is necessary to constantly improve the country's pension system, which must be flexible and primarily socially oriented.

In order to examine and analyze the similarities and differences in more detail, as well as to identify the features of approaches to this issue in the Russian Federation and a number of other countries, we will use the Global Retirement Index data. Based on data from the World Bank and official statistics of 43 countries, the rating shows certain parameters of the life of pensioners: from the possibility of finding a job to the availability of medical services.

The index rating included 43 countries: all OECD participants, countries with advanced economies in terms of the IMF, and members of the BRICS group (Brazil, Russia, India, China, and South Africa).

In 2018, Global Pension Index underwent a number of changes. Switzerland became the leading country (previously this position belonged to Norway). It is worth noting that Switzerland entered the top ten in all four groups of index indicators. Norway fell in the ranking due to a sharp decline in its financial performance. Top 5 also includes Sweden and New Zealand [5].

The rating takes into account 18 indicators estimated from 0 to 100% and classified into 4 groups:

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- material well-being (level of economic inequality, median salary, unemployment rate);
- health care (life expectancy, public health expenditures per capita, health insurance costs);
- quality of life (satisfaction with life, level of air pollution, water quality and sanitary conditions, biological diversity and habitat, environment);
- financial condition (the share of pensioners in relation to the working population, non-repayable bank loans, inflation, interest rate, tax burden, government, level of public debt) [5].

The authors of the rating identified 5 key threats to future retirement benefits:

- monetary policy (constantly in crisis),
- growing public debt,
- an increase in the number of elderly people,
- climate changes,
- a decrease in the quality of life of pensioners (namely, a high level of unemployment and an increase in health care costs).

In comparison with 2017, in 2018, for a number of indicators, the Russian Federation worsened its position in the ranking. For example, in terms of the quality of life of pensioners, it fell from 36th to 38th position. It should be noted that the reason was environmental degradation (position in the ranking of countries, 3rd place from the end), biodiversity (rating 6 from the end), and level of happiness (rating 9 from the end) [5].

The health sector: in this group of indicators, the Russian Federation is in the penultimate, 42nd place. In terms of expenses for insurance medicine, Russia ranks fourth from the end, and second from the end in the rating for life expectancy [4].

Over the past three years, Russia has shown steady progress in financial performance. In particular, according to the authors of the index, the situation with interest rate and tax pressure has significantly improved in Russia (12th place). In addition, the country ranked second in the world in terms of the low level of public debt. However, it is worth noting that the financial condition of pensioners in this group of indicators takes the last 43rd place.

Russia is also a world outsider in the field of public administration and ranks sixth from the end in terms of troubled bank loans [1].

Nevertheless, Russia has made the greatest progress in the sphere of material well-being of pensioners. According to this group of indicators, the country takes 30th place in the world, improving the situation with employment and income equality. At the same time, the level of per capita income continues to decline – the country is in fifth place from the bottom.

The most favorable situation in Russia with a demographic load factor is 11th in the world by this indicator (however, the share of pensioners in relation to the working population continues to grow).

Another indicator Russia almost equals the most developed countries in is the level of gross national income (GNI) per capita. In Russia, it is above the global average.

The current pension system is built on the principle of redistribution of funds between generations. It is called pay-as-you-go. But, probably, it should also be called "receive while you live". The world goes through a process of population aging – everyone knows and sees it. People do not die from old age but from age-related diseases, and from this point of view, a huge amount of resources is being invested in the search for cures for aging, in the study of the mechanisms of aging, and the fight against them. What is this going to lead to? To the increase in life expectancy. Thus, the invention of penicillin and a number of drugs in the XX century led to an increase in life expectancy. Accordingly, it is necessary to talk not only about increasing life expectancy but also about increasing the duration of a healthy life.

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Conclusions

Pension reform needs to be discussed with an assessment of the possible social consequences. First of all, from the standpoint of the influence of possible transformations on overcoming poverty in our country, which is one of the main priorities of the current presidential cycle [3].

The results of the rating show a very large gap between the provisions of countries, which is justified by four criteria for the quality of life of pensioners. Also, according to the above data, one can trace both the position of countries in the overall ranking and for each of the evaluated criteria. Such a significant gap between the countries is caused, first of all, by the state of health of pensioners and the presence of a favorable environment for them, as we see these criteria in the most adverse condition. Also, Russia takes a non-competing position in relation to European countries in terms of material security of pensioners. This index clearly demonstrates that many of the fundamental criteria necessary for the well-being of pensioners in Russia are not up to par and cannot compete with the advanced countries of Europe.

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SCIENTIFIC REVIEW

Does Optimization of Balance Sheet Indicators Can Have Impact on External Financiers?

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Abstract

In the matter of decision-making aspect by the banks in Serbia to evaluate each business model, and at the same time to meet client's requirements on the one hand and official standards on the other, is a topic that involves a large number of potential and current bank clients. Looking at the real demands of companies in Serbia for the approval of credit products, we can confirm that banks in Serbia want to aprove balances that are ideally calculated, which is why we have non-standardity in making decisions about lending to potential clients. The focus on the turnover size, the number of employees, the EBITDA and the equity of the company are the factors that lead to mistakes in both cases – approval and rejection of the clients. The aim of this document is to try to confirm, by analyzing specific examples, that it is necessary to go into the business of each potential client, instead of satisfying only the standard forms that the bank sets for the clients and thus influence the process of decision making in banks.

Keywords: credit, banks, business optimization, financial statements, indicators

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339.727.22

Introduction

The financial system, in every country is regulated by various standards. International standards provide general frameworks beyond which the business of financial institutions is considered unregulated, while local standards [1] with respecting of international business frameworks, regulate the operation of financial institutions in more details [2].

In this article, we used specific companies with expectation to present possibilities to improve banks' credit decision-making process. The whole idea about this article come out from experience on local market and increasingly stringent rules, that have led to the positioning of new offers on financial market (such as factoring, investment and equity funds, microcredit institutions, various private investors – companies and individuals, etc.). Those new players are willing to take most of the risk, but also higher profit from the market [3].

Having in mind, all mentioned, we can expect consolidation of local banks sector. This can also create highly specialized banks [4]. On the other hand, all, we can easily call them non-credit types of financing, are not completely regulated (there is a question mark, is regulation of this type of market is difficult or there is no interest to be regulated?). That will leave door open for potential rapid enrichment, in the frame of existing regulations [5].

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The research has five chapters. Introduction covers subject and aim of the research. Second chapter is for literature review and the third chapter covers methodology. The fourth chapter is for research results and conclusion is the last chapter of this article.

Literature Review

In order to better understand successfulness of one or any business, banking sector experts, mathematicians and economists have developed and created a number of indicators [6]. Every business, professionally managed, in every commercial and non-commercial sector, is based on the approved development strategy, presented in more details through plans and budgets on an annual basis [1]. Even with accepted international and local standards, bilanse sheets of the companies does not follow the expectation of external financiers' policy of risk and credit [7]. The possible development of approved budget can be in collision with competitiveness on the such market [8]. In order to be considered as low NPL bank, banks in Serbia will use the local, internally developed market benchmarks. Strong constraints connected with credit and risk policy on the banking sector in Serbia and their influence on financial markets of Serbia and in every other country, lead to the lot of rejected clients, which will use other types of financing (above mentioned). In last couple of years, alternative financial support institutions putting a pressure on those companies, while offering them unsecured and secured loans.

They are patient in waiting clients, with expectation of rejection notice from the client's banks [9]. The problem in the operations of banks occurs when they need to collect loans because, due to slower economic activity, clients are less and less able to fully and timely settle their obligations [10].

Methodology

The companies (10), in this article presented, are real, active companies that have been the subject of cooperation with the company Filinav doo (consulting company in financial sector). Sampled companies had requested a credit product with local banking institutions.

Names of the companies are created with 2 letters, where each letter represent:

- First letter – represent the revenue size – A to J (A is the smallest revenue, J is the biggest),
- Second letter – stands for company size – S – small up to EUR 1 Million (M) revenue, M – medium – up to EUR 30M, L – large over EUR 30M.

All companies are presented in Table 1.

Under each company name is the year of incorporation, and the type of business. Each of the companies applied to different bank, in parallel, and that is way we can conclud that results of this research is aplicable to all banks operating in Serbia. The facts for each companie, in the moment of aplication, is that they: (a) did not have any material overdues according to the credit bureau (those who did, it was stated), (b) that the management is experienced in such business, (c) that the ownership structure is not reputationally relevant for the bank.

Those facts are important, as a "soft facts" from the decision maker point of view, since, upon fulfillment of all the above conditions, the decision was made mostly based on the client's financial indicators. The years of financial data presented, are taken as: first year presents year before application, second in the moment of loan approval/rejection, third data after loan approval.

The following table presents the crucial, official, on the 31.12. of presented year, finance date for each company individually.

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Table 1. Crucial finance data of analysed companies

Company	Year	Equity	Loans	EBITDA	Emp. No.	WC	WC Ratio	% Equity	DEBT/ EBITDA	% Profit
AS	2016	12	1	19	4	53	1.8	7.40%	0.1	3.40%
2013	2017	38	1	10	9	93	2.1	16.10%	0.1	2.90%
metal production	2018	36	115	51	16	-35	0.9	11.20%	2.3	5.10%
BS	2014	234	404	550	9	387	1.5	18.90%	0.7	1.40%
2006	2016	200	451	44	11	227	1.2	15.30%	10.3	3.50%
construction	2018	269	705	142	17	492	1.3	12.20%	5	3.50%
CS	2014	1	68	0	0	0	1	1.40%	0	0.00%
2008	2016	17	43	20	9	16	1	1.60%	2.2	3.00%
development	2018	98	107	75	10	106	1	4.00%	1.4	4.10%
DS	2016	20	46	31	18	-94	0.8	4.30%	1.5	1.70%
2010	2017	73	220	42	16	-34	0.9	15.70%	5.2	3.00%
wholesale	2018	73	189	781	17	49	1	5.80%	0.2	0.10%
EM	2016	16	0	343	5	-215	0.9	0.90%	0	0.40%
2014	2017	29	0	287	10	-626	0.8	0.80%	0	0.50%
drugs production	2018	43	0	99	19	938	1.4	1.00%	0	0.60%
FM	2014	174	2	134	43	171	1.9	48.20%	0	18.90%
2012	2016	222	212	68	366	338	1.7	24.60%	3.1	0.80%
security	2018	299	158	212	495	154	1.2	20.70%	0.7	6.60%
GM	2016	7	8	11	6	15	1.3	9.10%	0.7	1.20%
2015	2017	96	97	117	10	80	1.7	27.10%	0.8	3.10%
recycling	2018	2,359	118	485	12	530	4	84.20%	0.2	2.60%
HM	2014	48	0	47	30	357	1.9	5.80%	0	3.30%
2014	2016	203	63	93	16	73	1.1	16.10%	0.7	1.80%
agro industry	2018	395	260	225	20	386	1.4	23.10%	1.2	3.20%
IM	2012	1,577	5,056	1,663	128	3,605	2.5	19.50%	3	8.40%
2001	2014	2,392	5,820	1,178	129	1,955	1.8	26.00%	4.9	4.10%
wholesale	2018	4,540	5,548	1,574	119	1,210	1.3	32.80%	3.5	4.90%
JL	2011	24,020	48,599	15,319	266	4,283	1.1	21.80%	3.2	7.70%
1989	2013	47,100	46,554	21,767	304	718	1	34.00%	2.1	9.30%
cereal processing	2017	34,423	83,640	6,009	252	-24,439	0.8	24.70%	13.9	-1.10%
	2018	3,759	137,407	-1,977	252	11,588	1.1	2.30%	-69.5	-29.00%

Source: [11]
Authors 'calculations for indicators

Results and Discussion

AS – it is an 95% exporter, with industry required international certificates implemented.

AS have long-term agreements for purpose-built production. AS profitability is not significant, but growing, as EBITDA. In 2019, AS request was a long-term loan, secured with a mortgage. The bank did not support AS, due to small equity, and with out satisfactory EBITDA. The only negative aspect conected with banks decision are in the fact that long term export contracts are not seen as good enough collateral, even they are couple of time higher than the required loan amount.

BS – with very long experience in the construction industry, and production cycle of construction of the facility, of minimum of 2 calendar years, was not supported by the banks,

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on adequate approach. As one of the problems was raised the account blockade by the tax administration by mistake in 2013. After couple of years on various courts, BS won the case. After hiring an advisor, banks were in favour of BS in 2018, and with mortgages exceeding the value of the loan, a bigger loan amount was granted, which covered the amount that tax administration collected from the BS account. In this case, banks were driven by the size of collateral, more then a business model itself.

CS – This companies focus is construciton of residential buildings, in form of partership in project. The company had used couple very small bank loans, and always with pledge. The request was a loan for more than 36 months, in amount of EUR 300k, with a 6-month grace period. CS has long term experiense in this area, and with a very long reference list. However, in despite of all the indicators, the bank sought a mortgage on an existing facility, and had no understanding whatsoever to go in deep analysis of CS business. Not so trained banks officers, for this area of business, are going more for easiest option for the bank – always use much collateral as you can.

DS – is a wholesaler in fashion business, and always in pursuit for a long-term WC financing. The significant increase in revenue in 2017 and 2018, due to business transfer entirely on official cash flow. Increasing lending policy of commercial banks since 2017 until beginning 2019, without any deeper analysis what is behind those officially better standing of the company, led to default. In 2019, after tax administration control, and owner's inability to settle all penalties, he decided to shut down the DS.

EM – has implemented all standards, domestic and international, for drugs and supplements production. With wide list of domestic and foreign buyers, owned equipment, but low equity ratio, applied for short term loan in 2017. Idea was to pledge equipment and biggest long-term contracts with buyers. EM was rejected. In 2018 EM continued positive trend in his business.

FM – could not get a loan without any pledge, before 2018 official data. Due to improved financial data, FM received long term, unsecured loan. Three months after loan disbursement, FM lost its largest customer. This led to decreasing its monthly turnover by 50% and reduced its number of employees by 300.

GM – with similar credit history, as FM, he could manage to receive five-times unsecured debt in 2017. Profitability was completely neglected and increase of equity was recalculated by recapitalization.

HM – after 2017, problems with business financing 2018, were far more less due to official financial reports. From 2018 HM received EUR 450k loans. As of March 11, 2019, CHM has been in a blockade and bankruptcy proceedings have been initiated against it.

IM – The business of this company has been almost perfect in all parameters throughout its business years. The reason why this company it was among the sampled companies is that until 2014, the loan was only apporoved with real estate as a collateral and for a period not exceeding 24 months. Despite the fact that the company has been in business for a long time and the ownership and management structure had a lot of experience in its business, the bank did not consider this company as a good enough and often placed unfavorable loans – a short repayment period and with high interest. After optimizing balance sheet positions and angaging a counsultant, the company received a slightly larger loan and refinanced all its loans on the long term – from 36-60 months with a mortgage. Additionaly to that situation, they repackaged all those loans in 2018 and 2019 mainly covered only with promissory notes.

JL – this is an example of how companies that are "to big to fail" are viewed in Serbia. A four-year operating period was deliberately stated, in contrast to others, to show the movement of loans and equity. By 2013, the company was supported by banks, based on ratios that were, on paper, perfect. In 2014, company refinanced 60% of it`s loans, in January by one bank. and already in February 2014, there was a problem of repayment, on the very

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first installment. The stand still was plased, for all liabilities that lasted until 2017, where we can see a negative EBITDA, and a significant decrease in capital, which in 2018 is further adjusted. Regardless of the distorted parameters of finance, this company is considered to be to big to fail, and therefore receives another loan in 2018, where compared to 2013, the debt increases 3 times, while in the same period the number of employees decreases by 17%.

Conclusion

Hence banks are increasingly demanding, and clients simply cannot adjust itself to the regulatory requirements, nor should they, the role of the bank is less the business supporter, and more imposed controlling role.

The problem arises with banks in Serbia – while they want to approve balances that are perfect at the cross-section, (generally 31.12.), and they have no understanding for businesses that are seasonal or specific. The inability to secure funds from banks, directs some of the illegal money to end up in that particular industry. In developed financial systems, in a turbulent business environment, there are daily changes that force financial institutions to adapt quickly to the current situation [12]. The principle according to which banks in Serbia operate is an inherited concept of a foreign bank's located in far more developed countries, and procedures and process are not in total applicable on local market. This approach increasing the level of alternative financing, until the client's official financial parameters are not in the line with banks requirements.

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PART III
EMPLOYMENT, JOB MOTIVATION AND SATISFACTION

SCIENTIFIC REVIEW

The Effect of Organizational Justice on Job Satisfaction Among Secondary School Teachers

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Abstract

Job satisfaction and organizational justice one of the topics which neglected in the context of Middle East countries in general and particularly in Iraq. The study aims to find the effect of organizational justice on job satisfaction among secondary schools' teachers and enrich the body of knowledge in Iraq and the Middle East countries. The study conducted in 8 secondary schools in Heet city province of Anbar, Iraq, 98 valid questionnaires were analysed by SPSS.

The results showed the components of organizational justice's distributive justice and interactional justice are positively affect on job satisfaction. However, distributive justice found a high effect on Job satisfaction. While, Procedural justice found non-significant effect on job satisfaction may because of the environment and policy of public schools in Iraq which is directly related to government policy in case of, promotions, salary and employment etc.

This result helps school's administration to manage the schools and understand teachers desire better than before. Meanwhile, teachers, when feel treated fairly from school administration and the rewards are distributed fairly and equitable in the school will lead to increase job satisfaction and could increase their productivity and performance.

Keywords: organizational justice, job satisfaction, secondary school, Teachers and Iraq

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Introduction

Job satisfaction (JS) one of the focal points of several studies and attracts the attention of scholars and researchers until now. Job satisfaction considers an important factor in every work environment which can lead the success in any workplace. According to [1] job satisfaction refers to the attitude that clarifies the level of individual feeling related to their job. However, organizational justice (OJ) refers to employee's assessment to fairness, equal and equality treatment in the workplace. Exercising justice in the workplace from management lead to achieving organizational objectives and gain a succeed [2]. Create and provide a justice climate in organizations will positively reflect on employee's motivation and performance [3], when treat employees fairly in an organization they will do their duty in a good way, however, when they feel, treat unfairly will lead to low job satisfaction in workplace [4]. Nevertheless, organizational justice consists of several dimensions that comprise various facets procedural justice (PJ), distributive justice (DJ) and interactional justice (IJ) [5], and job satisfaction consists of several dimensions pay, promotion, co-work, supervision, job condition [1]. A number of studies has been conducted to exam the association and impact of (OJ) on (JS) [2], [3], [24], [30].

However, limited studies conducted in Middle East countries as well, developing countries [30], [4] and particularly in Iraq. Furthermore, most of the previous studies conducted in western countries or south-east Asia countries and the culture, environment and processes in Iraq and Middle East countries are totally different about these countries. Thus, it is eligible to examine this topic in Iraq context. the purpose of this study to find and exam the impact of

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(OJ) dimensions on (JS) in Iraq setting and particularly in the education field, among secondary schools' teachers in Heet city – the province of Al Anbar, Iraq.

Literature Review

Job Satisfaction

Brief [6], [1] defined JS as individuals' feelings and attitudes toward their job in different aspects. The feelings towards JS is the difference between the rewards and appreciation received by individuals and what expected to receive. JS is positive or negative feelings and attitudes of individuals towards their job [7]. However, individuals with a high level of satisfaction could lead to a positive attitude and low level of satisfaction may lead to a negative attitude in workplace [8]. High level of job satisfaction considers important for individuals to increase their performance and to the organizations to gain the success [9], [10].

Regardless of positive attitude [7] mentioned the negative experiences for employees consider one of the elements leads to dissatisfaction with current working. As well, one of the significant elements may occur for job dissatisfaction by experiences among the employees' is (OJ). According to [1] there are serval dimensions of (JS) namely: pay, supervision, promotion, co-workers and work itself, appreciation, communication, fringe benefits, job conditions recognition and security. All the above dimensions are fitting to measure job satisfaction, this study will select some of these dimensions, because difficult to cover all the dimensions in one study.

Organizational Justice

Since 1987 by Greenberg OJ has been developed to multidimensional variables, and define organizational justice as to how fairly individuals treated by the organization and how their perception toward the organization justice [5]. The fair treatment of employees in workplace leads to creating a high level of trust in an organization [11]. The three dimensions of justice have been widely accepted among the researchers and scholars namely; Distributive justice, Procedural justice, and Interactional justice. However, [12] reported staff members in organizations assess fair treatment on three dimensions distributive justice (DJ), procedural justice (PJ) and interpersonal justice (IJ).

Distributive Justice

(DJ) refers to organizational outcomes should be fair and equitable through payment, job assessment, benefits, discipline, and promotion [13], [16] mentioned distributive justice refers to equity and not equality. Equality indicate to all the individuals in the workplace considered their efforts as the same and no matter which one more impact or which one high performance between each other in the workplace. However, equality defined by [15] all the individual treated as a same regardless of their performance or impact they have. Equity refer to the contribution and efforts made by a particular individual in the workplace [31], [18]. Related to the principle of equity exchange employees usually compare what other colleagues in same level and situations received and then evaluate whether is it fair or unfair [17]. On other words Individual assess what they and others achieved and what they and others received.

Employees evaluate the fairness of organization outcome by compeering between the input which reflects in time, efforts and outcomes that received such as pay and promotions [12].

Procedural Justice

[20] confirmed that (PJ) as the second dimension of justice rules. However, procedural justice refers to the operations and procedures that the institution depends on to achieve the results is fair [13], [31]. Individuals looking to the, open and fair, procedures regardless of the

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outcome [15]. The fair and just of the processes and procedures could be more essential than the results itself [18]. [19] and defined (PJ) as the assessment of the decision-making process in an organization and the degree of equitable of this decision. However, [20] described the procedural justice it is how the decisions are clearly, ethical, reliable and correctable.

Interactional Justice

Created by [21] this dimension as the third one which describes and explains organizational justice, and refers to the fair received by individuals through resource allocation and decision making. However, Interactional justice refers to honesty, respect, and integrity with subordinates [21], [2] defined interactional justice as a free flow of information among individuals within the organisation, and managers should concern of employees needs and appear empathy to them and improve the communication with subordinates [14], [22] suggested that (IJ) breakdown into two parts called interpersonal justice and information justice, and confirmed this model empirically by [23]. Interpersonal justice refers to the level of respect, honesty, dignity and respect to individuals by the authorities or by third parties which related to carry out procedures [23]. Information justices refer to clarify and justify why these procedures used and why outcomes distributed in these methods [23]. As long interactional dimension consists of informational and interpersonal justice this study will focus only on interactional justice which covers both informational and interpersonal justice.

Organization Justice dimensions and Job Satisfaction

Job satisfaction one of the important elements has been attracted the attention of (OJ) scholars and researchers. Meanwhile, most of the results reported there is a positive and significant relationship between these two variables. (OJ) its important element of JS and (OJ) can improve and increase (JS) among staff [8]. High level of organizational justice leads to increase job satisfaction in the organization among employees' and indicates more eager to achieve the organizational objectives [7]. Meta-Analytic Review conducted by [23] showed distributive and (IJ) positively correlated with some sub-dimensions of JS, while other sub-dimensions negatively correlated with JS.

Likewise, payment not enough to get employees satisfaction there are several elements significant correlated with JS such as promotion, workload and satisfaction with current work [24]. Theoretically, all the aspects of OJ predict JS [2]. However, the relation and impact among justice dimensions and JS empirically tend to be contrast, such as [2], [23] reported distributive justice has been more important and predictor to JS than procedural and interactional justice. contrary to others [25] reported only procedural justice impact on JS, while distributive justice has non-significant impact on JS. In another study, in the context of Thailand [12] concluded that (DJ) and (PJ) has no impact on JS. Another study conducted in context of Turkey , bank sector by (Bayarçelik & Findikli, 2016) reported interactional has no significant effect on JS , on the other hand found distributed and procedural significant impact on JS. Meta-analysis by [26] reported there is a positive correlation between (DJ), (PJ) and (JS) degree of correlation are 0.35 and 0.36 respectively. another two studies conducted in Middle East countries which our study focus in this area by [27] (Fernandes & Awamleh, 2006) in United Arab Emirates (UAE) and concluded JS affected by (DJ) and (IJ) but not, procedural justice. and study by [5] in Jordan and reported JS affected by organizational justice. according to the above clearly shown, there is a contrast in result among the dimensions of organizational justice in a different context may due the context of study or the sector which the study conducted or the culture, even widely accepted and confirmed the positive and significant impact among these dimensions and JS. to solve this contrast and exam these dimensions in the context of Iraq particularly among academic staff, study propose the following hypotheses, similar Proposition confirmed by [28].

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H1: DJ is positively impact on JS among academic staff.
H2: PJ is positively impact on JS among academic staff.
H3: IJ is positively impact on JS among academic staff.

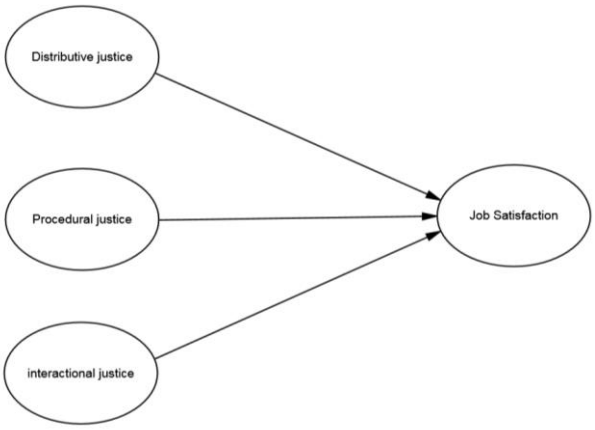

Fig. 1. Framework of study

Methodology

The sample size of this study consisted of 210 teachers who teaching in 8 official secondary schools during the 2018-2019 academic year in Heet city- the province of Al Anbar, Iraq. The study was deployed Stratified random sampling technique, the selection based on the number of teachers in each school. The Questionnaires were distributed by self-administration total valid Questionnaires 98. The data were analysed by statistical package for the social sciences (SPSS) version 23.

Measures

The questionnaire items were translated into Arabic language because all the items were adapted from previous studies in the English language, "translation-back translation" process [29]. Five- point Likert- scale were used from 1= strongly disagree to 5= strongly agree. Organizational justice consists of three dimensions and measured it as following:

Distributive justice which focuses to measured equality and equity through perceived of teachers. measured by 5 items adapted from [20]. Procedural justice refers to the rareness of bias, truth, ethics of process and evaluates the decision-making. This dimension measured by 6 items adapted from [20]. Interactional justice measured 6 items adapted from [21]. Job satisfaction measured by 5 items adapted from [1] which focused on measuring the level of satisfaction among school teachers.

Data Analysis

In this section, the results will be starting with demographic characteristics as represented in Table 1. The majority of the respondents Male with 60% while 40% are Female. The largest response for this survey was with age group of 40 to 49 (43%) and close to this result was with the group of 30 to 39 (37%) while the young group below 30 years are 4% and above 60 years 5%. As expected in Qualifications, most (81%) of the respondents with bachelor's degree while (9%) hold Master degree, Diploma with (6%) and only (3%) holding PhD. A large proportion (34%) 11to 15 years working experience while (32%) more than 26 years working experience, (13%) between 21-25 and only (8%) between 16-20 years.

Table 1. Demographic description

		Count	Column N %
Gander	Male	59	60.2%

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	Female	39	39.8%
Age	Below 30	4	4.1%
	30-39	36	36.7%
	40-49	42	42.9%
	50-59	11	11.2%
	60 and above	5	5.1%
Qualifications	Bachelor	80	81.6%
	Master	9	9.2%
	Diploma	6	6.1%
	PhD	3	3.1%
Tenure	11-15 years	34	34.7%
	less than 10 years.	11	11.2%
	16-20	8	8.2%
	21-25	13	13.3%
	more than 26	32	32.7%

Validity and Reliability

Cronbach's alpha refers to assess internal consistency and clarify how the items are associated with each other. Cronbach's alpha greater than .80 considered good. Table 2 shown all the factors level are greater than 0.885 which reflect a good level of reliability. Meanwhile, all factors are with good factor loading values, all the factor loading greater than 0.70 and significant.

Table 2. Validity and Reliability

Variables	items	Factor loading	Cronbach alpha
Job satisfaction	JS1	.895	.904
	JS2	.892	
	JS3	.903	
	JS4	.921	
	JS5	.623	
DJ	DJ1	.934	.922
	DJ2	.835	
	DJ3	.860	
	DJ4	.872	
	DJ5	.860	
PJ	PJ1	.752	.903
	PJ2	.878	
	PJ3	.816	
	PJ4	.852	
	PJ5	.812	
	PJ6	.841	
IJ	IJ1	.719	.885
	IJ2	.885	
	IJ3	.881	
	IJ4	.768	
	IJ5	.768	
	IJ6	.775	

Note: DJ: Distributive justice, PJ: Procedural justice, IJ: Interactional justice

Table 3 describes the Correlation matrix of all the variables which used in this study DJ, PJ, IJ, and JS are positive and significant correlated. Moreover, DJ more important in predicting JS (r=.829). Similarly, procedural justice more important in explaining JS (r=.450) and then interactional justice less than the previous two variables but positive and significant with (r=.257). Further, the high correlation was shown between distributive justice and procedural justice (r=.466).

Table 3. Correlation

Variables	**DJ**	**PJ**	**IJ**	**JS**

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DJ	1	.466**	.142	.829**
PJ		1	.376**	.450**
IJ			1	.257*
JS				1

***. Correlation is significant at the 0.01 level (2-tailed).*
**. Correlation is significant at the 0.05 level (2-tailed).*

To test the three hypotheses, which consists of components of OJ toward JS.

First hypothesis DJ toward JS reported as shown in table 4 estimated regression statistically significant at (*P* .000<0.05). Dependent variable JS explained the variance by 0. 708. However, this was supported by the correlation that showed a positive and significant relationship between DJ and JS r=0.829. Through the rank of a parameter of the standardised beta showed the distributive highly impact on job satisfaction. These results support H1 distributive justice significantly influences on job satisfaction. however, DJ index (β=0.797) is a significant and positive impact on JS of academic staff. Second hypothesis PJ toward JS result showed estimated regression statistically non-significant on JS at (*P*.627>0.5). the rank of a parameter of standardised beta indicated PJ does not impact on JS among schoolteachers.

These results do not support H2. meanwhile, PJ index (β=0.029) is a significant and positive impact on JS of academic staff.

Third hypothesis IJ toward JS the regression statistically significant on JS see table 4 at (*P*.030<0.5). parameter of the standardised beta showed the PJ impact on job satisfaction.

These results support H3 IJ significantly influences on JS. Foremother IJ index (β=0.133) is a significant and positive impact on JS of academic staff.

Table 4. Regression

Hypotheses	Beta	P value	Sig.	Remark
DJ JS	.797	.000	< 0.5	Supported
PJ JS	.029	.672	> 0.5	Not supported
IJ JS	.133	.030	< 0.5	Supported

R=.841, R2 =.708. Std. Error of the Estimate. .525.

Discussion

Ensuring justice and equity in the schools or organisations among teachers or employees may create a great challenge. That's is not surprising several researchers, schoolers and organizations have empirically exam the organisational justice in the workplace (Theo and Lim, 2001). The fairness and just environment for various categories of schools could lead to increase the teacher's productivity and efficiency. This study tried to examine how OJ dimensions predict JS among teachers in Heet secondary schools. The results of this study expand the previous studies results which reported distributive and interactional justices are significantly impacting on job satisfaction similarly, [3], [8], [4] and this confirmed by correlations matrix which shown high correlations among these three justice dimensions. The greater interest that DJ has reported a stronger and could be the most important impact on JS than interactional and PJ, this result indicating the schools' directors should pay more attention to methods distribute which are related to schedule loads, rewards and responsibilities among teachers, similar result found with [2]. Job satisfaction significantly impacted by interactional justices. This indicates the schools' directors need to ceaselessly evaluate and enhance the relationship with teachers such as increasing the level of trust, respect and honest also, the act and interact way with their teachers and avoid the conflict or misunderstandings. study findings provide support for previous studies by [11], [4] that reported positive and significant effect of DJ and IJ on JS among schools' teachers. a potential

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reason that the schools' teachers would assume to given fair share in the distribution of resources within the of school. Thus, when the managers treat teachers in a brusque and offensive manner, they will feel not satisfy and this could lead eventually impact their outcome and productivity. In general, the study findings emphasize the importance that schools teachers attach to fairness and equality in the management of schools. taking into account Iraq facing several issues such as security issues, financial issues, services issues and school's infrastructure issues which negatively affected to teaching system and schools. This study found the procedural justice non-significantly impact of job satisfaction among schools teachers in Heet, This is may the teachers look to procedural justice dimension out of equation because of the environment or policy of public schools in Iraq which is different from the private sector in promotions, salary and employment etc, it is related to government policy.

On other word teachers in secondary schools reducing the importance and impact of procedural justice on job satisfaction because of prevailing environmental and policy dimensions in the country like Iraq. the same results reported by [27], [12] which found job satisfaction does not affected by PJ.

Conclusion

Results of this study in line with most of the previous studies conducted to exam the impact of organizational justice on job satisfaction. However, results indicated that the high of fairness in schools will lead to high job satisfaction. This result helps school's administration to manage the schools and understand teachers desire better than before which cold to increase job satisfaction among schools' teachers. Lastly, teachers, when feel treated fairly from school administration and the rewards are distributed fairly and equitable in the school will increase job satisfaction and could increase their productivity and performance.

Study findings have implications for future studies in the context of Iraq. However, can't generalize this result due to the study conducted only in one area. the future studies can exam the OJ and JS in private schools or in public schools with more than one area, furthermore, can exam these variables in bank sector or health sector, especially the context of Iraq suffering from limited studies in most of the sectors.

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PART IV
EDUCATION

ORIGINAL RESEARCH PAPER

Evaluation of Quality of Service Provided by the Vocational Training Department

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Abstract

The subject of quality is one of the topics that penetrated the business world, because it constituted a big difference in the nature of the work of the organizations in all its specialties.

Therefore, this topic has attracted the attention of researchers and academics and they have been expanding in all areas of quality through which many organizations achieved competitive advantage in the market. Quality researchers are the quality of services that have become a necessity of the work of any organization because it reflects the permanence and survival of the product produced after the arrival to the customer and therefore the survival of the organization in the market and vitality and non-decay, On the contrary, the quality of services spread to smell Governmental organizations that are more demanding than others to provide the quality of services. This rapid development in our current world and the great openness and globalization posed a great threat to organizations, especially government organizations, which required the need for continuous evaluation and evaluation of the quality of services provided by The Vocational Training Department at the Ministry of Labor and Social Affairs helps them to cope with the current environment and the difficulties it faces and to identify the most important obstacles that it faces and work to remove them. On this basis, Introduction of a sample of (54) people from the departments of the Vocational Training Department through the questionnaire used as a tool for collecting information.

Numerous statistical methods were used to analyze the answers of the respondents through the statistical packages program to reach the required results. The researcher concluded, the need to find ways to raise the quality level by shortening the time and make the most of the services provided by the Internet.

Keywords: quality of service, vocational training

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Introduction

Rapid developments in the organization environment and diversity in customer expectations have posed new challenges to the customer service function and the ability to recognize the requirements of the next generation of customers. Today, these requirements have grown and diversified considerably, so organizations have begun to study and understand the changes in customer needs and desires, adapt to them, share the customer, identify their vision and benefit from the suggestions they offer. Therefore, the service sector has grown significantly recently, His high strategic position in the international economic competition as a result of technological developments and information, where many of the economies of countries from the economy of manufacturing to the service economy, and this is due to the movement of the information age, which arose as a result of computer invention (Such as service organizations, education, finance, tourism, medical, transportation, etc.) has occupied a large position in the economies of the developed countries. They represent three quarters of the GDP in the United States and nearly 80% of the world's employment. Within the service organizations, the quality of services imposed the subject of evaluating the quality of service in administrative thought, for its importance to the organizations, which

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necessitated the organization to work to assess the quality of its services to be able to identify the vulnerabilities that pose a threat to them and to address them, Each ensures the continuation of its work successfully and excellence.

Research Problem

The administrative organizations in our time face a continuous momentum of environmental challenges and competitive conflicts resulting from the rapid changes in the working conditions and the development in the needs and desires of the beneficiaries and their transformation from one organization to the other in search of the best and most appropriate and quality. In addition, the working environment of organizations in Iraq is characterized by change and complexity, As the degree of uncertainty is very high in the political situation, economic and social, which has been suffering from instability for years to the present time, this situation reflected negatively on all sectors, especially the service sector. The Ministry of Labor and Social Affairs is one of the service organizations working in this environment.

It is possible to summarize the problem of the study through the following questions:

1. What are the criteria on which the customer depends on his assessment of the quality of service provided by the Vocational Training Department?
2. Does the senior management of the Vocational Training Department recognize the concept and importance of quality of service?
3. What is the level of quality of service provided by the Vocational Training Service?
4. Does the management of the Vocational Training Service employ quality of service standards to obtain the highest quality of service?
5. Does the vocational training department achieve its objectives by developing the quality of its services provided, which is to meet the needs of the customer and society, which will positively affect the development and advancement of the industrial sector?

Research Objectives

Based on the research problem, the following objectives can be identified:

1. Identify the reality of the services provided by the Vocational Training Department.
2. Highlight the quality of service and its dimensions to the importance of how to perform the activities of the Vocational Training Service and ensure the survival and achieve the highest levels of customer satisfaction.
3. Evaluate the level of quality of service provided to the customer by the vocational training department and make recommendations to avoid deficiencies and remedy the imbalance.
4. Measuring the extent of the commitment of the Vocational Training Service to the dimensions of quality of service to achieve customer satisfaction.
5. To identify the necessary improvements required in the services provided and the impact on the selection of customers to service so that the Vocational Training Service to meet the current and future challenges.

The Importance of Research

The importance of the research stems from the fact that it deals with an important and vital subject in one of the important state institutions (the Vocational Training Department in the Ministry of Labor and Social Affairs) which has a direct impact on the industrial sector which

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has never dealt with such topics before the researcher's knowledge. With the following points:

1. To direct the attention of organizations to work and focus on the dimensions of quality of service and its importance in order to achieve the optimal investment and use to compete in the business world by providing distinguished services to obtain qualified professional cadres in various disciplines contribute to the advancement of the country.
2. Focus on the role played by the quality of services in the development of the industrial sector as a vital sector and whatever needs to raise the level of progress and development of knowledge.
3. The nature of the work of the Vocational Training Service and the privacy of its customers requires management to be more careful and cautious in order to upgrade and excellence in the provision of services.

Research Methodology

In order to adopt a systematic approach to explore the contents of the research problem, and explore the gap in its cognitive and practical dimensions, and analyze and interpret it according to the foundations of scientific methodology, which is reflected on the objectives of the research, and the result of the diversity and multiple methods of measuring the subject of research, was based on the approach descriptive analytical approach Analytic Descriptive, Adopts the knowledge portal in the survey of the phenomenon formed by the problem of research, and it is the method that is characterized by a detailed description of the exact data and information obtained in order to draw conclusions. In order to reach conclusions and make recommendations thereon, N managers in vocational training department was a means of data collection is (questionnaire) for the views of the sample form.

Research Limits

1. Human Borders: A sample of 60 persons was selected by the departments of the Vocational Training Department as a sample for research.
2. Time Limits: The duration of the preparation of the research in the Department of Vocational Training, which began diagnosis of the problem of research, and the collection of scientific sources, and then write the theoretical side, and prepare the questionnaire, and distribution of the questionnaire and return, and interview managers and discuss their views and proposals on the research and objectives and variables and then prepare The practical side of the research is to analyze the results obtained and make appropriate recommendations. The period ranged from 1/11/2018 to 1/5/2019.

Sources of Data Collection

The study was based on a number of means by which data and information were collected on the study sample and analyzed according to the following:

A) Theoretical side: The theoretical aspect was covered by the use of books, literature, periodicals and Arab and foreign researches related to the subject as well as the use of the Internet.
B) The practical side: The data on the practical side were collected through the questionnaire form as a main tool for collecting data from the study sample. It

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consisted of (7) dimensions that measure the quality of the services according to the nature of the work of the vocational training department divided into a number of questions. The Likert scale of the five-dimensional options, which is one of the most widely used methods in the administrative and social sciences, and the gradient is perfectly agreed (and offset by weight 5) is not fully agreed (and offset weight 1).

The questionnaire has been developed and adapted to the experts and arbitrators with scientific competencies in the subject of the research, the variables and the corresponding statements in the questionnaire.

Tests for the Questionnaire Form

1. Reliability of the questionnaire:
   A) The test of the apparent truthfulness of the questionnaire: After the design of the questionnaire and the formulation of its expressions, it was presented to a group of experts and professors as arbitrators to identify their views in the question areas and the questions that fall under it and the consistency of each axis of the questionnaire with the main objective of the research.
   B) The validity of the content test: The extent of clarity of each term of the terms of the scale in terms of concept and formulation and logical design, and through the use of the equation Cronbach's alpha.

2. The purpose of the statement of consistency of the questionnaire: is to ensure that the scale used to give the same results to be reapplied after a period of time on the same persons again. There are two methods used to calculate the stability coefficient:

The first method is to retest the test again, and this method is expensive and uneconomical.

The second method is called Half Split, which is to find the coefficient of correlation between the scores of the individual questions in the questionnaire and the scores of the marital questions. The correlation coefficient is corrected by the spearman Brown equation.

This is an indication that the measures used are of high stability and can be adopted at different times for the individuals themselves, The same results.

Means of Analysis and Statistical Processing

Some statistical measures were used for the nature of the data and the results are calculated, extracted and processed using the SPSS program to achieve the research objectives and statistical tests used:

1. Percentage: Used to give an idea of respondents' responses and to give an indication of their agreement or not.
2. mean mean (Mean) to determine the level of variables and trends and answers of the sample within the scale of the answer.
3. Standard Deviation: Shows the extent to which the answers are scattered around their computational circles.
4. Cronbach's alpha: Used to measure the accuracy of the questionnaire.
5. Relative importance (RelativeImportance): The importance of dimension or question for the variable.

The Second Topic

Quality of Service

There were many approaches that addressed the concept of quality and this made it difficult to develop a unified definition of it. The ISO defines quality as the total

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characteristics of an entity (activity, product process, organization, system, individual or combination thereof) that reflects its ability to satisfy explicit and implicit needs (men and bolodans, 2). Quality is of strategic importance to various organizations, whether industrial or service, after it became clear that it represents the main factor in its success, especially as it is one of the most competitive priorities because of the increasing competition between local and international organizations. Organizations in The impact of the last century on the quantity of outputs because of the impact on the profitability of organizations and market share, which led to the situation of the Great Depression in the decade of the same century, which led the decision-makers in those organizations to review their goals and their presence, they had to To give great importance and high emphasis on the quality of outputs, whether those outputs material goods or services to suit the tastes of the public without neglecting the quantity.

The increasing service organizations and diversity in the quality of these services and the growing competition between them have paid attention to the quality of their service and excellence in serving their customers [1].

Quality of service is characterized by the difficulty of the concept to define its definition and achievement, but it is easy to identify when it is lost (Dupont, 2001). Customers are looking for quality service guides and draw conclusions about the quality of the place, equipment, tools, price, and communications they can see [2].

The concept of quality of service should be used to explain the nature of the service and to explain its concept, which differed from the views of the writers and researchers in defining one concept. There were many different concepts that dealt with this aspect due to the existence of services that are fully or partially connected with the material goods) while other services represent parts complementary to the marketing of goods sold such as maintenance).

And that there are types of services provided to the beneficiary without requiring a link to the goods such as health services and insurance [3].

Pena [4] refers to a service tariff as an activity or utility provided by one party to another and without the result of ownership of something, the provision of the service may or may not be associated with a physical product.

The researchers [5] defined them as intangible activities aimed at satisfying the desires of customers that are not necessarily related to the sale of another good or service. [6] showed that service is a description of customer requirements, how to satisfy them, understand their needs, and how to understand the organization's competitive priorities.

The concept of quality of service can be explained by what the researchers reported in their studies.

Hassoun [7] defines the ability of the organization to meet the needs and desires of the beneficiary to satisfy his needs and desires and exceed his expectations in keeping with the continuous developments and environmental changes to achieve his satisfaction and happiness.

Al-Darakka and Al-Shibli [8] point out that this is the quality that includes the procedural dimension of the specific systems and procedures for providing the service. The personal aspect of the service is the manner in which the employees are optimistic (their attitudes, behaviors and verbal practices) with the beneficiary.

The term “quality” means two concepts: the first relates to the service or the product itself, and the second relates to the relationship between the customer and the product or service.

Based on this connection, the concept considers quality in terms of the extent of conformity of the service or product to the specifications specified for it, Which indicates that the locations of the error can be easily identified and repaired before the customer is given, while the second indicates that the quality is the suitability of the service or product for the purpose for which it was produced. There is a separation between the two points of view

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between the service provider and the beneficiary. In the view of the service provider, it corresponds to the predetermined criteria for the service. From the point of view of the beneficiary, it refers to the compatibility of this service with its use and use [9].

The Importance of Quality of Service

Quality of service is of great importance to organizations aiming at achieving stability and success in the markets. In the area of commodity products, planning can be used in production and classification of products waiting for customers, but in the field of services, customers and employees work together to achieve and deliver the service at the highest level. And customers together (Jubouri, 2013).

Pooretal (2013: 35) points out that there are a number of reasons that oblige organizations to pay attention to the quality of services provided to customers to ensure their success in the market and its growth is as follows:

1. Increase customer expectations: The high expectations of customers for the past due to several factors, including increased awareness of customers and knowledge and advertising and the intensity of competition, which makes it imperative for organizations to pay attention to the quality of services provided.
2. Competitive activity: The constant change in the way the services are provided by competitors leads to changes in the markets, which forces the organizations to take steps to improve the quality of their services, especially in the markets that seek to enter them.
3. Environmental factors surrounding the organization: Laws and political, economic, social and cultural changes that represent the organization's working environment force the interest and constant search for ways of adapting to these factors by improving the quality of the services it provides to its customers.
4. The internal factors of the organization: By strengthening the activity of the organizations, which is to make continuous adjustments to the internal systems and the way to accomplish the tasks and duties commensurate with the diversity and change the needs and desires of customers.
5. Benefits arising from quality of service: Organizations benefit from the quality of services they provide, such as the organization's access to advanced market positions, high market share by comparison to competitors, and other factors that encourage organizations to seek quality services.

The Dimensions of Quality of Service

Quality of services is produced from a complex network of multiple dimensions. Over the years, researchers have worked to identify the most significant components of the quality of services on which customers base their expectations and perceptions and therefore their judgment on quality of service. However, [10]:

1. Access to the place of service: It is important to focus attention on access to places of service, whether physical facilities or public inquiry offices that make dialogue as easy and simple as possible.
2. Communication level: The organization's management must use the appropriate language that the customer understands easily. It is therefore important to simplify communication with the public using a simplified and understandable language.
3. Clarity in administrative systems: The diversity of administrative functions can make it difficult to understand how the management works, so strategies must be developed that can help to understand the work system by making such work simple to ensure customer satisfaction. It is important and certain that the customer knows

the person who is solving their problems. In other words, find out who the customer should contact to get help or complain.

4. Flexibility and responsiveness: Customers demand that the organization meet their real and specific needs. It is important that the focus is on how to answer and listen to their problems, to take care of their opinions and suggestions and to provide a degree of flexibility in the decision-making process that helps to adapt to environmental changes as quickly.
5. Participate in the design of the process of service delivery: Customers become more receptive if they participate in the design of the provision of service, as they have a significant impact in achieving customer satisfaction.
6. Efficiency of service providers: The technical capacity of the human resources of management is key to the provision of quality services.
7. Ability of employees to understand customers: The behavior of employees who represent the first line in the process of communication with customers is very important because they are providing services directly. Moreover, the friendly way of dealing with customers is a key element determines the quality of services.
8. Credibility: Credibility in service delivery is a set of principles such as equal treatment, fairness, or professionalism in the delivery of services, which is reflected in the degree of trust reflected by employees and management in the mindset of customers.
9. Reliability and responsibility in service delivery: Reliability is an attempt to gain customer confidence in a way that helps to create a better perception of the quality of public services, by providing services with consistency, accuracy and avoidance of arbitrariness. While attention to the concept of responsibility is of great interest by customers, which is one of the most important dimensions of quality of service in organizations.
10. Concrete aspects and availability of security: The customer must feel safe from various risks while receiving service. The adaptation of the work environment and the management structure plays an important role in the customer's judgment of the quality of service. It is important to take care of concrete aspects such as furniture, materials, etc. which reflect the image of quality in the customer's eyes.

(Hassoun [7] reveals that these dimensions have been reduced to an extended set of dimensions that can be applied in any service organization called the Servqual model, which is the same dimensions as [11]:

1. Reliability: Ability to perform the promised service reliably and accurately.
2. courteous (emotional adjustment): The service provider to be a great deal of respect and take into account the feelings of customers and deal with them while communicating with them.
3. Sympathy: Individual care provided by the organization to customers, including the ability to communicate and understand the customer.
4. Response: the ability to react quickly to meet customers' demands and provide services to them.
5. Intangible: It is the physical facilities, equipment and tools, and personnel employed and used when providing the service.

She adds [2] to the dimensions that have been mentioned:

1. Customer understanding: It means making efforts to understand customer needs.
2. Communication: The ability of the service provider to prepare well for the customer service and address them in the language they understand.
3. Safety: The extent to which the service is free of hazards.

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4. Competence: The service provider has the skills and knowledge required to perform the service.

Application Side

The questionnaire was used as a main tool for collecting data on the sample of the study.

Sixty questionnaires were distributed on the sample and 57 forms were retrieved and 3 forms were excluded for incomplete answers. The remaining 54 forms included 30 questions related to seven dimensions of service quality. Likert Al-Khamasi and Kalati:

- The paragraphs that have achieved arithmetical averages greater than 4 reflect an excellent and high quality of the content of that paragraph
- Paragraphs that have achieved arithmetic averages ranging from 3 to 4 reflect a good reality for the content of that paragraph.
- Paragraphs that achieved arithmetical averages ranging from 2 to 3 reflect a low reality of the content of that paragraph.
- The paragraphs that achieved a mean of less than 2 mean the agreement of the sample of the research on the very low reality of the content of that paragraph.

The questionnaire included thirty questions distributed on the dimensions of quality of service as follows:

1. After the Almncioa questions 1-4
2. Reliability questions 5-9
3. Responding questions 10-13
4. Sympathy Questions 14-18
5. Safety Questions 19-22
6. Contact questions 23-26
7. Customer understanding Questions 27-30

Stability: The Vaccronbach scale was used to measure the internal consistency of (95.8%), which indicates a high level of internal consistency, noting that the value of laboratories accepted in scientific research is (60%). The results are presented by each dimension of quality of service provided by the Vocational Training Service.

Results of a variable analysis after the concrete, according to the answers of the sample.

Table 1. The computational environment, standard deviations, and coefficient of difference, the relative importance of variable terms after the concrete

NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
1	The rules and instructions are written simply and conceptually	26%	1.21	3.19
2	There are air conditioned, clean and comfortable waiting rooms	22%	1.25	2.70
3	The staff look neat and good	29%	0.74	3.57
4	The department uses modern equipments and equipment in carrying out its work	23%	1.00	2.78

The data of the results of Table Table (1) indicate the following:

(1) “The rules and instructions are written simply and conceptually” (3.19), which is higher than the mean mean of (3) and is confirmed by the standard deviation of (1.21) and the importance level of (26%). This indicates a good and positive level for the simplicity of the rules and instructions and to present them in a clear and understandable manner.

B – The mathematical mean of paragraph (2) “There are 2.50 waiting rooms in the vocational training department, which is less than the satisfactory mean of (3), with a standard deviation of (1.25) and with an importance level of 22% To the lack of waiting rooms air conditioned, clean and comfortable to the required level.”

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C – The arithmetical mean of paragraph (3) shows the workers to be "elegant and good" (3.57), which is higher than the mean means of (3) and is confirmed by the standard deviation of (0.74) and the importance level of (29%). High elegance and arrangement.

D – The mathematical mean of paragraph (4) "The Vocational Training Department uses modern equipment and equipment in the completion of its work" amounted to (2.70), which is less than the satisfactory mean of (3) and a standard deviation of (1) and a level of importance (23%), To not use the circuit equipment and modern equipment in the completion of its work.

Presenting the results of a variable analysis after reliability according to the answers of the research sample

Table 2. The computational environment, standard deviations, the difference factor, and the relative importance of variable terms after dependence

NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
5	Time is strictly taken into account when executing customer orders	16%	0.88	2.28
6	Customer rights are reserved by law	20%	1.23	2.80
7	Staff are very professional and skilled	21%	0.43	3.04
8	The department is committed to completing transactions in a short time	18%	1.00	2.48
9	Do you feel that there is a continuous improvement in the service provided in terms of simplification of procedures and speed of delivery	25%	0.90	3.56

The data in Table (2) indicate the following:

(2) The mean of paragraph (5) "The time is accurate when executing the customers' requests" for the reliability dimension (2.28), which is less than the satisfactory mean of (3) and the standard deviation of (0.88) and the importance level (16%). Implementing customers' requests and not taking the time into account.

B – The arithmetic means of paragraph (6) "Customer rights reserved under the law" for the reliability dimension of (2.80), which is less than the satisfactory mean of (3) and a standard deviation of (1.23) and the level of importance (20%). Somehow, they may be unsold by law.

C – The arithmetical mean of paragraph (7) "staff provide services professionally and highly skilled" for the reliability dimension of (3.04), which is higher than the satisfactory mean of (3) and is confirmed by the standard deviation of (0.90) and the level of significance (25%). And high skills of staff in providing their services to customers.

D – The computational mean of paragraph (8) "The department is committed to complete the transactions in a short wait time" for the reliability dimension of (2.48), which is less than the satisfactory mean of (3) and with a standard deviation of (1) and the importance level (18%). Waiting for completion of transactions.

E – The arithmetic mean of paragraph (9) "Do you feel that there is continuous improvement of the service provided in terms of simplification of procedures and speed of delivery" of the reliability dimension of (3.56), which is higher than the satisfactory mean of (3) and confirmed by the standard deviation of (0.43) 25% This indicates a continuous improvement in service provided.

3 – Presenting the results of a variable analysis after the response according to the answers of the research sample.

Table (3) shows the computational environment, standard deviations and the relative importance of variable expressions after response.

Table 3. Calculations, standard deviations and relative importance of variable after response

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NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
10	The department welcomes inquiries and inquiries from customers	26%	0.96	2.89
11	Employees respond quickly to customer demand despite work pressures	25%	1.00	2.72
12	The department attaches great importance to customer proposals	29%	1.21	3.22
13	Quick response to customer complaints	20%	0.87	2.26

Table 3 data refer to the following:

A – The mean of paragraph (10) "The department welcomes the inquiries and inquiries of customers" after the response was (2.89), which is slightly lower than the satisfactory mean of (3) and a standard deviation of (0.96) and the importance level (26%), The employees of the department welcome inquiries and inquiries from customers not to the required level.

B – The arithmetic means of paragraph (11) "Employees respond rapidly to customer demand despite work pressures" after the response was 2.72, which is slightly below the satisfactory mean of (3) and with a standard deviation of 1 and 25% To respond to employees to ask customers is not fast.

C – The arithmetic means of paragraph (12) "The department pays great attention to customer proposals" after the response was (3.22), which is higher than the satisfactory mean of (3) and a standard deviation of (1.21) and the importance level (29%). Customers received great attention from the department.

(13), the speed of responding to customers' complaints, after the response, was 2.26, which is lower than the satisfactory mean of (3), with a standard deviation of (0.87) and the importance level (20%). On customer complaints is weak.

Display the results of a variable analysis after empathy according to the answers of the research sample.

Table (4) shows the computation, standard deviations, and relative importance of variable expressions after empathy

Table 4. Computational and standard deviations and the relative importance of the variable after empathy

NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
14	The department staff is characterized by a friendly and friendly spirit in dealing with the customer	27%	0.76	3.63
15	Employees do not complain when customers ask too many or troublesome questions	23%	0.80	3.07
16	The workers who answer the phone are always attentive to the speaker's feelings	15%	1.00	2.06
17	Each customer receives personal attention from the department staff	14%	0.73	1.91
18	The workers deal with elegance, friendliness and respect with the customer	20%	1.20	2.63

The data in Table (4) indicate the following:

(15) "Employees do not complain when customers ask many or troublesome questions" to a variable after sympathy for the quality of service provided by the vocational training service. (3.63) and (3.07) respectively, higher than the mean mean of (3) and with a standard deviation of (0.76) and (0.80) respectively. The importance ratio was (27%) and (23%), Customers were higher than the other paragraphs of the distance of sympathy and these figures indicate that the workers in the circle are characterized by a high degree of excellent spirit of fun and friendship in the meeting They are with the customers do not seem any discomfort or complained to the large number of customer questions.

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(B) When reviewing the computational environment, standard deviations and the relative importance of the remaining paragraphs on the dimension of empathy, 16 "the workers who respond to the phone are always attentive to the speaker's feelings" and "17 each customer receives personal attention from the staff of the department" and (3), ranging between (1.91-2.63), with a standard deviation of (0.73-1.20) and a relative importance ranging between (14%-20%). Which indicates a low level of consideration for the feelings of the speakers of customers when answering the phone as well as low level of interest to the customer b Personal Subject to by the department staff with a low level of tact somewhat with respect to customer and this indicates the lack of agreement by a small percentage points of view sample from these paragraphs, compared with paragraphs Alokhrybad empathy.

4 – Display the results of a variable analysis after safety according to the answers of the research sample.

Table (5) shows the computational dynamics, standard deviations and the level of significance of variable expressions after safety.

Table 5. Calculations, standard deviations and the level of importance of the variable after safety

NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
19	Safety and safety devices are available in the department to ensure the safety of employees and customers when they are present	21%	0.86	2.85
20	The Department maintains confidentiality of customer information	24%	1.22	3.30
21	Employees shall enjoy personal safety in the performance of their duties	30%	0.58	4.04
22	Citizens feel safe and comfortable when they are in the circle	25%	1.42	3.48

Table 5 data refer to the following:

A) When reviewing the computational environment, standard deviations, and the relative importance of safety profiles, we found that all sub-variables were computationally higher than the mean mean of (3), ranging between (3.30-4.04) except paragraph (19) Safety and safety devices that ensure the safety of workers and customers when they are present, which was (2.85) less than the average satisfactory slightly, and in general, the answers indicate that there is satisfaction with the safety distance for the quality of services felt by the customer and the Department pays good attention to this dimension and significantly.

5 – Display the results of a variable analysis after contact according to the answers of the research sample

Table (6) shows the computational environment, standard deviations and relative importance of variable terms after contact.

Table 6. Calculations, standard deviations and relative importance of variable after contact

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NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
23	Employees can use more than one language when speaking with customers	14%	1.43	1.59
24	The department uses modern means of communication such as the Internet and others to exchange information with customers	31%	1.14	3.63
25	Customers receive the required response for all their inquiries	29%	0.48	3.33
26	The customer can access certain services through the use of various means of communication	27%	1.34	3.09

Table (6) indicates the following:

(24) "The department uses modern means of communication such as the Internet and others to exchange information with customers", 25 "customers receive the required response for all their inquiries" and (26) the customer can obtain some services through the use of (3.09-3.63), which is higher than the satisfactory mean of (3) and in harmony with the responses of the sample items confirmed by the standard deviation between (0.48-1.34) and the level of importance ranged from (27%-31%). This confirms the sample agreement on the importance of these paragraphs and their satisfaction.

B) When reviewing the computational and standard deviations of paragraph (23), "the staff can use more than one language when talking to clients" of the contact dimension, we found that the mean was less than the mean (3) and a rather high standard deviation (1.43) Due to the respondents' dissatisfaction and satisfaction with the use of more than one language when talking to customers. The sample did not receive the attention of the sample when the percentage of importance was low (14%) and achieved the lowest value among the other paragraphs of this dimension. In general, there is a somewhat acceptable satisfaction by customers to the paragraphs of this dimension.

6 – Presenting the results of a variable analysis after the customer understands according to the answers of the research sample.

Table (7) shows the computational environment, standard deviations and the relative importance of variable expressions after customer understanding.

Table 7. Calculations, standard deviations and relative importance of variable after customer understanding

NO	Paragraphs	Relative importance	standard deviation	Arithmetic mean
27	Employees can make changes to the required services easily	31%	0.75	3.31
28	The service is tailored to the customer's position	26%	1.16	2.78
29	Employees can meet the needs and desires of each customer individually	18%	1.10	1.87
30	Management is always the right of the customer	25%	0.77	2.59

The data in Table (7) indicate the following:

(A) The mathematical mean of paragraph (27) "Employees can make changes to the services required easily" for a variable after the customer's understanding of the quality of service provided by the vocational training service (3.31), which is higher than the satisfactory mean of (3) The sample was confirmed by the standard deviation (0.75), but the importance was the highest among the paragraphs after the customer's understanding (31%), indicating the high ability of the employees to make changes to the services required easily.

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(B) When reviewing the computational environment, standard deviations and the relative importance of the remaining paragraphs of the expressions of customer understanding dimension (28) "the service is commensurate with the customer's position" and (29) "employees can meet the needs and desires of each client individually" and (30) We found that these paragraphs were less than the average mean (3), ranging between (1.87-2.78) and the percentage of importance ranged between (18%-26%), which means that the agreement

The views of the sample items are largely related to the suitability of the services provided to the customer with his position and the employees in the department can not meet the needs and wishes of the customer Different customer and that the customer is not always right, and this indicates a decrease in the level of customer satisfaction for these paragraphs in this dimension.

Conclusions and Recommendations

This study reached a number of conclusions, the most important of which are:

1. The statistical analysis of the responses of the research sample to the quality of service provided by the vocational training department showed a good level of service for some of the juniors and some of the others. This indicates that the actual level of service provided meets the needs and desires in some aspects and does not meet these needs and desires in others. Encourages the development of positive services provided and attention to aspects of services whose quality has decreased to achieve the highest levels of satisfaction.
2. The safety dimension ranked first in the evaluation of the members of the research sample to the actual level of service provided to them by the Vocational Training Department. This reflects the great interest that the Department attaches to providing security and safety by providing safety devices and maintaining the confidentiality of information. His presence in the organization.

The tangible dimension was ranked second in the evaluation of the members of the research sample for the actual level of service provided to them by the Vocational Training Department. Which reflects the attention of the Department to the convenience of customers by providing all amenities in a clear and tangible by the customer.

The contact dimension ranked third, followed by reliability, response and follow-up. The customer's understanding was ranked last in the evaluation of the members of the research sample for the actual level of service provided to them by the vocational training department.

Which reflects the low level of service in these aspects and the low level, which reflects the customer's dissatisfaction with those services provided. By the Vocational Training Service.

Recommendations

From the findings of this study, we can provide a set of recommendations that we believe may be appropriate to enhance the performance levels of the vocational training department and to develop its business and improve quality in it:

1. the need to accelerate the use of modern technologies in the completion of work and rely on the possibilities of the Internet.
2. The need for the Department to review the process of completing transactions, which reduces the time required to complete them.
3. The necessity of interest of the company to involve staff in development courses related to their tasks to increase their expertise and skills.
4. To attract and employ the best talent through the use of scientific methods in the process of selecting individuals to fill the vacancies in the selection of young and

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competent elements capable of development and the use of modern technologies and keep pace with the development of work at the global level.

5. Development of administrative and technical elements through the inclusion of these elements in intensive specialized courses within and outside the department periodically and continuously focused on providing employees with expertise, knowledge and communication skills. And allowed some of them to complete their higher studies in order to provide young cadres able to manage the Department in the future.
6. the need to devote efforts towards customer satisfaction and continuous and constant search for his needs and desires by increasing interest in ongoing and periodic field surveys about customers and identify the services they desire and respond to them and to view complaints and work to solve them radically.
7. The Vocational Training Department shall make more efforts to take care of qualified employees and gain satisfaction in order to ensure their continued work by improving the living conditions, material and moral, and informing them that they are important figures.
8. The importance of spreading the role of the culture of quality and spreading it among the employees to accomplish their tasks at a level that meets the expectations of customers.
9. The need for the Vocational Training Department to hold seminars and intensify them by hosting the old employees with distinguished experience and listening to their opinions and suggestions and understanding their needs, desires and expectations about the level of service performance and work to meet them.

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SCIENTIFIC REVIEW

Methodical Features of Foreign Language Teaching to Linguistically Gifted Students of Non-Linguistic Specialties: Foreign Experience

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Abstract

The relevance of the problem under investigation is caused by the fact that the issue of gifted students' education is one of the most difficult and interesting aspects of contemporary Russian and foreign pedagogy. Nowadays working with gifted students appears as an important and priority educational policy worldwide. The analysis of the research literature shows that the problem of talented students is constantly attracts the attention of educators and psychologists. The purpose of the article is to reveal conditions and factors, forms and methods of development of gifted students' abilities including linguistically gifted students of non-linguistic specialties. The article gives a detailed analysis of classroom work, extracurricular activities and independent forms of work. The author focuses on the specifics of working with gifted students, as well as on the analysis of foreign associations' activities, projects and programs. The leading approach to the study of this problem is a method of historical and logical analysis of regulatory documents of foreign governments and research papers of leading scientists dealing with gifted education issues. The main result of the study is the identification of the forms for the learning organization that promote creative achievements of linguistically gifted students. The materials of the article can be used in different researches and will be interesting for a wide range of readers dealing with the problems of teacher training for work with gifted students.

Keywords: education, gifted students, teacher, teaching foreign language, learning, foreign language competence, linguistic abilities, international educational experience

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Introduction

The problem of giftedness constantly attracts the attention of educators and psychologists in the modern world. The education and development of gifted students is one of the most urgent problems of modern pedagogics. Today, the problem of teaching gifted students is directly related to the new conditions and requirements of a rapidly changing world. The new information society exposes new challenges to the education system, since intellect and

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creativity have become the main productive and creative force of civilization. It is obvious that in modern conditions it is necessary to solve the problem of the content improving of gifted students' education, which is aimed at developing of the creative individuality of students and which has a number of differences from the content of education for the majority of their "normal" peers. According to the domestic researcher R. Sagitova, "we have to restructure the content of education to solve the problem of the individualization of learning, not in words, but in practice" [1].

It is important to note that the gifted students' teaching implies, first of all, scientifically based teachers' training who are ready to solve a whole range of issues related to this field. It should be noted that teachers face a problem while identifying students with outstanding intellectual abilities: what and how to teach, how to improve their optimal development.

Undoubtedly, the success of teaching and developing of gifted students requires the teacher to have his own concept of activities aimed at the intellectual and creative development of such students. Also, the specificity of the teacher's work, who educates gifted students, imposes higher requirements to him/her than to the ordinary teacher. In this regard, it is important to note the fact that there are some problematic points in the education of gifted students: the weakness of the scientific and methodological support of teachers working with this category of students, the unpreparedness of teachers for the individualization of teaching, the psychological and pedagogical support of gifted students, and also helping their parents [2].

The analysis of the scientific literature has shown that the goal of education for all students is to provide conditions for the disclosure and development of all abilities and talents to implement them in their professional activities. But with regard to gifted students, this goal is particularly significant. It should be emphasized that it is these students who will solve the urgent problems of modern civilization. Thus, to maintain and develop the individuality of a gifted student, not to lose it, not to slow down the growth of his/her abilities is a particularly important task of gifted students' teaching [3].

Thus, the work with gifted students and the problem of teachers' training is regarded as one of the most important problem worldwide. From this point of view the experience of foreign developed countries is interesting and useful (The USA, The UK, Germany, France, etc.). The analysis of foreign literature has shown that the main components of professional and personal competence of teachers to work with gifted students are professional teachers' training, professional and personal position, professional and personal qualities. Moreover, the relevance of the study of international experience is determined by the fact that it has not only theoretical but also practical significance and it deserves serious attention at the present stage [4].

To investigate this problem, the author used methods of historical and logical analysis of updated scientific sources.

Methodological Framework

The objects of the investigation are:

1. to identify the forms of learning organization of gifted students' education in foreign countries;
2. to determine the levels of foreign language competence;
3. to define the forms and methods of development of gifted students' abilities including linguistically gifted students of non-linguistic specialties;
4. to study the international experience of working with gifted students to enhance the effectiveness of gifted students' education in conditions of the national education system.

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For confirmation of the hypothesis we need to turn into a variety of methods:

- the method of historical and logical analysis of regulatory documents of foreign governments and research papers of leading scientists connected with educational issues of gifted students' education;
- study and theoretical analysis and synthesis of social, political and psycho-pedagogical literature;
- analysis, comparison, synthesis and generalization of innovative foreign and domestic pedagogical experience;
- comparison of data of foreign and domestic research on this issue.

The fundamental works of foreign and Russian scientists in the field of pedagogy and psychology (J. Frimen (1999), D. Parker (2011), J. Renzulli (1982), E. Torrens (1995), V.I. Andreev (2010), D.B. Bogoyavlenskaya (2002), N.S. Leytes (2004), A.M. Matyushkin (1988), V.I. Panov (2007), A.I. Savenkov (2004), F.L. Ratner (2009), etc.) were the theoretical basis of the study.

Results

The Forms of Learning Organization of Gifted Students' Education in Foreign Countries

The experience of the organization of gifted students' teaching in different countries has been analyzed. It should be noted that there is a great interest of different countries in innovative forms of work with gifted students. Many developed countries, such as the United States, Great Britain, Germany and others, carry out a large number of studies in the field of gifted education. Also there could be mentioned the activity of educational associations such as National Association for Gifted Children (NAGC, Washington, DC), American Association for Gifted Children (North Carolina at Chapel Hill), the Association of American Colleges and Universities (Washington, DC), Parent Teacher Association, the American Psychological Association (Washington, DC), the Educational Research and Information Center (ERIC) in the United States, the National Association for the promotion of gifted students in Education (NACE) in the UK and others.

These organizations deal with a variety of aspects of gifted students' training:

- providing affordable education and creating programs to help poor gifted and talented students;
- development of standards for educational programs for gifted and talented students, as well as their improvement;
- dissemination of information about the characteristics of the gifted, their needs for training at the level of their abilities, which is necessary for the realization of their potential;
- identification of problems in the field of gifted students' education and making these issues widely discussed at the national or regional level;
- providing assistance and support to the gifted, their parents, teachers, researchers;
- initiation and support of special projects for working with gifted students (Vainer, Gali & Shakhnina, 2016).

Review and analysis of foreign literature have shown that national non-governmental associations that operate in almost all European countries play an important role in drawing the attention of governmental organizations and the general public. They are the initiators of the organization of special training programs for gifted students, training of pedagogical, psychological and administrative staff. They fulfill an independent expertise of the situation in gifted education and support different kinds of promoting innovation.

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Theoretical analysis of foreign education reveals a highly developed system of gifted students' education, starting from kindergarten up to the system of higher education.

The Levels of Foreign Language Competence

The interest of researchers in the study of foreign language competence is related to the transition of higher education from the qualification approach to the competency approach, with the reorientation of the educational result from the concepts of "knowledge/skills" to the concept "competence", with the transition from the qualification model of the specialist focused on the object and subject of work, to a competency-oriented specialist. The main conceptual ideas for using the competence approach in the process of professional training of future specialists are revealed in the works: V.I. Bidenko, A.A. Verbitsky (Bidenko, 2006; Verbitsky, 2009).

The analysis of the scientific literature on the research problem shows that the term "foreign language competence" is widely used with the synonymous term "foreign communicative competence". So, according to N.A. Proshyants, a foreign language competence is "the totality of sociocultural, linguistic knowledge, skills and abilities realized by the subject adequately to the communicative task in conditions of a foreign language environment. As a basic concept, foreign competence can be considered as a system of interacting elements, such as linguistic, linguocultural, sociocultural, professionally-foreign language, communicative competence" (Proshyants, 2010, pp. 34-35).

According to G.I. Bogin, N.I. Gez, the following levels of development of foreign language competence are distinguished, which reflect the linguistic components of the foreign language competence:

- the level of correctness (the ability of a person to use the available active vocabulary in combination with the correct application of elementary rules for word and form-usage of language units of a foreign language);
- the level of internalization (the communicant has a holistic view of the spoken expression);
- level of saturation (assumes a wide use of various language tools, the lack of primitive vocabulary and syntax);
- the level of adequate choice (confident possession of a variety of linguistic means in accordance with the context and with a specific situation);
- the level of adequate synthesis (reflects the development of a particular linguistic personality) (Bogin, 1984; Gez 1985).

J. Raven expanded this concept, including in its composition a number of components:

- linguistic (knowledge of vocabulary, phonetics, grammar and corresponding skills),
- sociolinguistic (reflects the socio-cultural conditions of language use),
- pragmatic (involves the implementation of the communicative function, the generation of speech acts) (Raven, 2002).

The analysis of scientific literature reveals that foreign language competence is considered by researchers as a complex, multicomponent education, with a professional orientation of foreign language competence of future specialists in the process of language training.

Speaking about the professional orientation of foreign language competence, it is necessary to highlight the components of foreign competence that determine the willingness and ability of the future specialist to solve typical problems and problems arising in professional situations with the use of knowledge of a foreign language:

- an operationally effective component (the ability to realize professional communication in a foreign language in the professional area);

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- the cognitive component (professional (tasks and goals of professional activity, ways of professional self-education with the help of a foreign language) and linguistic (phonetics, vocabulary, grammar, geography) knowledge acquired during the study of a foreign language);
- the motivational-valuable component (the degree of representation of professionally significant motives and values to the study of a foreign language);
- reflexive component (ability of self-analysis, self-assessment in the process of foreign-language professionally oriented communication);
- emotional-volitional component (ability to self-regulation in the professional activity sphere and foreign professional communication, ability to overcome the psychological barrier in foreign-language communication) (Galustyan, 2008).

Thus, the foreign language competence of linguistically gifted students is such integrative personal and professional education that determines the ability and readiness of the student for a creative solution of practice-oriented and information-communicative tasks in the field of professional activity and foreign-language professionally oriented communication. According to V.M. Panfilova, the following structural components are distinguished:

- linguistic (knowledge of vocabulary, grammar, phonetics, orthography);
- discursive (ability of logical organization of speech and written texts);
- conversational (ability to speak coherently, without tension, at a natural pace, without long pauses to search for linguistic forms while receiving and transmitting professional information);
- pragmatic (the ability to convey communicative content in accordance with the social context);
- informational-technological (ability to search foreign-language professionally relevant information from various sources, to use productively foreign information resources in the process of professional activity);
- strategic (ability to use verbal and non-verbal professionally communicative strategies to compensate for missing knowledge in conditions of real language communication);
- sociocultural (knowledge of the socio-cultural context of the language used, the ability to build a foreign professional communication being adequate to these features);
- personal-creative (the ability to improve the level of foreign language skills, the ability to self- development in the process of independent creative activity) (Panfilova, 2015).

In this connection, it should be noted that nowadays foreign language teachers tend to use new approaches in the teaching of linguistically gifted students of non-linguistic specialties based on a communicative and personal-activity approach.

The Forms and Methods of Learning Linguistically Gifted Students

Speaking of linguistically gifted students, it should be noted that educational and professional foreign language activities aimed at the formation of foreign language competence of linguistically gifted students can be realized both in classroom and in extracurricular forms of education. The classroom work for linguistically gifted students includes active group-based forms of learning combined with individual research activities, such as projects, role-playing games, work with electronic dictionaries, work with Internet resources, work in phonolaboratories, presentations, competitions, quizzes, web quests, problem situations, discussions. Interactive forms allow us to organize active interaction of all participants of the educational process, exchange of authentic professionally important information in a foreign language and acquire skills of professional communication, during

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which improves the skills of unprepared speech, the ability to listen to the other opinion, to suggest solutions to the problem and develop instructions for new creative assignments (Fakhrutdinova & Nurkhamitov, 2016). Integration of forms and methods of work leads to the simultaneous development of various types of speech activity: speaking, reading, writing and listening. This ensures the solution of communicative tasks of the use of grammatical and lexical forms, which makes it possible to master linguistic material and speech activity, and to develop various types of foreign language competence.

The most interesting tasks for linguistically gifted students are considered the method of "round table" and discussions, as these methods are a kind of dialogue, which includes the principle of collective discussion of the problem, the ability to combine elements of evidence and beliefs in the discussion. The student learns to express accurately his/her thoughts in the discussion, to defend actively his/her point of view in the reports and speeches, reasonably express or refute the opponent's erroneous position.

Extra-curricular forms of teaching that ensure the formation of foreign language competence are realized through creative and intellectual competitions and scientific-practical conferences.

Special attention should be paid to the organization of independent work of students that is an important condition in the process of forming foreign language competence of linguistically gifted students. The independent work of students is such educational and professional activities that are aimed at solving practical-oriented and research tasks for mastering foreign competence through the implementation of specific study assignments under the guidance of the teacher. The independent work of linguistically gifted students includes the following forms of work: creative and research projects, blitz surveys, essays, making presentations and reports on professionally-oriented topics in practical classes, educational Internet resources, participation in forums and electronic seminars, training projects.

Practice shows that the formation of foreign language competence of linguistically gifted students is largely determined by how to build the learning process, with the help of what forms and methods to involve students in educational and professional foreign-language activity. The content, forms and methods of work should provide an optimal educational space for active, free and creative self-development of linguistically gifted students, ensuring the variability and openness of the educational process, which allows the students the freedom to choose educational and professional foreign language activities.

Conclusion

In conclusion, it should be noted that many problems of teaching and developing gifted students are common for many countries and require close attention and interaction of the entire pedagogical community, personal growth of teachers, constantly updated knowledge in the field of gifted psychology and education. Considering the practical impossibility of involving of all students with actual and hidden talent for training under special programs, it is necessary to train teachers to work with gifted students in the conditions of the usual group.

This, in turn, assumes the teacher's knowledge of the principles of developmental learning, including the possession of special skills in applying differentiated programs for gifted students, as well as the possession of non-traditional forms and ways of working in the classroom. Having analyzed the works of domestic and foreign researches it can be concluded that the teaching of gifted students should be guided by a high level of abstract and problematic thinking, creative activity and taking into account the interests and hobbies of gifted students.

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SCIENTIFIC REVIEW

Development of Social Infrastructure in the Russian Regions

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Abstract

The paper describes the study of the social infrastructure state in some Russian regions.

Currently, social infrastructure is considered as a factor in the development of society and the economy of a territory. It is focused, on the one hand, on meeting the needs of an individual in education, maintaining health, comfortable living, and on the other, on solving socially significant problems related to the development of human capital, modernization of production, increasing labor productivity, attracting investment in the region's economy and etc. In this regard, the study of a territory infrastructure by the example of Russian regions seems relevant at the moment. Through the use of a group of methods (integral evaluation, ranking, classification, etc.) an assessment was carried out and analysis of social infrastructure and its individual sectors (preschool, school, and vocational training; health, science, housing and communal services) in some regions of Russia was performed. According to the results of the study, three groups of regions were identified with high, satisfactory and low levels of social infrastructure development. For each group of regions, tools were proposed that could improve the state of social infrastructure for the benefit of the population, including public-private partnerships in implementing infrastructure projects.

Keywords: social infrastructure, region, education, healthcare, science, housing and communal services, a public-private partnership

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Introduction

In the modern world, the main engine of progress is a man with his knowledge and abilities. In this regard, currently the most relevant is the formation for him of most comfortable conditions in which he would be able to develop himself and improve the world around him. The main place in such conditions is occupied by social infrastructure. It is focused, on the one hand, on meeting the needs of an individual in education, maintaining health, comfortable living, and on the other, on solving socially significant problems related to the development of human capital, increasing labour productivity, attracting investments, etc. This proves the relevance and practical significance of the study of social infrastructure development.

If we turn to the situation in Russia, it can be noted that the level of development of regions in the Russian Federation differs considerably from each other. This gives rise to serious regional differentiation in social infrastructure, which affects the development of the entire state. In this regard, it seems appropriate to consider the experience of the development

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of social objects at the regional level. Such a study will allow us to compare the experience of different regions, as well as offer practical recommendations for their elimination.

The relevance of the chosen topic proves the interest of other authors in it. The issues of the influence of social infrastructure on the life of the population and the use of various mechanisms for its development are more and more often considered in scientific papers. So, Y. Cui and Y. Sun conduct a study of the impact of social infrastructure on the development of the territory and society. As part of their work, the authors study three aspects of the impact: on the economy, on the health of citizens, and the development of the territory [1]. P. Braveman and L. Gottlieb consider the impact of socio-economic conditions, which include social infrastructure, on human health and their life expectancy [2]. L.J. Kolbe also considers the impact of social conditions on health but pays attention not to society as a whole, but only to schoolchildren [3]. It should be noted that while traditionally the main attention was paid to such fundamental branches of social infrastructure like education and healthcare, now some authors are focusing on newer infrastructure and electronic technologies that increase the population's access to necessary goods [4, 5]. The importance of social infrastructure is also recognized by politicians. For example, this is evidenced by China's policy, where a rural infrastructure development program has been adopted for rural development. Zou, H., Luan, F., Xi, H., Yang, B. write about this in their scientific work [6].

As for the mechanisms of social infrastructure development, the most interesting for study are the mechanisms of attracting private capital in this area, including public-private partnerships, social entrepreneurship, and attracting foreign investment in infrastructure projects [7, 8, 9, 10].

Two indicated aspects are also mentioned within the framework of this paper. The analysis of the most important sectors of the social infrastructure for the population, which determine the level, quality, and comfort of the life of the population in the Russian regions, was carried out. The issue of using various mechanisms for attracting private capital to infrastructure projects in the regions of the Russian Federation is also raised.

Methodology

The analysis of the social infrastructure development in several regions of Russia was carried out based on a group of methods: the mathematical method, integral assessment and ranking according to its results, and also classification. The study was carried out in several stages.

At the first stage, statistics were collected on the development of the social sphere in some regions. More than 20 indicators were distinguished and divided into 5 thematic blocks:

- Pre-school and school education (the number of kindergartens, the number of children in them, utilized capacity of schools, etc.),
- Vocational education (the number of secondary and higher professional educational organizations and the number of their pupils);
- Science (the number of scientific organizations, the amount of investment in scientific development, etc.),
- Healthcare (the number of hospitals, the number of doctors in them, their workload, etc.),
- Housing and communal services (housing conditions, cost of utilities, etc.).

Further, information on these indicators was reduced to a single normalized form based on the following mathematical calculations:

$$R = (Xi - X\,min) / (Xmax - Xmin),$$

if the highest value of the indicator is better, or

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$$R = (Xmax - Xi) / (Xmax - Xmin),$$

if the minimum value is better. Here, Xi is the value of the indicator in the region in the specified year, Xmin and Xmax are the minimum and maximum values of the indicator among the estimated regions. As a result of linear scaling, all calculated values fell in the interval [0; 1]. Such calculations made it possible to carry out an integral assessment of regions in the future due to summarizing normalized indicators.

The regions were ranked on the basis of a total assessment calculated as the sum of the estimates for all the thematic blocks. In turn, the estimate for each of the blocks was calculated as the arithmetic average estimate.

The regions were ranked from 1 – the best assessment of the development of the social sphere, 14 – the worst. According to the ranking results of the regions, as well as based on a comparison of the estimates of the blocks and regions, the regions of the Russian Federation were classified according to the level of their social infrastructure development.

Results

Based on the statistical data for 2018, regional estimates for each thematic block and a general integrated assessment of the regions were calculated according to the selected indicators and blocks of the social sphere [11]. According to the results of calculations, a rating position was assigned to each region. The indicated information is shown in table 1.

Table 1. The results of the assessment of the development of the social sphere in the regions of the Russian Federation

	Preschool and school education	Professional education	Science	Health care	Housing and Utilities	Total	Ranking place
Republic of Bashkortostan	0.59	0.77	0.27	0.58	0.77	2.98	3
Mari El Republic	0.25	0.00	0.00	0.28	0.29	0.82	14
Republic of Mordovia	0.32	0.04	0,03	0.48	0.20	1,07	13
Republic of Tatarstan	0.73	0.97	0.45	0.28	0.75	3.18	2
Udmurtia	0.33	0.25	0.09	0.56	0.08	1.3	12
Chuvash Republic	0.47	0.10	0.08	0.54	0.25	1.43	10
Perm region	0.36	0.46	0.29	0.67	0.27	2.05	6
Kirov region	0.33	0.16	0,07	0.58	0.30	1.44	9
Nizhny Novgorod region	0.63	0.56	0.92	0.74	0.59	3.44	1
Orenburg region	0.41	0.26	0.09	0.58	0.36	1.7	7
Penza region	0.24	0.08	0.10	0.40	0.49	1.31	11
Samara region	0.32	0.66	0.28	0.53	0.73	2.52	4
Saratov region	0.47	0.38	0.21	0.90	0.43	2,39	5
Ulyanovsk region	0.27	0.14	0.17	0.41	0.53	1,52	8

We can draw several conclusions based on the information given in the table.

Firstly, the integral assessments of the subjects of the Russian Federation differ significantly from each other. This indicates a significant difference between the regions in terms of the development of social infrastructure facilities. It is interesting to consider a similar scatter of the maximum and minimum estimates for each block. This indicator varies by industry. In the course of analysis, the following regularity of the scatter of estimates in different blocks was revealed. Two factors were identified that affect the difference in estimates: first, the mandatory provision of a public benefit, and secondly, the degree of competition and the development of the private sector in the social sphere. So, for example, in

the Russian Federation, it is guaranteed accessibility and a free school and preschool education. The private sector is a little involved. In connection with this, the difference between the maximum and minimum ratings here is 0.48 points. On the contrary, vocational education is provided at the request of citizens on a competitive basis. In the vocational education market, there are many not only the state but also private organizations. Therefore, there is extremely strong competition in this area. In this regard, the spread of estimates is already 0.97 points.

The indicated pattern is also reflected in the position of regions in the ranking. High assessment of regions in such blocks as education, health care, housing and public utilities (in which services are provided necessarily, and competition in the market is low), does not allow them to form competitive advantages. In this regard, the position of these regions in the ranking is lower. This affects the general level of development of the region. Those entities that form an advantage in science or the field of vocational education have a higher position in the overall ranking. This is proved by the Nizhny Novgorod region, Tatarstan and Bashkortostan, which occupy the first three places in the ranking. The development level of these industries is high not only due to the formation of competitive advantages of the regions. Due to competition and private investment, these industries are developing more rapidly. This provides a more dynamic socioeconomic development of the regions.

The second group of conclusions concerns the state of different industries within each of the entities. To more clearly reflect these findings, a diagram was drawn up on the basis of the table (Figure 1). This diagram allows us to assess the range of estimates for each region.

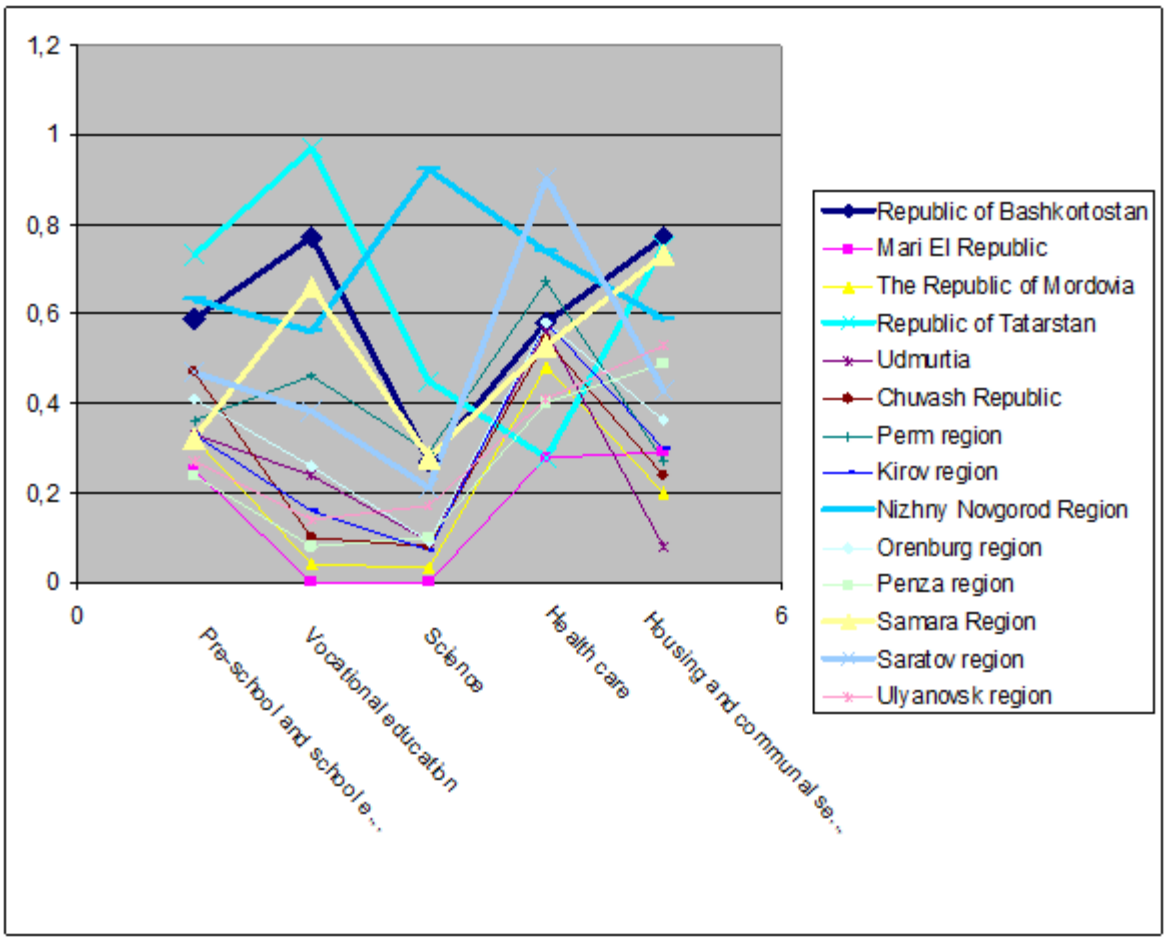

Fig. 1. The social sector development in the regions of the Russian Federation

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The diagram shows that each region is characterized by a difference in estimates for different blocks. Information on the scatter in the estimates of each individual region is presented in table 2.

Table 2. The ratio of assessments for regions of the Russian Federation

	The place of the region in the ranking	Maximum region rating by the block	Minimum assessment of the region by the block	Scatter of the maximum and minimum estimates of the region
Nizhny Novgorod region	1	0.92	0.56	0.36
Republic of Tatarstan	2	0.97	0.28	0.69
Republic of Bashkortostan	3	0.77	0.27	0.5
Samara region	4	0.73	0.28	0.45
Saratov region	5	0.9	0.21	***0,69***
Perm region	6	0.67	0.27	0.4
Orenburg region	7	0.58	0.09	0.49
Ulyanovsk region	8	0.56	0.17	0.39
Kirov region	9	0.58	0,07	***0.51***
Chuvash Republic	10	0.54	0.08	0.46
Penza region	11	0.49	0.1	0.39
Udmurtia	12	0.56	0.08	0.48
Republic of Mordovia	13	0.48	0,03	0.45
Mari El Republic	14	0.29	0	0.29

Based on the scatter of estimates in each region, it is possible to classify the regions according to the level of development of social infrastructure.

So, it was found that the scatter of estimates in each of the groups is descending. That is, the region with the highest position in the group will have the largest spread, while for the rest it will gradually decrease. Thus, if the regions are assessed sequentially from the region with the highest rating to the region with the lowest rating, then the boundary between the groups of regions will be a jump in the difference between the highest and the lowest ratings. Table 2 shows that such jumps occur when assessing the Saratov region (5^{th} place in the rating) and Kirov region (9^{th} place in the rating). This allows us to select the following groups:

Regions with a high level of development of social infrastructure – places No. 1-4 in the ranking: Nizhny Novgorod and Samara regions, Tatarstan and Bashkortostan;

Regions with a satisfactory level of social infrastructure development – places No. 5-8 in the ranking: Saratov, Orenburg, Ulyanovsk regions and Perm Territory;

Regions with a low level of development of social infrastructure - places No. 9-14: Kirov and Penza regions, Mordovia, Chuvashia, Udmurtia, Mari El.

The first group includes regions that have formed their own competitive advantages. For example, Tatarstan is significantly ahead of other regions in terms of the development of vocational education, and Nizhny Novgorod region in terms of the development of science.

These advantages allow regions to maintain a high overall level of development of social infrastructure, despite failures in the development of some industries.

Regarding the second group of regions, the following can be noted. The level of their maximum rating is found at an average level of 0.5, which makes it impossible to overcome competition with some regions and to rise higher in the rating.

The regions in the third group have no “points of growth”, i.e., the strengths of the social infrastructure, so their maximum scores are below 0.5 on average. Because of this, the position of these regions in the ranking is lower than that of the others.

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Conclusions

As a result of the analysis, it was found that the study of the social infrastructure should be carried out both in the sectoral and in the territorial aspects. A comparison of different branches of social infrastructure made it possible to identify some patterns that predetermine the degree of development. The study of individual territories (regions of the Russian Federation) made it possible to determine the level of development of social infrastructure in them, as well as to rank and classify them. Three groups of regions were identified. Each of the groups is characterized by certain trends in the development of the social sphere, which should be taken into account when conducting public policy.

Conclusions on the state of social infrastructure in the regions made it possible to identify some tools for its further development.

Thus, in the course of the analysis, it was found that the most dynamically developing sectors of the social sphere are those in which competition is developed thanks to the participation of private business. When assessing the development of such industries, regional indicators become more diverse. This increases the differentiation of regions and allows some of them to form a more developed social infrastructure. In this regard, measures are proposed that stimulate the development of the private sector in the social sphere. This can be facilitated by a tool such as public-private partnerships (PPPs). This mechanism will allow creating and maintaining social facilities. At the same time, the financial and administrative burden on the governing bodies of the region where the public-private partnership is highly developed will become less. This mechanism is relatively little used in the social sphere in the Russian Federation now, but abroad it has already shown its effectiveness.

The second group of tools is associated with the development of related industries. For example, in healthcare, private sector development can be facilitated by the development of a voluntary health insurance system. Buying a medical insurance policy will allow medical care to receive in private clinics. Due to this, the frequency of citizens' visits to non-state clinics can increase, as well as the interest of private business in investing in this industry. In the field of education, such an instrument can be educational loans or grant programs to support talented young people, and for science, it could obtain the form of venture funds and venture capital investments.

The third tool to increase the attractiveness of the social sphere for private investment is to increase incomes and solvency of the population. The demand for the services of commercial organizations in the social sphere depends on these indicators. The growth in demand for commercial services will stimulate the growth of supply in the social sectors.

The use of these tools should be coupled with the classification of regions. For regions with a high level of development, measures aimed at increasing the demand for private social services will be more priority. The level of development of social infrastructure in these regions is already quite high. In this regard, it is further advisable to increase the demand not only for free public services but also for better paid private services.

For regions with a satisfactory level of development of the social sphere, it is advisable to develop such tools as voluntary medical insurance, venture capital investments, grant support for youth, educational loans, etc. This will increase the demand for private services in the social sphere and make this segment of the social sphere more interesting for creating new private organizations.

For the third group of regions with low social development, active use of PPP is proposed, which will allow creating new social facilities without increasing the budget burden. This is extremely important for the regions of this group since their level of socio-economic development is lower than in other groups, that is, there is still little potential for the application of other proposed tools.

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Thus, the tools and their application in individual constituent entities should contribute to the development of the social sphere in the regions of the Russian Federation.

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PART V
MARKETING

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SCIENTIFIC REVIEW

The Importance of Modern Pharmacy Marketing to Conquer New Markets Through Electronic Pharmacy

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Abstract

The role of pharmacies has changed during the last decades of the 20th century within both the societal and medical spheres. From a place manufacturing medicine, to procurement and distribution of medicine, pharmacies became modern medical facilities that participate in the medical system and retail pharmaceutical market. The duality of the role of pharmacy requires adjustments to the demands of healthcare policies and contemporary market principles. The implementation of contemporary business practices, such as marketing, was mostly absent until recently. This research focuses on the use of internet for pharmaceutical marketing and the possible application of online pharmacies in Republika Srpska. Pharmaceutical workers, the respondents of the questionnaire, point to the possibilities that the implementation of online business presents and all the strengths and weaknesses of such a manner of operation.

From this, it is concluded that the implementation of electronic pharmacies would lead to the improvement of economic results for pharmaceutical establishments within Republika Srpska and BiH.

Keywords: pharmacy, online pharmacy, marketing, new markets, electronic trade, promotion

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Introduction

Pharmaceutical business is of general and specific social interest, because it directly contributes to the betterment and protection of people's health. It encompasses production, control, distribution, prescription and sale of pharmaceutical products, but it also offers different healthcare services that are aimed at bettering the quality of lives for the general public. Accordingly, pharmaceutical marketing encompasses both general and specific knowledge related to products of services in the spheres of medicine, therapy and health betterment. Thus, the concepts of pharmaceutical products marketing and pharmaceutical services marketing are regarded as separate, when in reality they indivisible.

The main hypothesis of the research: Use of digital marketing and contemporary forms of electronic business in pharmacy would greatly benefit the turnover of products in pharmacies in Republika Srpska. The aim of this research is, on the basis of domestic and foreign references and the discoveries that came through them, to inform the public about different technologies and models of e-trade in pharmacy, and to determine the importance of electronic marketing and the implementation of electronic models of business for the advancement of pharmaceutical business. The social aim of this research is to offer new

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information and discoveries to all those who are employed in pharmaceutics and wish to involve themselves in electronic trade and marketing, so that their pharmacy could be competitive on the market. The results of the research will confirm the importance of new technologies in pharmaceutics for the improvement of business transactions and making pharmaceutical products more available. A survey was conducted on the territory of Republika Srpska during the month of September, 2019. The information about the attitude of employees in the pharmaceutical business was collected using a questionnaire in one hundred pharmacies the territory of Republika Srpska, where the respondents had the ability to state their views on the importance of implementing forms of electronic business in pharmacy. The questionnaire was distributed both by hand and by email to one hundred and eighty respondents, of which one hundred answered. The questionnaire is made up of nine questions, three of which relate to general characteristics of the respondents, while six of them pertain to the subject and the hypothesis of the research. The research was conducted using a survey questionnaire. During the research, the methods of synthesis, analysis and description were used. The research was comprised of a stratified sample of one hundred respondents on the territory of Republika Srpska, and was conducted during the month of September, 2019. It is expected that the research will confirm the hypothesis, to prove that the electronic business method would improve the work of pharmacies and that this method would make the products more available to the general public which would lead to the increase in profit.

Literature Review

Pharmaceutical marketing is a very intensive discipline which encompasses both general and specific knowledge of marketing and business activities connected to the product/service in the sphere of medicine, therapy, improvement of the health of patients/citizens/buyers, with profits going to the society and organization which provides the product/service (economy and healthcare).

With the adequate infrastructure for e-business, technology is a second major prerequisite for the realization of efficient e-business activities and operations in pharmacy. In a contemporary environment, every company is faced with dynamic conditions of business and greater requirements for information systems that can fill the unexpected needs of managers for new information [1]. There is no ideal technology, that is, there exist no technology that gives the best results in every organization and every business situation [2]. Electronic pharmacy can be defined as a process of buying, selling, transfer or exchange of pharmaceutical products, services or information on a computer network, including the internet [3]. Distribution of prescribed pharmaceutical products on the internet poses serious legal and regulatory questions, including which methods the governments, agencies or organizations will use to oversee and regulate such activities [4]. Online distribution of medicine is globally increasingly present, and its results will be quantifiable in the coming decades. Current experience points to the lack of professional oversight of the distribution of "for health" products, which has led to numerous life-threatening consequences [5].

Nevertheless, the trend towards more liberal markets has made an impact on the pharmaceutical market as well. In BiH, only pharmacies have the license to sell medicine. Significant advancements were made in regards to availability and variety of services, mostly through the use of the advancements of information technology.

Pharmaceutical marketing is specific in that medicine and medical products have a specific use and are not available to everyone, but only to those who have a doctor's prescription or are advised by their pharmacist [6]. At the same time, these products are responsible for people's health, thus they are subject to a strict and special legislation on their way to the market, starting from regulation during manufacturing, quality control, distribution, a

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premarketing phase, registration procedure – marketing license to the post-marketing phase of tracking the medicine. There is an emphasis on social responsibility because the pharmaceutical industry is a part of the healthcare system, and the goal of making a profit is intrinsically linked to the economic power of the population and the health insurance system.

Advertising OTC medicine should encourage rational use of the medicine, presenting it objectively and without the overemphasizing its properties, and should not be wrong or misinforming. Here, OTC products are available in public pharmacies, so the pharmacist is the primary promoter of this kind of medicine to the population that is asking them for advice and medicine for milder aliments. In European countries and the rest of the world, however, this type of medicine is allowed to be sold outside of pharmacies, in places such as supermarkets or gas stations, so they are available to the general population without any oversight. Erroneous use of medicine, a large number of interactions (particularly of herbal products with conventional medicine, which are often overlooked), manifestation of side effects, create a sick nation. Medicine must stay in pharmacies, even if it is a herbal medicine, or a multivitamin products in effervescent pills (it is not a substance like juice, that can be drank without limit), because only highly educated individuals, such as the staff of pharmacies, can give the public correct information as to how, how long and in what combination with other products can the medicine be used.

Research Results and Discussion

Out of 100 respondents that answered the questions, 70% were female while 30% were male. As far as qualification is concerned, 61% of respondents have a university degree, while 39% have a high school degree. Within Table 1., the first column represents questions to which the respondents gave answers to, while the rest are their responses. For transparency, answers to the last two questions were marked with letters a-d (A-D) in concurrence with Likert scale:

a) I consider myself very informed
b) I consider myself averagely informed
c) I consider myself not informed enough
d) I consider myself unaware

A) I have no possibility of quality control
B) I cannot get a refund
C) The delivery is slow
D) Safety systems are inadequate

Table 1. Respondents answers

Question	YES	NO		
Have you heard about the purchase of pharmaceutical products on the internet?	99%	1%		
Do you consider online purchases to be better than going to the pharmacy?	13%	87%		
Do you shop over the internet?	64%	36%		
If it were possible, would you buy medicine over the internet?	65%	11%	*after consulting a pharmacist 24%	
Do you consider yourself informed about the potentials, advantages and disadvantages of online purchasing of pharmaceutical products?	a: 18%	b: 29%	c: 26%	d: 27%
What do you consider to be the main drawback of online purchasing of pharmaceutical products?	A: 32%	B: 24%	C: 25%	D: 19%

Source: Author's calculation

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From all of the respondents, 99% of them have heard about online purchasing, while 1% did not. Also, 13% said that that purchasing on the internet is better, while 87% said that it is not. Answering the question whether they shop for regular non-pharmaceutical products online, 64% of respondents said that they do, while 36% said that they do not. This illustrates that there is potential for the growth of online sales, as well as the growing influence of globalization on the "e-market". If it were possible, with regards to the current legislation in Republika Srpska, 65% of respondents said that they would buy medicine online, but only after consulting a pharmacist, while 24% said that they would not buy medicine online. From all of the respondents, 18% said that they are completely unaware of the possibilities, advantages and disadvantages of online purchasing, 27% said that they are very informed, 26% said that they are averagely informed, while 29% said that they are not informed enough about the possibilities, advantages and disadvantages of online purchasing of pharmaceutical products. When asked about the main drawbacks of online purchasing of pharmaceutical products, 32% of the respondents said it is a lack of adequate security systems, 25% said the inability to get a refund, 24% said slow delivery, and 19% said the inability to check the quality of the products. Linking the results with the hypothesis it can be concluded that the hypothesis is confirmed, because the results show that most of the respondents, who are pharmaceutical workers themselves, would buy medicine on the internet, rather than going to the pharmacy. Although, it is important to note that all of them consider that a consultation with a pharmacist is necessary. It is without a doubt that online purchasing has its advantages, but also disadvantages, that the respondents were keen on emphasizing.

Conclusion

Research shows a decrease in the number of active web locations of internet pharmacies, the exchange of medical information is usually inefficient; information about medicine is not properly displayed and the contents of instructions are usually incomplete. Many network operators have been defined as illegal internet pharmacies, but among them were no legitimate internet pharmacies [7]. In a research that did a cross-section study of 275 web locations in English, found using Google.com and AltaVista.com for "prescription drugs", it was concluded that internet pharmacies that sell prescription medicine could be categorized into four kinds: (1) legal pharmacies; (2) subscription pharmacies; (3) lifestyle pharmacies; (4) pharmacies without prescription [8]. Evidence point to the fact that the customers are potentially exposed to risks when buying medicine online. Results also show that a great number of web locations sold medicine that they should not have, and that less than a quarter of all were regular online pharmacies. 80 web locations were ready to sell medication without prescription [9]. All of this points to serious problems that can arise during the implementation of electronic pharmacies, so a certain amount of distrust towards online pharmaceutical services is understandable. It, perhaps, is also a justified reason why the law in Bosnia and Herzegovina does not allow the sales of medicine on the internet. On the other hand, the positive effects of online sales of medicine has on pharmaceutical business, are justified economically.

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