

EDUCATION IN ECONOMIC DEVELOPMENT OF WESTERN BALKANS - ANALYSIS OF STRATEGIC APPROACHES

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Summary

The countries of the Western Balkans have common socio-economic goals – EU integration and achieving knowledge based economies. Their strategic plans are essential tools for the realization of that future for the region. Taking into account the role of education in macroeconomic development, this paper seeks to answer the issues of the quality of their strategic priorities and objectives pertaining to education; how consistent they are with the requirements of economic development, and to what extent these priorities are valuable and applicable. Comparison of the evidence of the state of education and competitiveness with the priorities and objectives defined in the strategic documents of economic and educational development, shows that planning is based more on the ideas of the EU education area and less on local circumstances and thus cannot be a successful tool for economic development. Finally, the author makes proposals for changing the priorities in the strategic approaches to development. The main recommendation is that if Western Balkans intend to produce skilled human resources, these states will have to create and implement detailed human capital strategies based on the attributes and needs of the most numerous conglomerate of the working population, along with medium-term economic development plans.

Key words: Western Balkans, strategic planning, education, economic development, EU.

1. INTRODUCTION

Western Balkan countries make a group of seven countries in South East Europe that intend to but have not yet joined the EU: Albania and the successor states of former Yugoslavia: Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and

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Serbia.² After 2000, the EU became more engaged in the region, and as Bartlett (2009) pointed out, the Europeanization of policy and economic strategy began to replace independent national economic development programmes. He considered two feasible development paths of the region: a high technology path and a low technology path. Along the first path, growth of human capital may lead to the recovery and growth catch-up with the EU economic average. Along the second path, deindustrialization and mass unemployment is prolonged, leading to deskilling and loss of human capital through the emigration of skilled workers. The countries of the region have made strategies that should lead to macroeconomic development aimed at achieving a high technology path. They have also produced a variety of strategic papers in the field of education, which should offer support to the economic development in the field of human capital.

However, although any strategy should take into account the external environment, it should not be imposed from the outside and created according to external demands, but should reflect the specifics of the society and economy to which it is intended, or else it remains without results, paper without real meaning and values.

Bearing that in mind, we have made an effort to analyze the state of education in the Western Balkans (hereinafter: the region) and then to compare the obtained results with the objectives and priorities pertaining to education in their economic development strategic papers and also with the priorities defined in the educational development documents. The goal is to make conclusions about the quality of strategic planning of macroeconomic development with respect to the role of education – namely, to what extent economic development strategies of the countries in the region target relevant internal educational resources and capacities and choose appropriate priorities?

The frame for the analysis of strategic documents is the concept of quality: specifically, we intend to seek the answers to questions of how well strategic educational priorities and objectives comply with the set of macroeconomic development requirements, and to what extent these priorities are worthwhile and applicable. We estimate that such an analysis is important for the region's policy makers and professionals in the field of economic development and education. The results of the analysis will also contribute to a deeper understanding of EU's intervention influence in the regional educational policies, progress, and challenges, including potential areas of special importance in need of further support.

2. THE ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT

Hirst and Peters insisted that “education” has always been a normative concept, from which they concluded: “That is why there is a lot of talk about the aims of education: for in formulating aims of education we are attempting to specify more precisely

² (Former) Serbian province Kosovo is currently partly recognized as a state by the European Union members

what qualities ... we think it most desirable to develop" (1970: 16). Politicians, philosophers, professionals and researchers have contemplated about various qualities which education should develop, and there is consensus that modern education has got multiple aims: to provide individuals with opportunity, enlightenment and knowledge (beyond work/occupation), provide the engine for economic growth and provide a workforce with necessary basic 'academic' skills (Wolf, 2002), contribute to society and fulfil civic responsibilities, fulfil personal talents and carry tradition forward (Trilling and Hood, 2001).

Education is a category of public expenditure for which all empirical research confirms the positive correlation with economic growth (Babić, 2005) because it improves the skills and productive capacities of the labour force (Schultz, 1961; Denison, 1962). Generally known example of promoting economic development through educational improvements is Finland, which is at the top of world competitiveness, thanks to, in the first place, abundant investment in education projects (Andronov and Stoyanov, 2004). Ozturk (2001) concluded that a more skilled population almost certainly, including both a broadly educated population and a cadre of top performers, results in stronger economic performance for nations.

Hanushek and Wosmann (2007) documented that the quality of human resources, as measured by assessment scores of learning achievements, is closely related to productivity and economic growth. Educational quality has powerful effects on individual earnings, on the distribution of income, and on economic growth. They also pointed out that ignorance of the quality of education limits economic growth.

The level of formal educational qualifications in the population is normally used as an indicator of the stock of human capital and skills available in the population and labour force. Among regional researchers Škare (2001) has shown that human capital in Croatia positively and strongly affected growth, i.e., it has the greatest impact on economic growth compared to traditional growth factors. However, recent researches have indicated that the relationship between educational attainment and growth may be nonlinear (Kalaitzidakis, Mamuneas, Savvides, & Stengos, 2001) and depends on the level of development (Krueger & Lindhal, 2001, Aghion, & Meghir, 2006).

Finally, investing more intensively and effectively in human capital, particularly through lifelong learning is one of the main priorities of the Lisbon agenda. As Leney (2004) stressed, lifelong (and lifewide) learning is the most important concept in education and training policy in Europe.

2.1. Human capital ageing challenge

When it comes to human capital, the European Union and Western Balkans share the same issue of ageing population. According to Eurostat and national statistics³, shares of population aged from 15 to 64 are similar in the region and rated from

³ Eurostat (tps00010) EU-27 population; Republic of Montenegro, Department of Statistics, "Women and Men in Montenegro", Population by gender and age, estimation of 1st January 2007; The Republic of

66% in Albania to 70% in the FYR Macedonia. The shares of children and the elderly are different - from 25% of children in Albania to 15% of children in Serbia, and 17% of elderly in the EU, Croatia, and Serbia to only 9% in Albania. It is obvious that in addition to demographic policy measures, it is also necessary to apply an adequate flexible education policy in the context of economic development. In the table below we can see the age structure of the region's workforce defined as the total number of people employed or seeking employment.

Table 1: Western Balkans labour force aged structure

Country	Labour force in .000 / Age						Total
	15-24	%	25-49	%	50-64	%	
Albania	244	17.8	869	63.3	260	18.9	1373
Bosnia and Herzegovina	141	12.7	718	64.7	251	22.6	1110
Montenegro	28	10.7	176	67.2	58	22.1	262
Macedonia	113	12.3	603	65.5	205	22.3	921
Croatia	188	11.0	1009	59.0	512	30.0	1709
Serbia	240	8.1	2281	76.7	452	15.2	2973
Sum / average %	954	11.4	5656	67.8	1738	20.8	8348

Sources: Albanian Statistical Institute (2009); Agency for Statistics of Bosnia and Herzegovina (2010); Montenegro Statistical Office (2010); Central Bureau of Statistics of the Republic of Croatia (2010); Statistical Office of the Republic of Macedonia (2010); Statistical Office of the Republic of Serbia (2009)

According to recent national labour force surveys, people aged 25-49 make 68% of the regional labour force, young people 11% and older persons – 21%. This is an unfavourable age structure if the educational priorities are based on meeting the needs of young people. However, this could be transformed into an advantage through a changed concept of educational policies in the service of economic development.

3. THE STATE OF COMPETITIVENESS IN THE REGION

Modern paradigm of economic development is based on the strengthening of competitiveness that is defined as a set of institutions, policies, and factors that determine the level of productivity of a country (World Economic Forum, 2009). The level of productivity sets the sustainable level of prosperity that can be earned by the

Croatia - Central Bureau of Statistics, Statistical Information 2008; Albania, Institute of Statistics, Annual average population by age-groups, 2007; Serbia, Republic Institute for Statistics, Vital statistics, Population of the Republic of Serbia by large age groups and gender, 2007; Federal Bureau of Statistics of Bosnia and Herzegovina, Assessment of the population of Bosnia and Herzegovina, in total: 2,848,772 / Present population: 2,327,195; the estimates in the table are based on present population; Republic of Macedonia, State Statistical Office, Macedonia in figures, 2008.

economy. In other words, an economy that is more competitive is able to strive for the production of higher levels of income for its citizens.

In the table below we can see data on population, gross domestic product and GDP per capita of each state in the region.

Table 2: Population, GDP and GDP per capita, the Western Balkans, 2008

Country - Indicators	Total population (millions),	GDP (U.S. \$ billions)	GDP per capita (U.S. \$)
Croatia	4.6	69.3	15,628.1
Montenegro	0.6	4.8	6,509.0
Serbia	9.9	50.1	6,781.9
FYR Macedonia	2.0	9.6	4,656.6
Bosnia and Herzegovina	3.9	18.5	4,625.4
Albania	3.2	13.0	4,073.9

Source: World Economic Forum (2009)

As we can see, Croatia takes the first place with a GDP per capita almost four times higher than in Albania, which takes the last place, and more than two times higher than Serbia, which takes the second place. Global Competitiveness Report (GCR) analyzes competitiveness through the 12 pillars of economic competitiveness, and groups the countries into three unities identifying three stages of development of competitiveness: the stage where the economy is led by the basic factors, the stage led by efficiency, and the innovation-led stage. All countries in the region belong to the second stage, except Croatia, which is in transition from the economy driven by efficiency factors to the innovation economy.

The table below shows changes in the rating of competitiveness of the countries in the region for the past three years.

Table 3: The Western Balkan countries' changes in the rank of the Global Competitiveness Index (GCI) 2009 – 2010, 2008-2009, 2007-2008

Country / Economy	Rank (1-133) 2009-2010	Rank (1-134) 2008-2009	Rank (1-131) 2007-2008	Changes
Croatia	72	61	57	-11 / -4
Montenegro	62	65	82	+3 / +17
Serbia	93	85	91	-8 / +6
FYR Macedonia	84	89	94	+5 / +5
Bosnia and Herzegovina	109	107	106	-2 / -1
Albania	96	108	109	+12 / +1

Source: World Economic Forum (2009)

As shown in the table, the region's economy occupies the bottom half of the global competitiveness rank list: ranks range from 62nd and 72nd positions of Montenegro and Croatia, to 109th position of Bosnia and Herzegovina among 133 ranked countries. Albania has made the biggest progress. Croatia, in the first place the year before, has taken the biggest plunge. Measurement results of this year's GCI ranking for Serbia include Serbia together with Kosovo. However, two past measurements excluded Kosovo, so this could explain the large drop in the ranking of Serbia because of the change in the object of measurement (see the numbers of the Serbian population in the last three issues of the GCR).

Montenegro has overtaken Croatia this year as the region's most competitive economy, and Bosnia and Herzegovina has overtaken Albania as the region's least competitive economy. Generally speaking, positive changes in the region are slightly less pronounced than the drop in the ranks, which means that the region has stagnated in terms of competitiveness.

When it comes to comparisons, according to the same source, the EU-15 countries⁴ competitiveness ranks range from the 4th, 5th and 6th positions of Sweden, Denmark and Finland, to the 64th, 71st and 76th places of Romania, Greece and Bulgaria.

3.1. Dynamics of the development of competitiveness with regard to education

Education requirements for the economies that move from low to middle income status are the following: universal secondary education, deepening of vocational and technical education, life-long learning to retool and update skills, broadening skills to include teamwork, communications, problem solving, etc. (Asian Development Bank, 2004). According to the Global Competitiveness Report, tertiary education is a key factor only in high-income economies at the innovation driven stage.

With respect to the stages of economic development, pillars of development do not have equal weight. Croatia is moving to the stage where pillars of development have the following weight: 30% innovation, 50% efficiency enhancers, and 20% basic requirements. In other countries of the region, pillars of development are - basic requirements 40%, efficiency enhancers 50% and 10% innovation. Because of that, apart from Croatia, other countries' main priorities are still overcoming the first stage in the development of competitiveness.

Considering health and primary education as one of the most important elements of factor-driven economies, Bosnia and Herzegovina is on the 75th place, Albania on the 66th, Macedonia on the 60th, Serbia on the 46th, Croatia on the 44th, and Montenegro on the 40th among 133 countries. Except for Croatia, basic requirements make 40% of the pillars of development, which means that Bosnia and Herzegovina, Albania, and Macedonia have to make primary education and health one of their development

⁴ 15 countries that were members of the EU before the enlargement of 1st May 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

priorities and Serbia and Montenegro should further improve the situation of basic education and health.

When it comes to the factor of secondary and higher education and training, which is one of the most important factors for creating efficiency driven economies, Croatia and Montenegro are on the 56th and 57th position, Macedonia is on the 70th and Serbia 76th position while Bosnia and Herzegovina and Albania on the 86th and 90th place among 133 countries. Efficiency enhancers make 50% of the efforts to improve the state of competitiveness of the region, which means that this factor has to be a top priority for all these countries except Croatia and Montenegro.

4. THE STATE OF EDUCATION IN THE REGION

In this section we present available data on the state of education in the region considering the following factors: educational attainment, learning outcomes and spending on education. Earlier in the text we explained that these are all relevant for deeper understanding of the relation between education and economic development. The data are also important in order to analyze the relation between the state of education in the region and educational priorities in the strategic documents for socio-economic development of the countries in the region.

4.1. Educational attainment

Table 4 shows the educational attainment of the population in the region, based on data from the last national census.

Table 4: Population of the Western Balkan countries aged 15 and over, by the highest level of education attained

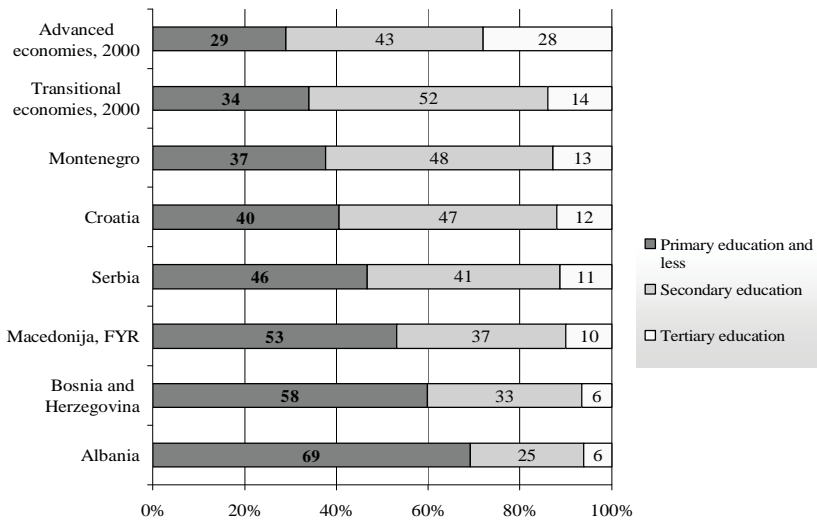
Country / Level of education attained	Without education %	Incomplete primary education %	Primary education 8-9 years %	Secondary education 3-4 years %	Higher education %	High education, including Masters and Doctors of Science %	Unknown %	Total %
Serbia	5,66	16,18	23,88	41,07	4,51	6,52	2,18	100,00
Montenegro	4,30	9,65	22,95	48,44	5,04	7,51	2,11	100,00
Bosnia and Herzegovina	14,07	19,65	24,43	32,62	2,76	3,67	2,80	100,00
Croatia	2,86	15,76	21,75	47,06	4,08	7,82	0,67	100,00
FYR Macedonia	4,22	13,75	35,02	36,87	3,15	6,82	0,17	100,00
Albania	7,13	59,28	2,72	24,69	-	6,18	-	100,00
Average	6,37	22,38	21,79	38,46	3,26	6,42	1,32	100,00

Sources: Statistical Office of the Republic of Serbia, 2003; Montenegro Statistical Office, 2005; Agency for Statistics of Bosnia and Herzegovina 1998; State Bureau of Statistics of Croatia, 2001; Macedonia State Statistical office, 2005; Albanian Institute of statistics, 2002

As we can see in the table above, estimated as a whole, half of the population in the region is without any academic qualifications, with unfinished and finished primary school. Around 38% of the population has got high school education, and approximately 10% of the population has a higher, high, and post-university level of education.

Graph 1 shows the educational attainment of the countries in the region, compared to advanced and transitional economies.

Graph 1: Educational attainment of the Western Balkan countries, advanced and transitional economies



Sources: Ibid. as for the table four and Barro and Lee’s (2000) data

Within the region, Albania has the lowest educational level of the population, and Montenegro and Croatia – the highest; Montenegro has the lowest share of the population that completed only primary school, while Croatia and Montenegro have the highest share of highly educated residents. In relation to the transitional and advanced economies, the biggest differences are evident in the fields of primary and tertiary education, i.e. the region has got high shares of population with primary level education, and low shares of population with tertiary education. In this context, Croatia and Montenegro are least lagging behind the transitional economies, but Bosnia and Herzegovina and particularly Albania are falling behind quite a bit.

4.2. Learning outcomes

Learning outcomes in the countries of the region are shown based on the results of the OECD⁵ Programme for International Student Assessment (PISA). PISA is the

⁵ Organization for Economic Cooperation and Development

most widespread international assessment of knowledge and skills of fifteen-year-old students in the member countries of the (OECD) and the partner countries. Beginning from 2000, PISA is administered every 3 years. Testing is done in the domain of reading, mathematic and scientific literacy but it is not examined to what extent the children have mastered the material planned in the curriculum. PISA assesses how well-prepared students are for life beyond the classroom by focusing on the application of knowledge and skills to problems with a real-life context.

In the table 5 below, we can see the results in the field of functional literacy of the students in the region, in the areas of reading, mathematics, and science. Bosnia and Herzegovina did not participate in any of the three cycles of testing, so there are no data available.

Table 5: Mean scores in the Western Balkans students' performance on PISA mathematics, reading, and science scales

Country / Learning outcomes	Mathematic scale Mean score	Reading scale Mean score	Scientific scale Mean score
OECD - 2006 / 2003/ 2000	498 / 500 / 500	492 / 494 / 500	500 / 500 / 500
Albania	381 (2000)	349 (2000)	376 (2000)
FYR Macedonia	381 (2000)	373 (2000)	401 (2000)
Serbia	437 / 435 (2003/06)	412 / 401 (2003/06)	436 / 436 (2003/06)
Montenegro	399 (2006)	392 (2006)	412 (2006)
Bosnia and Herzegovina	not participated	not participated	not participated
Croatia	467 (2006)	477 (2006)	493 (2006)

Source: OECD, Programme for International Student Assessment

Croatia generally achieved the best scores in the region, particularly in the field of science, while Albania was the worst, as is evident from the table. Serbia has participated in two cycles of testing and spoiled the achievements made in the field of mathematics and reading. In all periods of testing, all the countries in the region have achieved results that are statistically significantly below the OECD average. Croatia's result is at the level of the OECD average in the field of functional literacy and the science subfield - "Identifying problems and scientific issues". In 2006, the average score for the EU as a whole was 492 in mathematics, 484 in reading, and 497 in the field of functional scientific literacy.

In the table 6 below, we can see the ratings for each of the tested countries in the region, in all three measuring scales. PISA test in 2000 ranked 41 countries, in 2003 - 40 countries, and in 2006 - 57 countries.

Table 6: Ranks of countries in the region on the PISA tests

Country – Rank	Mathematic scale rank	Reading scale rank	Science scale rank
Albania	37-38(2000)	40 (2000)	39 (2000)
FYR Macedonia	37-38 (2000)	38 (2000)	36 (2000)
Serbia	33 /40-41(2003/6)	36 / 44-48 (2003/6)	34 / 40 (2003/6)
Montenegro	49-50 (2006)	47-50 (2006)	47 (2006)
Bosnia and Herzegovina	not participated	not participated	not participated
Croatia	35-38 (2006)	26-31 (2006)	23 (2006)

Source: OECD PISA 2006 database PISA 2006: Science Competencies for Tomorrow's World; OECD 2004 Learning for Tomorrow's World – First Results from PISA 2003; OECD PISA database, Literacy Skills for the World of Tomorrow - Further results from PISA 2000

Table 6 shows that among the tested states in the region, Albania is at the very end of the scale, and Croatia is at the top. In the region, students from Croatia have the highest level of functional literacy in reading, maths, and science, followed by Serbia, Montenegro, FYR Macedonia, and Albania.

Learning outcomes of the region are poor, with the exception of Croatia that takes the place among the first half of the countries that were ranked at the PISA tests in 2006.

4.2.1. Education spending

The current share of costs for education as a percentage of GDP for each of these countries is not known precisely, partly because their statistical systems are not adapted to modern statistics and partly due to the lack of political will to implement the system of transparent measurements. The average for OECD countries is around 6%, while the EU average is around 5%, although there are significant internal differences between the EU countries: from 3.9% in Greece to 8.3% in Denmark. It is useful to add that Denmark takes the fifth place in the world competitiveness ranking (2009-2010), and Greece is in the 71st place of the ranking list, according to GCR.

The table below presents data on the level of total public education expenditure in the countries of the region.

Table 7: Total public education expenditure as % of GDP / Total public education expenditure, % of government spending in the region, the most recent data year

Country / Total public expenditure on education	as % of GDP	as % of government spending
Albania	3.0 (2002)	11.3 (2005)
FYR Macedonia	4.0 (2005)	11.5 (2005)
Serbia	4.8 (2007)*	10.0 (2008)**
Montenegro	-	19.1 (2004)
Bosnia and Herzegovina	4.3 (2004)	10.9 (2004)
Croatia	4.7 (2007)	10.1 (2007)

Sources: World Bank EDStats, Public Expenditure Database, <http://ddp-ext.worldbank.org/ext/EdStats/ExpReport>; **Document of the World Bank, 2009*;

** *World Bank, siteresources.worldbank.org/SERBIAEXTN/.../Introduction_Serbia_PER09.pdf*,

Note: The indicators presented in table nine are not internationally comparable because there are no standard methods of calculation in the background documents.

In the periods presented, Montenegro had a very high contribution to education, as a percentage of government spending. Albania spent only 3% of GDP on education. In the previous section on the earning outcomes, we saw that Albania had the worst results at the PISA tests. Montenegro did not have the best results either, although it had a very high level of investment in education. It is therefore important to stress that the efficiency in the allocation of funds is equally important as well as spending. Higher educational levels of the population lead to a faster economic growth, but higher levels of public spending are not always associated with better educational outcomes (The International Bank for Reconstruction and Development / The World Bank, 2007). This insight applies to the levels of consumption that are above average, while achieving average levels of consumption remains *conditio sine qua non*.

5. EDUCATIONAL PRIORITIES IN THE STRATEGIC DOCUMENTS

Through the Lisbon Strategy, adopted in March 2000, the EU has marked human and intellectual capital as a key instrument of the economic development, which should produce higher value added. The Strategy insists that local education and training cannot be formulated in isolation from the wider workplace and business environment due to the risk that high investment in education does not mean the same to employees and employers, and would not influence only failure at the micro level, but also competitiveness of the countries and the EU (Maher, 2006).

The EU encourages countries in the region to reform their educational systems in line with the goals promoted in the Lisbon strategy. Regionally relevant activities of the EU in the region during 2008-2009 and planned activities for the coming period include the Education Reform Initiative of South Eastern Europe (ERISEE) by providing a framework for cooperation and support to the implementation of “building human capital” (Commission of the European Communities, 2009). EU also gives financial support to national reforms in education through the development of regional capacities, expertise transfer and international dialogue on education.

Countries in the region have written a number of strategic papers about socio-economic development. In this article we take a look at the **Croatian** papers: the Strategy and Action Plan for Adult Education; Strategic Development Framework for the period 2006-2013; the National Program of Croatian Accession to the European Union, 2009; the National Framework Curriculum for Preschool Education and Compulsory General Education in Primary and Secondary Schools - Proposal; and Plan of the Development of Education 2005-2010. We also take into consideration **Montenegro's** documents: Strategic Plan for Education Reform for the Period 2005-2009; Strategy for Adult Education in Montenegro, 2005-2015; Strategy for Civic Education in Primary and Secondary Schools in Montenegro 2007 – 2010; Action Plan-Integration of Sustainability into the Educational System in the Period 2007 – 2009; National Programme for Integration of Montenegro into the EU (NPI) for the period 2008-2012; and Inclusive Education Strategy in Montenegro. Relevant strategic papers in **Serbia** are: National Strategy for Economic Development of Serbia 2006-2012; Strategy of Development of Adult Education; Vocational Education Development Strategy and the National Programme for Integration of Serbia into EU.

We also take into account the National Strategy Document for European Integration of the Republic of **Macedonia** in the European Union; the National Development Plan 2007-2009; Strategic Plan for the Work of Ministry of Economy for 2009-2011; and National Strategy for the Development of Education in the Republic of Macedonia: 2005-2015. The strategy papers of **Bosnia and Herzegovina** are: the Strategy of Development of Vocational Education and Training in Bosnia and Herzegovina for the period 2007-2011; Strategic Directions of Development of Education in Bosnia and Herzegovina with the Implementation Plan, 2008-2015, and the Medium Term Development Strategy B&H 2004-2007 (PRSP)- revised document, and The Strategy of Integration of Bosnia and Herzegovina into the European Union. Finally, the **Albanian** strategic documents are: National Strategy for Development and Integration 2007-2013; and National Education Strategy 2004-2015.

We have selected priorities related to education in the documents cited and divided them into five areas which we consider important for the support to economic and overall development: achievement and attainment, framework for learning, inclusion and equality, values and citizenship and learning for life and lifelong learning.

Table 8: Priorities related to achievement and attainment

Country	Achievement and Attainment
Croatia	Increase the share of highly educated citizens;
Montenegro	Increase the level of secondary education coverage; increase the general educational level of the population (with the increase in the number of people with acquired higher education); high transience of students, with the realization of quality of knowledge;
Serbia	Provide functional, computer and technological literacy;
FYR Macedonia	Increase the level of students' practical knowledge in secondary vocational schools, and in high schools by introducing more options and elective subjects;
Albania	Increase the rate of enrolment in secondary schools; expand coverage of preschool education; increase the estimates of students in higher education;
Bosnia and Herzegovina	Raise the level of education of population and the competence of the workforce;

As we can see in the table, when it comes to educational achievement and attainment, learning outcomes are not particularly emphasized in any of the analyzed documents. They are not present in the form of any statement of “what a learner can be expected to know, understand and/or do as a result of a learning experience” (QCA /LSC, 2004, p. 12). Related priorities are only generally defined as improving the level of applicable knowledge acquired in education and increasing the competence of employees. None of the papers has set specific and measurable objectives in terms of educational outcomes.

Table 9: Priorities related to Framework for learning

Country	Framework for Learning
Croatia	Extend the duration of compulsory education; encourage private sector participation in financing education; increase the allocation for education spending and effectiveness of available resources;
Montenegro	Establish a national qualifications framework, harmonized with the European framework of qualifications; satisfied and motivated teachers; implementation models to provide quality of education;
Serbia	Define and develop a system of accreditation and certification; make diversification of the institutional forms and models, programs and methods of work; define the system of introducing new profiles and change enrolment policy with the appreciation of the specificities of local communities; introduce general and vocational baccalaureate; define national, regional and local criteria for establishing a network of secondary vocational schools; elementary, secondary, vocational and academic education strategy of development and finance;
FYR Macedonia	Introduce standardized final exams for secondary education; improve education statistics and analysis; bring in 9-years basic education; raise the level of budgetary funds for education to 5% of GDP; improve infrastructure; develop the capacities of educational technology; connect secondary schools in a computer network; introduce compulsory learning of two languages; develop centre for continuing education of teaching staff that educate staff for schools;

Country	Framework for Learning
Bosnia and Herzegovina	Support the development of education through the inspection, research, development of statistics and indicators in education and education funding; improve the effectiveness of the system; quality assurance and the revitalization of research in education; coordination of public administration in the sector of education; development of different systems of evaluation; harmonization of textbook policies; integration in the European Union education space;
Albania	Strengthen the responsibility and authority of local government; reform system of matriculation, diplomas, and exams;_increase the level of institutional autonomy of universities; duplicate education staff salaries; improve the quality of teaching and learning process and the effectiveness of education funding; build capacity and develop human resources; effectively restructure missions of university programs in different cycles of study; provide an efficient system for quality assurance and accreditation; better integrate teaching and research; develop vocational education; introduce a new policy of vocational education and training;

Developing the framework for learning is an absolute priority in all analyzed documents. Common priorities are connected to establishing national qualification frameworks in accordance with the EU framework, developing systems of accreditation and certification of educational institutions and promoting quality assurance, improving education funding and statistics, introducing standardized final exams for secondary education and improving education and training for teachers and trainers.

5.1. Inclusion and equality

Inclusion and equality are essential parts of development, but these factors are not mentioned in the analysed documents. Only Montenegro considers as a priority to promote the education of people with special needs, and Bosnia and Herzegovina mentions the equality of access and equity in education. However, these phenomena are obviously economically related to poverty, and this presents a clear argument in favour of including these priorities in the strategic planning of economic development with respect to the role of education.

Although the support to active citizenship, equal opportunities and social cohesion are general objectives of the Lisbon agenda in connection to education and training, in the analysed documents we found that civic education and promotion of civic values are priorities only for Montenegro and Macedonia. Provision of education that will support sustainable development; increase in the number of students who will acquire, retain, understand and use the acquired knowledge and civic values is a priority in Montenegro. Promoting civic education is a priority in the strategic documents of Macedonia.

Table 10: Priorities related to Learning for life and Lifelong learning

Country	Learning for life and Lifelong learning
Croatia	Make modern vocational education in line with economic needs; reduce long-term unemployment and promote life long learning;
Montenegro	Providing the preconditions for the application of the principle of life long learning;
Serbia	Develop the education system on the basis of the philosophy of life long education; connect with the world of labour in order to strengthen applicable knowledge; develop readiness of youth for professional development and additional training; introduce policies to stimulate employers to invest funds in enriching the knowledge of employees;
FYR Macedonia	Develop professional orientation; establish a system for adult education;
Bosnia and Herzegovina	Develop links between education and the world of work; expand opportunities for education and training of adults;

In the analyzed strategy papers, promoting learning for life and life long learning is mainly connected with vocational education and reducing unemployment, especially long-term unemployment. The common priority is primarily to establish or develop a system based on the principles of lifelong learning. Life long learning is not on the list of priorities in the Albania.

5. CONCLUSIONS AND RECOMMENDATIONS

This paper shows that planning socio-economic development is, for each of the countries in the region, inseparable from the integration to the European Union. Hence, the objectives and priorities should be linked with the development of the economic sectors that have the greatest potential for rapid growth of export to the EU markets. It would be necessary to establish conditions for such dynamics by introducing new technologies that increase knowledge and skills of the largest conglomerate of the working age population, especially in the field of vocational and technical education. Here we have to bear in mind that knowledge management is an essential component of any development strategy (Jovović, 2005).

The concept of the role of education in economic development is in accordance with the EU strategy of strengthening the knowledge-based economy. Local features of human capital are only generally mentioned in the analysed documents in phrases like “build capacity and develop human resources” or “raise the level of education of the population and the competence of the workforce”. As shown in the previous section, most of the priorities are based on the need for integration in the European area of education, as outlined in the EU’s “Detailed Work Programme on the Follow-up of the Objectives of Education and Training Systems in Europe”, the “Bologna Process” and the “Copenhagen Process”.

As regards the age structure of the population, planning of development should not be based on resources that tend to decrease. Both in the medium or long run, coun-

tries in the region do not have enough young, educated people of working age, nor do they have a sufficient level of educational capacity. In addition, the analyzed strategic documents do not emphasize adult education as a conceptual part of an integrated system of continuous education, which serves as a tool of economic and social emancipation of the entire population. Lifelong education is seen primarily as a form of education that is intended for the poor, illiterate, unemployed, people with disabilities, women, employees who have become a technological surplus, etc.

Former Yugoslavia had a well-developed system of education and continuous training for adults, both as a part of the formal education system and through the network of workers' universities. Training within enterprises was also quite well developed. However, things have changed significantly: during the past 10 to 15 years, this sort of training infrastructure collapsed (World Bank, Country Profile, Serbia). From the aspect of planning macroeconomic development, none of the strategies of the countries in the region have taken into account the fact that the most numerous human resources can be found in the age group of 25 to 50. This would mean that educational investments in this group would be most cost-effective. According to national surveys, this age group makes 68% of the whole labour force in the countries of the region. Consequently, top priority for the region should be integrated life long education for the largest part of the working age population.

In the segments of the educational attainment, learning outcomes, and spending on education, Western Balkan countries should develop strategies for development based on local features, because differences in relation to the EU are large and significant.

Based on the analysis of competitiveness, the first priority for improving region's educational attainment should be to increase the level of transition from primary to secondary education, and then from secondary to tertiary, while developed countries' priority is to increase the share of population with tertiary education.

Strategic documents do not include measurable priorities regarding learning outcomes, although region's learning outcomes are poor, with the exception of Croatia. The priority of all these countries should be the inclusion of thinking skills in learning, while teaching should be enriched by examples from life and by using the method of case studies. In addition, it is necessary to broaden other skills such as teamwork, communication, problem solving, etc.

The priority in the area of financing education in all the countries in the region should be the establishment of transparency and of a system that would allow analysis and monitoring, since there is not enough reliable data, but mostly approximations. As far as financial issues are concerned, states in the region do not have a system of tax exemptions for employers that fund training for employees.

In general, we only have partial information about the state of education, since there is no standardized statistical data and appropriate indicators of education. This also presents the most important obstacle to setting specific educational goals and to monitoring their implementation.

This study indicates that Western Balkan strategies for economic and educational development do not precisely target internal educational resources and capacities and have not successfully tied education to economic development. None of the strategic documents address the working population as the most numerous human resource, nor its educational characteristics and needs in connection to economic development.

In order to produce skilled human resources, these countries have to create and implement detailed human capital strategies, along with medium-term economic development plans. They have to engage all available resources as well as the best practices in managing economic development and to achieve results that will be sustainable in the future. It is thus necessary to make revisions of the strategic documents in the analyzed area, in order to successfully plan the socio-economic development of the communities to which they relate.

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OBRAZOVANJE U GOSPODARSKOM RAZVOJU ZAPADNOG BALKANA – ANALIZA STRATEGIJSKIH PRISTUPA

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Sažetak

Zemlje zapadnog Balkana imaju zajednički društveno-gospodarskih cilj - integriranje u EU i postizanje gospodarstva temeljenog na znanju. Njihovi strategijski planovi razvoja su neophodan alat za planiranje takove budućnosti regije. Uzimajući u obzir ulogu obrazovanja u makroekonomskom razvoju, u članku se nastoji odgovoriti na pitanja o kvaliteti njihovih strateških prioriteta i ciljeva koji se odnose na obrazovanje, potom koliko su oni sukladni zahtjevima gospodarskog razvoja i koliko su ti prioriteti vrijedni i primenjivi. Usporedba evidencije o stanju obrazovanja i konkurentnosti, sa obrazovnim prioritetima i ciljevima u strategijskim dokumentima gospodarskog i obrazovnog razvoja, pokazuje da je planiranje temeljeno više na idejama sa područja EU-obrazovanja, a manje na lokalnim činjenicama, te tako ne mogu biti uspješan alat gospodarskog razvoja. Konačno, autorica je napravila određene prijedloge za promjenu prioriteta u strategijskim pristupima razvoju. Glavna preporuka je da ako namjeravaju proizvoditi kvalificirane ljudske resurse, zapadnobalkanske države će morati kreirati i provesti detaljne strategije razvoja ljudskog kapitala, temeljene na atributima i potrebama najbrojnijeg konglomerata radnog stanovništva, zajedno sa srednjoročnim planovima gospodarskog razvoja.

Ključne riječi: Zapadni Balkan, strategijsko planiranje, obrazovanje, gospodarski razvoj, EU.

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