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Original Scientific Article

ARE ORIENTATIONS OF NATIONAL CULTURE AND THE DEVELOPMENT OF THE GREEN ECONOMY INTERRELATED?

Alona Sova[1]
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Abstract: *Green economy, as an environmentally sound, low-carbon economy, brings benefits not only to the natural environment but also to business and society. Decreasing environmental problems and promoting sustainable development are critical objectives of the green economy that seeks to balance the social, economic, and environmental pillars. Culture is an important supporting pillar of social development since it shapes the identity of a society, and there can be no sustainable development without considering this important factor. Most of the Sustainable Development Goals, adopted by the United Nations in 2015, emphasize the role of culture at its core. The primary purpose of this paper is to explore the interconnectedness of national cultural orientations and the stages of green economy development. In the research, we gathered secondary data from 60 countries from different parts of the world. The data for national cultural orientations were collected from the Hofstede insights website, whereas the values for the green economy indicators we gathered from the Green Growth Index Report. The research is based on descriptive statistical analysis. Its findings show that for some green economy indicators, there are statistical differences between different groups of countries with different national cultural orientations. For some indicators, there were no significant differences.*

Keywords: *National culture, Intercultural differences, Green economy, Hofstede cultural dimensions, Global Green Growth Index.*

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1. INTRODUCTION

Many economies are depleting natural resources and stressing natural ecosystems through their current operation, risking long-term disruption of natural balance and climate change, which could significantly threaten future generations' habitat and socioeconomic development. The era of contemporary globalization requires changes in the development of economies toward sustainability. To achieve sustainable development, it is crucial to reconcile three fundamental elements: economic growth, social inclusion, and protection of the natural environment (Gast et al., 2017). Protection of the natural environment aims to preserve natural ecosystems and natural resources as the basis for the lives of future generations.

A green economy brings benefits not only for the natural environment but also for businesses and society as a whole. For example, the European Union is embracing the Sustainable Development Goals and the green economy as an opportunity to transform the European Union into a competitive, modern, and resource-efficient economy (Intihar Marulc, 2022). The key objectives of the green economy, as an ecologically sound, low-carbon economy (UNEP, 2020), are to reduce environmental problems and risks and to promote sustainable development.

Over the last decade, the concept of the green economy has become a strategic priority for national governments. By transforming their economies into so-called green systems, economies should be able to meet the key challenges of the 21st century – from excessive urbanization and scarcity of natural resources to climate change and economic instability (UNEP, 2020). All industries, services, and households can contribute to developing a green economy. The key sectors that can contribute the most are energy, construction and transport, water management, waste management, and agriculture. The transition to a green economy is a major challenge for societies and economies.

A green economy emphasizes the importance of good governance as an indispensable and crucial prerequisite for its development. Achieving a predictable macroeconomic environment with competent institutions and governance systems is vital to increasing local and foreign investment and implementing green economy strategies and programs. The shift towards a green economy requires a new mindset and an innovative view of the business. It also requires new potential skills and capabilities of individuals who can work competently at the cross-sectoral level in interdisciplinary teams.

The authors define culture in different ways, but there are certain similarities. Tylor (1870) first defined culture as „a complex whole comprising the values, beliefs, norms, customs, and habits the individual acquires as a member of a social group". According to Hofstede (1994), culture is „the collective programming of the mind that separates members of one group or category of people from another". Gajšt and Korez-Vide (2013) state that the fundamental elements of culture are social structure, language and communication, and religion. Individuals from different cultures differ in their thinking and behavior. Each new interaction with individuals from other cultures is unique (Korez-Vide & Jurše, 2016). Culture plays a direct and crucial role in achieving the strategic pillars of a country's development vision (Alwakid et al., 2020). Various authors have attributed countries' economic growth to the dominant characteristics of particular national cultures.

Cultural variables play an essential role in the use and perception of high-tech products and societal attitudes towards new technologies in countries at different stages of development. Culture is vital for the economic performance of individuals, including their mindset and entrepreneurial behavior. Research also considers culture as an essential determinant of sustainability. Several studies view culture as an important variable in sustainability-related actions. For example, the propensity of an entrepreneur to think sustainably is a part of the culture (Alwakid et al., 2020). Considering that the environmental aspect is part of sustainability, that culture is an important determinant of sustainability, and that green entrepreneurship and sustainable entrepreneurship are essential parts of the economy, it can be determined that the dominant characteristics of national culture are related to a green economy.

For instance, different attitudes toward green entrepreneurship can be found in various developed countries (Rebernik et al., 2018). In countries at different stages of development, economies have different policies to support green entrepreneurship. Promoting environmental awareness is one way to extend sustainability (Lotfi et al., 2018). Consumer awareness can be a lever for the development of green entrepreneurship e.g., in developed countries, consumers are willing to pay more for renewable energy sources than for traditional energy sources (Pelau & Pop, 2018), which suggests that individuals in developed countries are more likely to act towards the development of a green economy.

Culture is usually seen as an organization or society's values, beliefs, and ideology. It is an essential contextual factor in business research. Socio-cultural commitments, norms, and values play a vital role in people's survival strategies, and national culture influences leadership attitudes, values, behavior, and performance in organizations (Song et al., 2018).

Following Hofstede's seminal work (1980, 2001), it has become common practice in the intercultural field to extract the dimensions of culture from self-reported values, beliefs, and ideologies. These measures, called "dimensions", are annotated with country scores, which explain significant inter-country differences among business and management practices, political and economic systems, and various social differences (Minkov & Kaasa, 2022).

The main objective of our research is to identify if there are any differences among the groups of countries with different national cultural orientations at different stages of green economy development.

2. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

Sustainability became a new science more than a decade ago. It advocates positive social change to reduce the harmful effects of humans on the natural environment. It seeks solutions to restructure the relationship between human activities and the natural environment. Its key objectives include developing an understanding of the dynamics of the so-called social-ecological systems, promoting the design, implementation, and evaluation of actions that promote sustainability in specific areas and contexts, and improving the links between research, innovation, policy, and governance in this field. Changes in the natural environment lead to changes in society and vice versa. Humanity will be increasingly affected by climate change, biodiversity loss, safe drinking water scarcity, and arable farmland degradation. Social change will trigger changes in the natural environment, both harmful (environmentally unsustainable production and consumption patterns) and positive (sustainable lifestyles, technologies, and social practices).

The green economy focuses on human aspects, impacts on nature, and an economic order that can create high-wage jobs (UNEP, 2020). Studies on the green economy cite a fundamental shift towards more efficient, innovative, environmentally friendly technologies that can reduce harmful emissions and the effects of climate change while coping well with the challenges of resource depletion and degradation of the natural environment (Janicke, 2012). Key pillars of green economy development include reducing carbon emissions to minimize the risks of climate change due to the overexploitation of natural resources and large-scale degradation of the natural environment, reducing the natural capital on which humanity depends.

Sustainable development means that society and the economy should develop in a way that does not compromise the needs of future generations to meet current needs that affect the natural environment (Zhang & Zhu, 2022). It is the development that seeks to maintain a balance between the three pillars of development: social, economic, and environmental. The green economy can be said to be part of sustainable development corresponding to its objectives.

Culture is an important supporting pillar of social development. Culture shapes the identity of a society, and there can be no sustainable development without considering this important factor. Most of the Sustainable Development Goals adopted by the United Nations in 2015 (UNDP, 2015) emphasize the role of culture as their essence. Culture is essential to sustainable development's economic, social, and environmental dimensions. Hofstede's cultural dimensions can be used to test whether culture shapes the scale of green consumption (Halder et al., 2020).

Hofstede's study (1980, 2001) was the first to rank more than 50 countries along cultural dimensions. Despite criticisms of Hofstede's model its robustness has been recognized outside academia. Hofstede's (2001) research focuses on behavior patterns in the business environment and draws on his findings to analyze individual national cultures (Hofstede et al., 2006). The dimensions of culture defined by Hofstede are individualism/collectivism, masculinity/femininity, uncertainty avoidance, long-term/short-term orientation, enjoyment/limitation, and power distance. His model is beneficial in comparative, cross-cultural studies.

According to Hofstede (1980) and Hofstede et al. (2006), societies can be long-term oriented and think about acting in their future. Alternatively, they can be short-term oriented and not think much about their future, preferring to be comfortable in the present. Hofstede (2001) classifies elements of the negative side as short-term orientation and elements of the positive side as long-term orientation. The World Bank's plans for sustainable development and green economies are all long-term oriented. One of the critical strategic orientations in the literature on strategic management in firms is the firm's time orientation, which can range from short- to long-term (Lin et al., 2019). The short- or long-term orientation influences the firm's objectives and solutions, which in turn affect the environment in which it operates. For example, short-term-oriented companies only prioritize profit while long-term-oriented companies set bigger goals. On this basis, we set the first hypothesis:

H1: There are statistically significant differences in national culture's long-term/short-term orientation across countries at different stages of green economy development.

Individuals in collectivist societies are likelier to engage in behaviors that benefit society (Sreen et al., 2018). Research thus shows a positive effect of collectivism on environmentally friendly behavior, including the willingness to buy so-called green products. Researchers also find that collectivist societies are more likely to develop pro-environmental attitudes and to protect the environment so that the whole society can enjoy prosperity (Halder et al., 2020). People in a collectivist culture are more willing to share scarce resources with others in the same society and develop positive attitudes towards behaviors that help society thrive (Sreen et al., 2018). Social norms and the need for conformity are paramount in a collectivist society for the transition to environmentally friendly purchasing behavior. On this basis, we formulate the following hypothesis:

H2: There are statistically significant differences in national culture's individualistic/collectivistic orientation across countries at different stages of green economy development.

Avoiding uncertainty has a negative impact on entrepreneurship. When countries have high levels of uncertainty avoidance, the volume of entrepreneurial activity is lower (Rebernik et al., 2018). As a result, a country's economic growth will be lower. The country's development will also slow down because entrepreneurship drives socioeconomic development, stimulating new ideas and solutions, including green products and a green economy. Although low levels of uncertainty avoidance in society are often associated with unethical actions (Song et al., 2018), which can also be manifested in companies' neglect of activities to reduce their impacts on the natural environment, societies with low levels of uncertainty avoidance are predominantly oriented towards risk-taking activities that are expected to bring more benefits than drawbacks to society and the economy. Based on this research, we formulate the following hypothesis:

H3: There are statistically significant differences in higher/lower levels of uncertainty avoidance as a national cultural orientation across countries at different stages of green economy development.

In a culture that tends to be restrictive, people tend to emphasize the importance of responsibility in the social or work environment. For them, personal freedom and pleasure can be sacrificed for the sake of responsibility. Therefore, companies in low enjoyment cultures are expected to be more willing to sacrifice their personal interests and be more responsible towards the natural environment (Song et al., 2018). At the same time, some authors argue that at low levels of life satisfaction, individuals will not care about the environment, i.e., there will be a low level of responsibility for the natural environment because the individual's primary needs are not met. At high levels of life satisfaction, individuals have their basic needs met, which allows them to focus on higher-order needs related to concern for the natural environment. Societies that are prone to enjoyment allow for higher levels of life satisfaction. Individuals in these societies are expected to be in control of their lives. In societies prone to restriction, people are more pessimistic, often perceive powerlessness, and have less control over their personal lives. Some authors argue that societies prone to restriction are more concerned with environmental sustainability. Other authors also state that the propensity to consume is positively associated with employees' engagement in environmental sustainability (He & Filimonau, 2020).

On the other hand, in cultures where high levels of consumption are prevalent, there is an emphasis on the individual's freedom and control over their destiny. Individuals feel more freedom and control over their lives and are more likely to move from intention to action. Empirical evidence also suggests that cultures with higher levels of life enjoyment tend to have higher levels of innovation (Lažnjak, 2011).

Based on the above information, we set the following hypothesis:

H4: There are statistically significant differences in higher/lower enjoyment of life as a national cultural orientation across countries at different stages of green economy development.

It can be expected that companies in countries characterized by more feminine cultures will be more aware of the impact of their activities on the natural environment (Wang et al., 2021). Several researchers have hypothesized that policies promoting green entrepreneurship and so-called green entrepreneurial behavior are based on a culture in which caring for others is a significant value. The presence of masculinity tends to emphasize competitiveness and aggressiveness, which is the opposite of femininity – humility, and compassion. One of the challenges in achieving a green economy is green technology. Business leaders in male-dominated companies are generally goal-oriented and prioritize financial objectives linked to profitability. They are less enthusiastic about investing in R&D and green technology. Similarly, the finance literature finds that male cultures tend not to foster innovation capabilities. Empirical results show that masculinity negatively affects environmental and technological change toward sustainable development, suggesting that such cultural dimension influences green products due to gender identification or stereotype. From their findings, it is possible to conclude that green brands predict feminine eco-friendly behavior or product characteristics. However, masculinity is expected to have a negative effect on the development of the green economy (Lee et al., 2022). Thus, our fifth hypothesis is the following:

H5: There are statistically significant differences in female/male national cultural orientation across countries at different stages of green economy development.

3. DATA AND METHODOLOGY

The research is based on data from 60 countries on six continents. Data on the dimensions of the green economy were collected from the Global Green Growth Index (GGGI) 2020 (Zabrocki et al., 2020). The GGGI comprises four dimensions: sustainable and efficient use of resources, protection of natural capital, green economic opportunities, and social inclusion. We focus on the area of green economic opportunities, which comprises green investment, green trade, green jobs, and green innovation. Green investment refers to public and private investments that directly or indirectly promote the sustainable use of resources, including materials, water, energy, and land, as well as the protection of natural capital, such as environmental protection and climate change mitigation and the promotion of sustainable development. Green trade refers to a country's competitiveness in producing and exporting environmental products that can contribute to the protection of the natural environment, climate change mitigation measures, green growth, and sustainable development. Green employment refers to green jobs created and sustained by economic activities that are environmentally friendly and offer decent working conditions. Green innovation relates to product, process, and service innovations, such as energy saving, pollution prevention, waste recycling, and green product design, as well as to firms' activities that bring environmental benefits. Data for Hofstede's indicators on cultural dimensions were obtained from Hofstede Insights (https://www.hofstede-insights.com, 2022).

The analysis was carried out using SPSS to obtain descriptive statistics for the green economy indicators according to the national cultural orientations.

4. RESEARCH RESULTS

The results of the descriptive statistics are shown in Tables 1 – 5. Each table shows all green economy indicators and individual cultural dimensions. We mainly focus on the average, minimum, and maximum values in describing the results.

In the research, we compared the differences between countries with long-term and short-term cultural orientations according to the green economy indicators. Twenty-nine countries have a long-term national culture orientation, and 31 countries have a short-term national culture orientation (Table 1).

Table 1. Descriptive statistics for the long-term/short-term oriented national cultures at different stages of the green economy

	Green investment		Green trade		Green employment		Green innovation	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
N	29	31	29	31	29	31	29	31
Mean	**68.33**	**66.36**	**31.87**	**19.83**	**53.29**	**44.07**	**41.44**	**37.3**
Median	70.77	66.88	31.45	17.16	49.72	44.17	40.63	34.79
Std. Deviation	7.64	7.81	17.12	13.35	20.43	18.25	27.03	19.93
Variance	58.35	61.02	292.93	178.18	417.57	333.21	730.43	397.13
Range	29.5	26.9	66	41	85.37	69.65	99	99
Minimum	**50.9**	**53.3**	**3**	**3**	**14.63**	**13.9**	**1**	**1**
Maximum	**80.4**	**80.2**	**69**	**44**	**100**	**83.55**	**100**	**100**

Notes: green investment: adjusted net savings, including particulate emission damage (% GNI)4; green trade: share of export of environmental goods to total export; green employment: share of green employment in total manufacturing employment; green innovation: share of patent publications in environmental technology to total patents; cultural dimensions: (1) 1-50 short-term orientation, (2) 51-100 long-term orientation; green investment: (1) 1-20 very low scores; (2) 20-40 low scores; (3) 40-60 moderate scores; (4) 60-80 high scores; (5) 80-100 very high scores; green trade: (1) 1-20 very low scores; (2) 20-40 low scores; (3) 40-60 moderate scores; (4) 60-80 high scores; (5) 80-100 very high scores; green jobs: (1) 1-20 very low scores; (2) 20-40 low scores; (3) 40-60 moderate scores; (4) 60-80 high scores; (5) 80-100 very high scores; green innovation: (1) 1-20 very low scores; (2) 20-40 low scores; (3) 40-60 moderate scores; (4) 60-80 high scores; (5) 80-100 very high scores.

Source: Own research

For the green investment indicator, the average value (68.33) of adjusted net savings is higher in countries with a long-term orientation of national culture by 1.96%. The lowest value (50.9%) taken by countries for this indicator is in countries with a short-term orientation of national culture. We can conclude that the minimum that occurs among the countries studied is higher in countries with a short-term orientation of national culture than in countries with a long-term cultural orientation. Therefore, the minimum value of the adjusted net savings is higher in countries with a short-term orientation, regardless of the average. At the maximum value (80.4% in the long-term; 80.2% in the short-term) that this indicator can take, the value is approximately the same in countries with different time orientations.

For the green trade indicator, the average value (31.87%) of the share of exports of environmental goods (as a percentage of total exports) is higher (12.04) in countries with a long-term orientation of national culture. The minimum values (3%) are the same in both groups. The maximum value (69%) - this indicator is evidenced in countries with a long-term orientation of national culture.

For the green employment indicator, the average value (53.29%) is higher in countries with a long-term orientation of national culture. The minimum (14.63) and maximum (100%) values are higher in countries with a long-term orientation of national culture.

For the green innovation indicator, the average value (41.44%) of patent publications in environmental technology in total patents is higher in countries with a long-term-oriented national culture. The minimum (1%) and maximum (100%) values are the same in both groups of countries.

We found that 28 countries have an individualistic orientation of national culture, while 32 countries are more collectivistic oriented (Table 2).

4 GNI – Gross National Income. Adjusted net savings are equal to net national savings plus education expenditure and minus energy depletion, mineral depletion, net forest depletion, and carbon dioxide and particulate emissions damage.

Table 2. Descriptive statistics for the individualistic/collectivistic oriented national cultures at different stages of the green economy

	Green investment		Green trade		Green employment		Green innovation	
	Ind.	**Col.**	**Ind.**	**Col.**	**Ind.**	**Col.**	**Ind.**	**Col.**
N	28	32	28	32	28	32	28	32
Mean	**68.61**	**66.18**	**33.31**	**18.95**	**56.47**	**41.57**	**49.83**	**30.08**
Median	68.59	63.84	34.35	14.87	57.32	39.63	46.39	34.21
Std. Deviation	6.25	8.76	15.21	14.36	21.93	14.66	25.24	17.6
Variance	39.04	76.77	231.34	206.23	480.86	214.84	636.96	309.66
Range	23.2	29.5	63	54	86.1	59.15	85	54
Minimum	**55.1**	**50.9**	**6**	**3**	**13.9**	**16.29**	**15**	**1**
Maximum	**78.3**	**80.4**	**69**	**56**	**100**	**75.44**	**100**	**55**

Notes: See Table 1.

Source: Own research

The average adjusted (68.61%) net savings indicator for the green investment indicator is higher in countries with an individualistic rather than a collectivistic orientation. The minimum value (55.1%) is also higher for countries with an individualistic orientation. The highest value of adjusted net savings that occurred was 80.4% of adjusted net savings in countries that have a collectivist orientation of national culture. This tells us that some countries with a collectivist orientation outperform countries with an individualist orientation.

For the green trade indicator, the average value (33.31%) of the share of exports of environmental goods (as a percentage of total exports) is higher in countries with an individualistic orientation of national culture. The same applies to the maximum (69%) and minimum (6%) values. Thus, individualistic countries score better among the countries we have selected for the green trade indicator.

For the green employment indicator, the average value (56.47%) of the share of green employment in total manufacturing employment is higher in countries with an individualistic national culture orientation. The lowest value that emerges is 13.9% in countries with an individualistic orientation of national culture. This shows that this indicator's minimum value (16.29%) is higher in countries with a collectivistic orientation. The maximum value is 100% green employment in manufacturing, which occurs in countries with an individualistic orientation of national culture. Even though countries with an individualistic orientation are better, some countries may be worse than those with a collectivistic orientation.

In the case of the green innovation indicator, the average value (49.83%) of the share of patent publications in environmental technology is higher in countries with an individualistic orientation of national culture. The minimum (15%) and maximum (100%) values are higher in countries with an individualistic orientation. Therefore, countries with a collectivistic orientation of national culture have lower values for this indicator.

As we found, 43 countries have higher levels of uncertainty avoidance, while 17 countries record lower levels (Table 3). For the green investment indicator, the average value (70.48%) of adjusted net savings is higher in countries with lower uncertainty avoidance. The minimum (55.1%) and maximum (80.4%) values are also larger in countries with lower levels of uncertainty avoidance. This tells us that countries with higher uncertainty avoidance perform worse on the green investment indicator.

Table 3. Descriptive statistics on higher/lower levels of uncertainty avoidance at different stages of the green economy

	Green investment		Green trade		Green employment		Green innovation	
	High	Low	High	Low	High	Low	High	Low
N	43	17	43	17	43	17	43	17
Mean	**66.06**	**70.48**	**26.4**	**23.74**	**49.47**	**46.14**	**42.05**	**32.34**
Median	66.88	71.52	25.74	22.54	48.88	47.42	40.63	24.6
Std. Deviation	7.25	8.21	17.25	13.99	20.36	18.39	22.19	25.97
Variance	52.5	67.40	297.55	195.91	414.56	338.36	492.46	674.34
Range	27.8	25.3	66	39	85.37	69.65	99	99
Minimum	**50.9**	**55.1**	**3**	**6**	**14.63**	**13.9**	**1**	**1**
Maximum	**78.7**	**80.4**	**69**	**44**	**100**	**83.55**	**100**	**100**

Notes: See Table 1.

Source: Own research

For the green trade indicator, the average value (26.4%) of the share of exports of environmental goods is higher in countries with a higher degree of uncertainty avoidance. The minimum value for this indicator is 3% for countries with a higher degree of uncertainty avoidance and 6% for countries with a lower degree of uncertainty avoidance. This shows that the minimum value is higher in countries with lower uncertainty avoidance. This indicator's maximum value (69%) is higher in countries with higher uncertainty avoidance. However, for the green trade indicator, we see that countries with higher uncertainty avoidance outperform countries with lower levels of uncertainty avoidance.

For the green employment indicator, the average value (49.47) is higher in countries with higher uncertainty avoidance. The minimum (14.63%) and maximum (100%) values are also higher in countries with higher levels of uncertainty avoidance. For this indicator, countries with lower levels of uncertainty avoidance have worse scores than countries with higher levels of uncertainty avoidance.

For the green innovation indicator, the average value (42.05%) of the share of patent publications in environmental technology is higher in countries with a higher degree of uncertainty avoidance. The minimum (1%) and maximum (100%) values are the same in both groups of countries (Sova et al., 2023).

We found that 27 countries have a higher enjoyment of life, while 33 countries have a lower enjoyment of life (Table 4).

Table 4. Descriptive statistics on higher/lower levels of indulgence as an orientation of national culture at different stages of the green economy

	Green investment		Green trade		Green employment		Green innovation	
	High	Low	High	Low	High	Low	High	Low
N	27	33	27	33	27	33	27	33
Mean	**67.13**	**67.46**	**23.27**	**27.59**	**46.86**	**49.89**	**39.43**	**39.19**
Median	67.54	68.8	22.86	23.74	47.42	48.88	32.54	42.9
Std. Deviation	7.83	7.76	15.28	17.11	21.75	18.13	23.36	23.99
Variance	61.27	60.24	233.41	292.90	473.05	328.88	545.85	575.92
Range	25	29.5	49	66	86.1	72.42	85	97
Minimum	**53.3**	**50.9**	**3**	**3**	**13.9**	**17.56**	**15**	**1**
Maximum	**78.3**	**80.4**	**52**	**69**	**100**	**89.98**	**100**	**98**

Notes: See Table 1.

Source: Own research

For the green investment indicator, the average value (67.13% at higher enjoyment of life and 67.46% at lower enjoyment of life) of adjusted net savings is roughly the same in countries with higher and lower enjoyment of life. The minimum value (53.3%) is higher in countries with higher enjoyment of life. The maximum value (80.4%) is higher in countries with lower enjoyment of life. Therefore, It is impossible to say which countries dominate in this indicator.

For the green trade indicator, the average value (27.59%) of the share of exports of environmental goods is higher in countries with lower levels of enjoyment of life. The minimum values (3%) are the same in both groups of countries. However, the maximum value (69%) is higher in countries with lower enjoyment of life. For this indicator, countries with higher levels of enjoyment of life have higher values.

For the green employment indicator, the average value (49.89%) of the share of green employment in total manufacturing employment is higher in countries with lower enjoyment of life. The minimum value (17.56%) is also higher in countries with lower enjoyment of life. The maximum value is higher in countries with higher enjoyment of life and is 100%. We can conclude that, regardless of the results, countries with higher enjoyment of life show better results than countries with lower enjoyment of life.

For the green innovation indicator, the average values (39.43%) at higher levels of enjoyment of life and 39.19% at lower levels of enjoyment of life) are roughly the same in countries with higher and lower enjoyment of life. The minimum (15%) and maximum (100%) values are higher in countries with higher enjoyment of life.

We found that 33 countries have a female-oriented national culture, and 27 countries have a more male-oriented national culture (Table 5).

Table 5. Descriptive statistics on masculinity/femininity as an orientation of national culture at different stages of the green economy

	Green investment		**Green trade**		**Green employment**		**Green innovation**	
	Fem.	**Mas.**	**Fem.**	**Mas.**	**Fem.**	**Mas.**	**Fem.**	**Mas.**
N	33	27	33	27	33	27	33	27
Mean	**66.93**	**67.79**	**22.69**	**29.26**	**44.13**	**53.9**	**41.15**	**37.04**
Median	68.32	67.61	22.77	30.75	45.75	49.72	42.02	31.28
Std. Deviation	7.45	8.17	13.60	18.77	17.18	21.58	25.78	20.66
Variance	55.45	66.8	184.99	352.21	295.07	465.49	664.81	426.83
Range	27.5	27	54	64	68.92	86.1	99	89
Minimum	**50.9**	**53.3**	**3**	**5**	**14.63**	**13.9**	**1**	**11**
Maximum	**78.3**	**80.4**	**56**	**69**	**83.55**	**100**	**100**	**100**

Notes: See Table 1.

Source: Own research

For the green investment indicator, the average value (67.79%) of adjusted net savings is higher in countries with a male-oriented culture. The minimum (53.3%) and maximum (80.4%) values are also larger in male-oriented countries.

For the green trade indicator, the average value (29.26%) of the share of exports of environmental goods is higher in countries with a male-oriented national culture. The minimum (5%) and maximum (69%) values are also higher in male-oriented countries.

The green employment indicator's average value (53.9%) is higher in countries with a male-oriented national culture. The lowest value (14.63%) is higher in countries with a female-oriented national culture. The maximum value (100%) is higher in countries with a male-oriented national culture.

The average value (41.15%) for the green innovation indicator is higher in countries with a female-oriented national culture. The lowest value (11%) is higher in male-oriented countries. The two maximum values are equal at 100% each. In male-oriented and female-oriented cultures, the maximum values are the same and are 100%.

5. CONCLUSION

Our research found that countries with a long-term orientation of national culture have better average, minimum, and maximum values than countries with a short-term orientation of national culture at different stages of green economy development. Based on descriptive statistics, we confirmed the first hypothesis that there are statistically significant differences in national culture's long-term/short-term orientation across countries at different stages of green economy development.

We learned that countries with an individualistic orientation of national culture perform better than countries with collectivist orientation culture, but some collectivist countries outperform the individualistic ones. Some countries with a collectivistic orientation of national culture perform better than individualistic countries on some indicators. We also confirmed the second hypothesis that there are statistically significant differences in national culture's individualistic/collectivistic orientation across countries at different stages of green economy development.

We found that countries with a higher degree of uncertainty avoidance in the national culture perform better than countries with a lower degree of uncertainty avoidance on the green trade, green jobs, and green innovation indicators. Regardless, however, countries with lower levels of uncertainty avoidance perform better than countries with higher levels of uncertainty avoidance on the green trade indicator. Countries with a lower degree of uncertainty avoidance perform better on the green investment indicator than those with higher uncertainty avoidance. The third hypothesis that there are statistically significant differences in higher/lower levels of uncertainty avoidance across countries at different stages of green economy development was also confirmed.

As we saw with the green investment indicator, we cannot identify a dominant group of countries along the cultural dimension of higher/lower enjoyment of life. For the green trade and jobs indicators, countries with lower enjoyment of life had better values. For the green innovation indicator, however, countries with higher enjoyment of life scored better. We can conclude that in some cases, one group of countries is better and, in some cases, the other group. Based on descriptive statistics, we partially confirmed the fourth hypothesis that there are statistically significant differences in higher/lower enjoyment of life in the national cultural orientation across countries at different stages of green economy development.

As we found with the green investment, green trade, and green jobs indicators, countries with a male-oriented national culture perform better than countries with a female-oriented national culture. For the green innovation indicator, countries with a female-oriented national culture perform better than countries with a male-oriented national culture, which means that the fifth hypothesis was confirmed.

It could be argued that whatever the dominance of a particular group of countries in the green economy indicators, there may be countries from another group that performs better given the different cultural orientation of national cultures. This was evident in the smallest and largest values. For example, for the green investment indicator, the average value is higher in countries with an individualistic orientation of national culture. Still, the maximum value is higher in countries with a collectivistic orientation of national culture. This tells us that, regardless of the average, some countries with a collectivistic orientation of national cultures perform better than countries with an individualistic orientation of national cultures. For the green jobs indicator, the average value is higher in countries with an individualistic national culture, but the minimum value is higher in countries with a collectivistic national culture. This tells us that the minimum value is higher in countries with a collectivistic national culture orientation. For example, we could not determine which group of countries was better for the higher/lower enjoyment of life on the selected green growth indicators, as both had roughly the same scores/values.

Modifying the green economy indicators or adding some additional ones would be useful for further research. We could not include more countries because our research was limited to certain indicators. Adding more countries to enlarge the sample would make sense, which would be possible with a different set of indicators. We could also choose some other model of intercultural differences as a research framework. For further research, it would be useful to investigate a specific period covering several years.

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Original Scientific Article

QUALITY OF R&D INFORMATION IN THE DISCLOSURES OF PHARMACEUTICAL COMPANIES IN HUNGARY

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Abstract: *The Hungarian Accounting Act and the International Financial Reporting Standards require different accounting treatments and disclosures for research and development activities. While examining ten years' financial statements of five Hungarian pharmaceutical companies, we revealed the differences between the two accounting systems and evaluated the quality of the provided accounting information. Incorporating former researchers' findings, the authors developed a criteria system for content analysis to examine the impact of accounting differences on the quality of accounting information. The financial statements presented on the IFRS basis provided more consistent high-quality information, while the disclosures prepared on the domestic accounting rules showed a variable picture.*

Keywords: *Accounting information, Research & Development, Hungarian Accounting Act, International Financial Reporting Standards.*

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OPEN ACCESS

1. INTRODUCTION

Research and development (R&D) expenses, and even more so the capitalized R&D costs, can provide useful information to the users of the financial statements on the company's prospects, success, and development (Huang et al., 2020). However, this requires that users can properly interpret the data in the published financial statements and annual reports.

The interpretation of the information contained in the annual reports and the comparability of the financial statements of Hungarian companies are limited by the fact that the companies can prepare their accounts either in accordance with International Financial Reporting Standards (IFRS) or Act C of 2000 on Accounting. While similar disclosures are in both sets of financial statements, they are not directly comparable. There are fundamental differences between the two sets of rules in terms of how a company accounts for research and development expenditure and in capitalization requirements of development costs, when and at what value it can capitalize. These differences mean that the underlying information content of the disclosures is different, so although the disclosures are similar, they are not directly comparable.

Our research focuses on whether financial statements prepared on the basis of IAS 38 or the Hungarian Accounting Act provide more useful information for users.

2. LITERATURE REVIEW

A widely accepted and commonly used concept for defining information quality is „fitness for use". High-quality information ensures adequate data service for its users (Azeroual et al., 2018; Gertz et al., 2004; Kahn et al., 2002; Madnick et al., 2009; Shanks & Corbitt, 1999; Stvilia et al., 2008; Tayi & Ballou, 1998; Wang & Strong, 1996). Quality is often treated as a multidimensional concept to provide measurability (Knight & Burn, 2005).

The early models defined quality mostly in three or four dimensions. Ballou and Pazer (1985) defined four characteristics of high-quality information: accuracy, completeness, consistency, and timeliness. Wang and Strong (1996) conducted a survey in which they classified the characteristics of quality information into four categories: intrinsic quality, accessibility, contextual quality, and representational quality. Within the four categories, they identified 16 dimensions, the most important of which are accuracy and relevance.

Miller (1996) identified ten dimensions along which users determine the quality of the received information. According to his study, the essential components of high-quality information are relevance, accuracy, and timeliness. The accuracy dimension means that the information should reflect the underlying reality, and by the timeliness dimension, data should reflect the reality that is still valid.

Katerattanakul and Siau (1999) defined accuracy and correctness of content as features related to internal quality, published information about the author as contextual quality, organization and consistency as representational quality, and navigation tools as accessibility. Shanks and Corbitt (1999) approached and defined the necessary dimensions from an entirely new sociological and cultural perspective, with consistent representation, completeness, accuracy, usability, usefulness, and shared understanding of meaning as the most important.

Naumann and Rolker (2005) have classified the criteria (dimensions) according to which quality has three classes: subject-related criteria, such as understandability of information, the usability of information, and relevancy. Object-related criteria, such as completeness, and process-related criteria, such as accuracy. When Eppler (2001) created his model, he defined four vertical categories into which he classified the dimensions that determined quality - criteria for relevant information, criteria for correct information, e.g. completeness, conciseness, consistency, criteria for the optimized process category, and characteristics related to the reliability of the infrastructure.

Kahn et al. (2002) created the following four categories in building their model: correct information (e.g. completeness), reliable information (e.g. timeliness), useful information (e.g. relevancy), and usable information (e.g. accessibility). Klein (2002) investigated the factors most commonly identified by users as problems with the quality of information published on the Internet. Based on an analysis of 132 questionnaire respondents, identified five main factors: accuracy, completeness, relevance, timeliness, and amount of data.

According to Floridi (2013), high-quality information must be adequate in depth and scope. The model defined eight dimensions to assess quality. Cai and Zhu (2015) identified five main dimensions of information quality in their model for assessing big data quality: availability, usability, reliability, relevance, and presentation quality.

Heinrich et al. (2018) used the dimensions of timeliness, completeness, reliability, validity, and comparability to describe the quality of information. Taleb et al. (2018) based their theory of quality measurement on accuracy, timeliness, consistency, and completeness as the main indicators of information quality. Azeroual and Abuosba (2017) identified the main criteria for high-quality information: being error-free, completeness correctness, being up to date, consistency, and timeliness.

Based on the models presented, the most widely used characteristics to determine the quality of information are timeliness, accuracy, completeness, consistency, and relevance. Our research examines the R&D disclosures of Hungarian pharmaceutical companies according to these criteria.

Depending on the context of the information, each dimension can be defined in several different ways (Floridi, 2013) so that within each model, a characteristic or criterion sometimes has a different meaning. Therefore, for each dimension, we use the definition most relevant to the subject of the research: accuracy, timeliness, and relevance, as defined by Miller (1996), and completeness and consistency, as by Wang and Strong (1996).

Accuracy means that the information reflects the underlying reality, and the closely related timeliness indicates that the information reflects the current reality. Relevant information provides the proper support to achieve the user's goals (Miller, 1996). Information that is complete has sufficient depth and is sufficiently broad. Consistency describes that the information is presented in the same format and is comparable with historical data (Wang & Strong, 1996).

3. COMPARISON OF IFRS AND HAS REQUIREMENTS

In the Hungarian Accounting System (HAS), companies have an accounting policy choice to capitalize on development costs if they meet the capitalization criteria. The accounting treatment may affect both the accuracy and completeness dimensions due to the possibility of a choice to expense costs relating to ultimately successful development. If the conditions are met, IFRS requires the capitalization of development costs, which in itself may indicate that the disclosed information is adequate in terms of accuracy and completeness.

IAS 38.57 requires the recognition as an intangible asset arising from development if, and only if, an entity can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) its intention to complete the intangible asset and use or sell it;
c) its ability to use or sell the capitalized intangible asset;
d) how the intangible asset will generate probable future economic benefits. (*Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.*)
e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset;
f) its ability to measure the expenditure attributable to the intangible asset during its development reliably.

The standard leaves the assessment of compliance with the criteria to the companies; therefore, the company's decision to capitalize can also be subjective, which may also lead to the recognition of successful projects as an expense. The optionality of capitalization can also have an impact on the relevance dimension. The information is useful for the users if they can learn the company's activities or assess its expected future performance. Suppose the capitalized development costs do not faithfully reflect reality or provide incomplete information. In that case, the information is also less relevant and does not provide adequate support for the user's objective.

The two accounting systems also have different stringency regarding capitalization requirements. HAS leaves companies more freedom in judging the success of a project. In contrast, IFRS determined broadly and detailed the factors that need to be examined in order to declare a development expected to be successful. By applying the more stringent capitalization criteria of IFRS, the estimation uncertainty can be reduced, thereby improving the quality of the information in terms of accuracy.

Both the Hungarian Accounting Act and IAS 38 determine the balance sheet value using the cost model. Although IAS 38 allows the revaluation model for intangibles, it is for development costs, not characteristic because of the active market requirement. The Accounting Act does not allow revaluation of the capitalized development costs to fair value.

Under both systems, the costless amortization and impairment determine the carrying amount. Capitalized development costs under IAS 38 are amortized only in case of a finite useful life. An intangible asset is considered to have an indefinite useful life if, after considering all relevant factors, there is no foreseeable limitation on the time period during which the asset is expected to generate economic benefit to the entity. However, under the Accounting Act, if the useful life cannot be estimated, the asset must be depreciated within a maximum of five years. Suppose there has been a material change in the circumstances taken into account by estimating the amortization at initial recognition. In that case, amortization may be changed, but the quantified impact of the change on profit or loss must be disclosed in the notes. In contrast, IAS 38 requires a review of the amortization period and amortization method applied to all intangible assets with a finite useful life at the end of each financial year. If the assessed expected useful life of an asset differs from the previous estimate, the amortization period of the asset should be adjusted accordingly.

The capitalized value of the development costs cannot exceed the recoverable amount both under IFRS and Hungarian Accounting Act. IAS 36 contains a detailed explanation of the recoverable amount. Under the Hungarian Accounting Act, the capitalized cost of development should not exceed the amount expected to be recovered from the related future economic benefits after deducting further development costs, expected production costs, or directly attributable selling costs.

4. METHODOLOGY AND DATA

The study examines publicly available audited financial statements published by five Hungarian pharmaceutical companies. Ten years of disclosures were analyzed for each company to obtain a comprehensive picture of the companies' R&D activities and the information published about them. The study analyzed the published accounts of the companies between 2011 and 2020. The analysis considered the changes in the disclosures included in each company's accounts, which shaped the scores given. Hence, the final scores reflect the disclosures published in the last year.

Each company's annual report was scored on a scale of one to five for each criterion, with one being the weakest and five the strongest. The scale was constructed for the purpose of this study, based on the models for information quality cited above. The scoring scale is presented in Annex.

5. RESULTS

The scores given to the five pharmaceutical companies' disclosures prepared in line with the Hungarian Accounting Act are summarized in the table below.

Table 1. Scores on disclosures in HAS financial statements

	Accuracy	Timeliness	Completeness	Consistency	Relevance	Total scores	%
"A"	3	5	3	5	3	19	76
"B"	5	3	5	5	5	23	92
"C"	5	4	4	5	5	23	92
"D"	4	3	4	5	4	20	80
"E"	4	3	4	4	4	19	76

Source: Own calculations

Company A does not mention the accounting treatment for the company's R&D activities in the accounting policy section. In the ten years under review, there was no balance in the capitalized value of development costs, which suggests that the company permanently recognizes the costs incurred in connection with research and development as an expense. However, the accounts do not explicitly provide any information on successful developments. When a user looks at the accounts for a particular year, it is unclear which part of research and development activities are successful development projects in the current year and the comparative period or previous years. The delivered information is so incomplete, as the disclosure does not provide sufficient depth and breadth of information. Company A provides detailed information on the costs incurred in the financial year and a brief mention of the research team. Although there needs to be more information on the company's expectations of success, users can be informed about how innovative the company is and how much it spends on research and development projects.

Company B has detailed principles used in accounting for research and development activities in its accounting policies. It specifies precisely which costs are capitalized and how this provides users with sufficient depth of information to interpret the published figures. The individual assessment of each project helps to ensure the accuracy of the information disclosed so that the disclosures reflect as closely as possible the underlying reality, i.e. the project's expected success. The capitalization of development costs provides a more reliable picture of the company's expected future performance, in comparison to if the costs were expensed. From 2016 onwards, Company B included a breakdown of revenues by business line, which highly improves the relevancy of the disclosures, as it confirms the success of R&D projects. From 2019 onwards, the company has reduced the information disclosed on the costs incurred concerning research and development activities. The relevant parts of the accounting policies continue to be detailed, but the costs presented in the notes are only in a lump sum.

Company C's notes to the financial statements have in detail the accounting policies for recognizing and capitalizing the research and development costs. The company specifies precisely when a project will be capitalized and even sets a precise limit on the expected time to complete the development, helping to interpret the figures and build a more accurate picture of future performance. The rules for amortization of capitalized costs are also explained in the notes. The company determines amortization based on a generally estimated useful life, not the statutory maximum, which helps to keep information more timely. Like Company B, Company C also published a breakdown of revenues by business line, providing highly relevant information for users, as they can gain certainty that the projects were successful and generated revenues.

Although the capitalized value of development costs is presented in the balance sheet from year to year, Company D does not provide any details on R&D in the notes. There needs to be a mention of the recognition of development costs, the criteria for capitalization, or the rules for amortization of capitalized development costs in the section on the main accounting policies. The costs incurred in the year for research and development activities are presented only as a lump sum. However, capitalizing on expected successful developments provides information on the company's innovative activities. Therefore the aggregate presentation of costs was not considered to have a significant negative impact on completeness.

Until 2013, Company E did not choose to capitalize on developmental costs; it expensed all related costs in the year incurred. The accounting policy changed in 2013, and from that year onwards, the company capitalizes on projects that are expected to be successful. Nevertheless, the supplementary notes do not show in detail the accounting policy on the capitalization of development costs. The company presents the expensed R&D costs incurred during the year in an aggregated form. The notes do not include specific information on the calculation of amortization or the determination of useful life related to developments.

The scores show high consistency in all companies; there have been no significant changes in disclosure, so each company's accounts would have scored similar to the last year, even if they were scored separately for each year. Company E decided to capitalize after the third year, whereas previously, all the costs incurred were expensed.

Company C prepares its accounts by International Financial Reporting Standards from 2018 and Company D from 2017, which has changed the information disclosed in the accounts and the notes. The scores for IFRS reporting summarise in Table 2.

While company „C" prepared accounts under the Hungarian Accounting Act, the company has decided to capitalize on development projects deemed successful, in the IFRS accounts, due to the complexity of the requirements, R&D costs are fully expensed in the year incurred. This significantly reduces the relevance of the disclosed information, as users are not aware of the company's judgment about future projects that are considered successful. While the timeliness of the disclosures is improved, as only costs incurred in the year are included, the accuracy of the information is reduced, as the disclosure no longer reflects the expected success of the developments. In the IFRS accounts, the company does not disclose the costs incurred in the current year in detail and recognizes all costs as expenses, which, together with the lack of capitalization, harms the completeness of the information disclosed.

Table 2. Scores on disclosures in IFRS financial statements

	Accuracy	Timeliness	Completeness	Consistency	Relevance	Total scores	%
"C"	3	5	4	5	3	20	80
"D"	5	4	5	5	5	24	96

Source: Own calculations

Company D effectively provided the more detailed disclosure required by IFRS in the financial statements. The IFRS notes include an accounting policy for research and development activities that describes in detail the requirements for capitalization and calculation methods of amortization, thus providing higher complete and relevant information. Defining the useful life individually also positively impacts the information's timeliness, as the development's capitalized costs are amortized over a period corresponding to the best estimate of the useful life, rather than over a generally defined period. Costs recognized as expenses in the financial year are presented in a separate line in the profit and loss statement. Together with the capitalized costs and the related accounting policies, it provides comprehensive information.

6. CONCLUSION

The criteria and the optionality of capitalization were the main differences between the two accounting systems, which impacted accuracy and completeness. IFRS requirements ensure a more accurate picture as the conditions are more stringent than those in the Hungarian Accounting Act. In contrast to the HAS, capitalization is mandatory in IFRS financial statements if the conditions are fulfilled. As the disclosure requirements in Hungarian Accounting Act are less detailed and there are no formal requirements, we found that the information disclosed in the financial statements prepared in accordance with this law is very diverse. More detailed accounting requirements in the Hungarian Accounting Act would improve the quality of the information provided to users of the financial statements.

In reality, among the companies preparing both HAS and IFRS accounts, one decided not to capitalize on development activities because of the uncertainty of compliance with the criteria. Due to the stricter capitalization criteria in IFRS, we expected a derecognition from the intangible assets by the transition to IFRS, but this did not happen. Add to this the decision of Company C to no longer capitalize development costs in its IFRS accounts, and further research questions on the criteria for capitalization may arise.

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ANNEX

Accuracy:

1. does not reflect reality at all, does not use the capitalization option, does not show costs incurred
2. does not use the capitalization option, costs are aggregated
3. does not use the capitalization option, shows costs in detail
4. makes use of the option to capitalize but does not provide information on what is capitalized and how
5. projects expected to be successful are capitalized, providing detailed information on the conditions for capitalization

Timeliness:

1. does not faithfully reflect the state of the current date, presents historical or posterior data, does not recognize amortization
2. does not provide information on the amortization charged
3. provides general information on amortization without specific reference to developments
4. provides detailed information on the method of amortization and useful life of developments
5. perfectly reflects the situation at the date (in the balance sheet) and period (in the profit and loss account)

Completeness

1. the disclosure is incomplete, does not reflect reality, material data are not disclosed or cannot be interpreted
2. significant relevant information is missing, which makes interpretation difficult
3. provides only numerical information on material data, with no explanation to aid interpretation
4. material information is missing, but the loss of information is not material, disclosure is sufficiently broad
5. the disclosure presents all relevant information as accurately as possible.

Consistency

1. disclosures are not comparable
2. most of the disclosures have changed, and only a small proportion are comparable
3. some of the disclosures have a major change in principle or form, but the impact is not quantified
4. some of the disclosures have a minor change in principle or form, but the comparability is not significantly affected
5. disclosures are comparable, and the formatting and accounting policies are consistent

Relevance

1. the disclosure does not serve the purpose of the user and does not provide information on future performance
2. the report only provides numerical, aggregated information for the financial year; comparative figures are missing
3. the report only provides numerical, detailed information for the financial year; comparative figures are missing
4. the financial statements provide the user with information on the future performance of the company based on estimates
5. the report provides the user with the most immense possible assurance

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Review Paper

ARTIFICIAL INTELLIGENCE: HOW ARE GEN Z'S CHOOSING THEIR CAREERS?

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Abstract: *In the past decade, the rapidly increasing use of technology has changed the job market, making some careers obsolete while inventing new ones. While the social actors in the job market are adapting to the requirements, Gen Z's currently studying and preparing for jobs that have not been invented. Artificial intelligence is now on the launching ramp, more precisely in developing countries, which, due to the current reality (pandemic-forced digitalization), will need to catch up quickly. We are asking how ready our society is to embrace the changes and how these affect choosing one's career. While artificial intelligence is a field of study that indicates the future and the direction everyone is going, it seems like facing unexpected circumstances conducts to the embracement of the unknown with faith by a generation that was raised and exposed to technology. The methodology for this study was a review of the relevant literature, substantiating the proposed scientific approach from a theoretical standpoint.*

Keywords: *Artificial Intelligence, Generation Z, Career, Technology.*

JEL Classification O15 · L20

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1. INTRODUCTION

Different industries have started receiving employees on the job market while the universities had encounters with students from the latest generation. Noticing the changes in their behavior and attitude, it is easy to understand the rising interest in studying the Z Generation as the one that is currently defining the style of teaching in universities, the job market, and societal trends.

By 2025, Millennials and Generation Z will represent more than 50% of the workforce in the labor market (Tulgan, 2013). While we know many things about their predecessors, Generation Z is yet to be known or understood. This research aims to clarify how artificial intelligence influences Generation Z in choosing their careers and, through extension, what characteristics make the job market attractive for this generation (Iorgulescu, 2016).

Artificial intelligence (AI) has no widely accepted definition in the literature, even though AI has been a subject of interest for decades. In order to provide a synthesized definition, AI is a system's ability to perceive, comprehend, make conclusions, and learn from data to achieve organizational and social goals (Mikalef & Gupta, 2021).

Artificial intelligence can be analyzed from two perspectives linked to one another. First, AI has a significant effect on the educational industry. AI and society influence individuals, and the usage of AI applications and tools is widely known. Since the beginning of the educational scheme, everyone should be exposed to this technology and trained to gain skills and knowledge (Katz et al., 2022). The educational system should provide teachers with robots, intelligent tutoring, and adaptive learning systems (Chen et al., 2020). Other applications of artificial intelligence that should be mentioned include adaptive skill improvement, scheduling, and career education. Overall, for the education industry, it has always been acknowledged that social connection is a crucial element of good learning (Zarra, 2017). Still, there is a prominent need for other skills besides them.

On the other hand, it should be mentioned that enterprises and the market want to adopt AI into their operations because it is profitable, requiring fewer human resources and cheaper salaries. This is one of the critical issues regarding using artificial intelligence (Chassignol et al., 2018).

This research project is about finding a connection between the conscious use of AI (mainly social media) and a successful career path. We will also examine Gen Z's perspective on future jobs for their generation to have increased satisfaction.

2. METHODOLOGY

We choose to focus on the expert narrative overview from the several literature reviews since it will help us achieve our primary purpose – creating a broad picture of how ready Generation Z is to embrace the technological changes in their career while having the context of AI applications. Moreover, our primary research question is how the vocational route of this very high-tech digital skilled generation would evolve.

In this investigation, we adopted a methodology for composing narrative summaries such as electronic databases, notably ScienceDirect, Google Scholar, and Emerald, which served as the most efficient beginning point for our literature search to identify sources for the present overview. In addition, we also considered the most relevant scientific journals whose scope lies in the area of Artificial Intelligence and Sociology, such as the International Journal of Artificial Intelligence in

Education, Computers and Human Behaviour, Computers and Education, International Journal of Adolescence and Youth, The Journal of Individual Psychology, Romanian Journal of School Psychology, International Journal of Management, Technology and Engineering.

We have also incorporated information from periodicals, journals, and newspapers, including AI Magazine, Gartner, Times, and government publications as AI evolves. As search phrases, we utilized AI and career changes, AI education and E-Learning, Generation Z and career, Generation Z characteristics, Gen Z, and the labor market.

Regarding exclusion and inclusion criteria, we examined English-language and Romanian-language academic papers published after 2012 that were relevant to the study's objective.

3. LITERATURE REVIEW

Understanding the Attitude of Generation Z towards workplace article by Gaidhani et al. (2019) raises a similar point highlighted by the fact that once we know and understand the characteristics of Gen Z, the labor market can create a suited environment for them (Marginean, 2014). Moreover, The Get Ready for Generation Z report of Robert Half company (2015) calls into question that Generation Z is a constant learner but needs guidance and mentoring on choosing what to learn and how to discriminate information.

The study about the necessary competencies of learners (Sanusi et al., 2022) seeks to explore more specific aspects needed by the new generation to gain particular skills that might increase their chances in the job market. In contrast, another article (Ayanwale et al., 2022) focuses on the importance of knowing how ready teachers are to teach AI because the success of AI education may depend on it. Together, these works suggested a strong connection between developing new skills and gaining specific knowledge (Austin, 2020).

Besides competencies, educational institutions must fully recognize AI's value in teaching and learning because instructors frequently need to encourage pupils to personalized learning. Moreover, to flourish in a world dominated by computing and to meet the needs of an ever-evolving educational system, the educational sector should integrate artificial intelligence into its content development and delivery processes. Thus, the study of Wei (2020) and his findings emphasize the need for practitioners and scholars to comprehend the existing situation and prepare for the anticipated change in the education sector.

3.1. Generation Z

Generation Z is the latest researched generation, and its origins started with the mass use and booming of the internet. Generation Z was born at the same time the internet started being used by the general population (Kasasa, 2021). According to other specialists, most researchers identified 1995 as the year of the beginning of Generation Z, but we could extend it to 1998 (OC&C, 2019). None of the least, Gen Z, also known as the Zoomers, Post-millennials, Generation I, Gen Tech, Digital Natives, and Gen Wii, is a generation that, by definition, is embedded in artificial intelligence. Not only were they born with a device in their hands, but they also cannot imagine their lives without one. That is why in every generation's definition, you always find technology, artificial intelligence, or internet use as attached attributes (Berkup, 2014). This is a non-debatable characteristic of this generation.

As social sciences always deal with processes that are not easy to pinpoint, such as exact sciences, this is the case for Generation Z genesis. Although you need more than being born on a specific date to guarantee someone's affiliation to a particular group or generation, this pushes the social actor *to "position oneself" within the historical process* (Brezeanu Stăiculescu, 1995) and to adhere to the collective vision of the world. Even if sociologists seem to disagree with the name of this generation or the time frame, they agree on the main characteristics that it represents it. Gen Z is the generation that has the most extensive ethnic diversity while being the most technologically savvy (Brezeanu Stăiculescu, 1995). While living in this post-modern world of globalization, Generation Z is constantly online on different devices, living so much of their lives in the virtual world while transferring their beliefs to the offline world (Venkatakrishnan, 2022). As this study conducted by Schawbel (2014) presents, Generation Z is more entrepreneurial, trustworthy, and tolerant than their predecessors while being less motivated by money. As Ana Staiculescu puts it, *In the social sciences, generations have become both an object of study and an instrument of investigation* (Brezeanu Stăiculescu, 1995). In this research, we combine the two to discover the why and the how of Gen Z.

Gen Z is, by definition, an all-time connected generation, and this feature will not change. They are discovering their way of thinking, the decision–making process and identifying the stimuli of choosing their career path will help the specialists of connected working fields to make the process of career counseling and guidance relevant, as well as create work environments that suit them best (Cilliers, 2017). Their decision-making process is different from other generations. As Bonchiş (2021) puts it, Gen Z *produced fundamental changes in the thinking level and information processing, the way of expressing emotions, forms of communication, career, family, and other institutional attitudes*. That is why we have to ask and further research: What are the main differences between Gen Z and other generations regarding the decision-making process? How would a different decision-making process affect career choices in the current artificial intelligence context (Reardon et al., 2000)?

3.2. The Implication of Artificial Intelligence in Career Choice

In our post-modern world, we realize that artificial intelligence is essential to our daily routine. However, with the constant and rapid increase of social media use and knowledge at a "one-click away" distance, the Gen Z teenager can find himself bombarded with information but with insufficient tools to help him find his way through the maze of information. Therefore, besides facing the expected changes of this development period, each teenager must successfully navigate the sea of information and make conscious choices about their future career.

Artificial intelligence in education presents both an opportunity and a challenge (Galloway & Swiatek, 2018). We do not deny the changes brought to education by artificial intelligence technologies. Nevertheless, we must also consider issues in artificial intelligence education, such as fairness and inclusivity (Sijing & Lan, 2018).

Numerous research indicates that new career categories are emerging. These new categories demand skills and training that may surprise many businesses (Sanusi et al., 2022). Many of these unique and developing occupations are the result of AI. The problem with business school education is that updating or adapting the curriculum to meet these growing needs frequently needs to catch up to the actual market (Sollosy & McInerney, 2022).

Regarding career decisions, it is expected that advancements in artificial intelligence will majorly influence these decisions. AI systems can complement and even improve human decision-making, especially career decisions, in the era of big data (Schepman & Rodway, 2020). Although AI systems can easily replace humans when it comes to structured and semi-structured decisions (Duan et al., 2019), we do not anticipate this to be the case at least shortly for career decisions. AI will affect the structure of several labor markets, just as all previous productivity-enhancing technologies have, resulting in an increase in income and, subsequently, an expansion and diversification of consumption patterns (Faulds & Raju, 2020). However, AI systems can enhance individuals' analytical and decision-making skills and help them make better choices (Wilson & Daugherty, 2018). Today's optimal system for career planning is a blend of career information, expert, and decision-support systems (Gati & Kulcsar, 2021).

Even though AI holds a broader range of technologies used in different areas of our society, for the present paper, we are focusing more on the social media discourse as it is the predominant factor in every Gen Z's life, no matter the age or social category.

In the social context where Gen Z teenagers are constantly online on different devices, living so much of their lives in the virtual world, we can state that social media content strongly influences their image of the world and life. In general, they absorb and use different devices that would make their lives easier and more focused on their interior world while offline. Therefore, we can ask the question: How would this very high-tech digital skilled generation's vocational route evolve?

Another feature of Gen Z teenagers is to know themselves to learn experientially - trying, again and again, to see what fits best. In the career-choosing field, this could also translate into the need to try different occupations to obtain self-knowledge. As Allport and Herseni (1991) put it, *For the adolescent, the core of the identity is choosing a future profession or goal. He knows that the future must follow a plan, and therefore the identity conscience will have a certain dimension that was lacking during childhood*. Skipping the step of knowing himself, the young professional will manifest dissatisfaction in his career, sometimes leading to depression.

Another feature of Generation Z is multi-tasking which would lead to another crisis of specialists among the youth in the job market. While Generation Z is good at doing multiple things at a time, they get bored quickly, and their work has to suffer from the quality standpoint, as this generation is not used to going into depths of specialization in a single field but more to joggle with multiple tasks at the same time.

3.3. Job Market- Opportunities and Challenges

With the increasing use of social media and the rapid increase in knowledge just a click away, Gen Z teenagers may find themselves bombarded with information but with insufficient tools to help them navigate the information maze. Therefore, in addition to the expected changes in this developmental period, every teenager must successfully navigate the sea of information and make an informed choice about their future career.

In the labor market, employers state that they constantly deal with young people who need more satisfaction regarding their careers. However, whether we talk about dissatisfaction with the job itself, the job environment, or the reward system, the youths from this generation seem different from the previous ones. They value their happiness and health more than the career itself and the money they could get (Răducanu, 2022).

Another feature of the labor market nowadays is that Gen Z youths need constant feedback and immediate reward. So they seek mentors who guide and care about them and are ready to work in an environment that nurtures human connections. Being used to receiving immediate feedback in online communities, they are mirroring this back in the offline environments as a requirement for natural human connections.

Even if each country might have struggles and opportunities in the job market due to globalization, the social phenomena in this paper could be researched at the global level. Furthermore, as Giddens (1991) says*, Everyone continues to live a local life, yet phenomena worlds, for the most part, are truly global*; we live the phenomenon of globalization, and so do the native-digital youngsters of Gen Z. Analyzing the social media content that the teenagers are consuming we find out that the national borders are easily erased as they follow and watch content from different countries of origin, mainly in English but as well in other languages as they are especially visuals.

The vocational identity correlates with self-image as Gen Z is *more aware of itself and more narcissistic than the previous generations* (Desjarlais, 2019), so this would translate into the desire to lead, the need to be seen as contributors in the work environment, and personal freedom to work as they seem appropriate to.

Of course, many other essential features of Gen Z will make a change in the labor market as well as in society itself. A recent one that has yet to be researched enough is the effect of working from home during the pandemic on the Gen Z (already connected to technology) youth. Will they prefer and demand to continue to work from home, or will they lack face-to-face interactions and choose a classic working environment?

The study that Robert Half (2015) conducted before the pandemic shows that more than half - 65% of Gen Z's interviewed prefer to work from an office within a small group, in private spaces that give them intimacy. Studying or working from home during the pandemic may have increased the numbers of those Gen Z's who would prefer to work from an office lacking the human connections they value.

As Gen Z value their holistic well-being, their view on the career path is quite different from their previous generations (Törőcsik et al., 2014). The job is not their final life goal but merely a means to live according to their purpose, values, and personal goals (Robert Half, 2015). Learning from their parent's life lessons that they should follow their passions but also from their mistakes, Gen Z's view of work consists in fitting the career in their lives more than turning their lives around their career goals (Sandu et al., 2014). Suppose we translate this into the labor market characteristics of Gen Z. In that case, we can summarize it in a well-delimitated work-life schedule, honest job description, and a healthy work environment.

Of course, by summarizing and translating all of Gen Z's features on the labor market, we get a more comprehensive portrait of what kind of employees they are and how the labor market should look to be appealing to them.

On the other hand, the present jobs crisis can be seen in many developing countries around the world, which are in a stage of socio-economic transition that has affected the entry of Gen Z into the labor market. Precarious services replace stable jobs that we have known. In this stage of life, there are also rapid alternations of *temporary work, unemployment, traineeships, or further training* (Brezeanu Stăiculescu, 1995) that create a complex and unknown world for the Gen Z and the companies competing with each other for a skilled workforce.

While Gen Z natively uses AI in all their life areas, their actions are shaped mainly by digital networks and social media use. Similarly, they impact the online world and then bring it to their offline careers for their interactions, work procedures, and desire to collaborate with their colleagues (Gavreliuc, 2006).

3.4. Technology Implications

Nowadays, digital tools have helped enhance each stage of the recruiting process, from candidate research through offer acceptance to employee retention. Technology has its benefits and drawbacks of various devices. The COVID-19 pandemic has been a lesson for recruiters and employees who faced economic distress and severe competition, dismissing employees because of the worldwide situation (Li & Lalani, 2020). It has become essential to innovate to identify, select, and keep the top talents from around the globe, considering that it is more challenging to pick and retain the proper people (Robinson, 2020).

Social networks are the first technology to be analyzed in this paper. Its first role is to connect employers and employees, facilitating rapid and direct communication between the two. Second, the development of the employer brand by strengthening the reputation, visibility, and attractiveness of the company and encouraging contact. Third, transparency in relationships helps in establishing trust and encourages more prosperous and humane exchanges away from the formality of job id (Mahon, 2019). Fourth, the sharing of relevant job openings. In contrast to the role of social networks, the disadvantages must be mentioned, such as the level of confusion and volatility produced by social networks making it hard to monitor and regulate the flow of talent.

Regarding the benefits of these platforms, it is possible to gain a clear picture of the organization's social actions, objectives, goals, guiding values, and corporate culture. As a result, the candidates can better understand the organization and prepare for interviews. Numerous recruitment firms and professional networks are also active on social networks to uncover talent and boost their reputations. These organizations engage with their target consumers and communicate with them via community managers (Allal-Chérif et al., 2021).

Facebook is a platform whose audience is based on young and active persons and permits the collection of spontaneous candidacies, the advertising of events, the distribution of offers, and the promotion of a company's values and culture via viral marketing. On the other hand, LinkedIn has become linked with recruitment and appears to be a requirement for firms attempting to recruit job seekers. Artificial intelligence enables the examination of highly heterogeneous and unstructured social network data. It allows comparisons between candidates' knowledge and skills and enterprises' operations and needs.

Moreover, it is common nowadays for companies to have a chatbot, a virtual, autonomous, intelligent entity capable of conversing with humans and other chatbots. These robots are programmed to comprehend their actual or virtual interlocutors' requests and inquiries and provide them with responses, guidance, information, and services. In the context of recruitment, chatbots can first send messages to potential candidates via e-mail, SMS, Skype, Messenger, WhatsApp, or Facebook. Second, chatbots can communicate with these candidates to pre-screen them using simple criteria. Chatbots enhance companies' employer brands that can now connect with all applicants during recruitment. Third, they can answer employees' questions about the proposed job and the recruiting company. Forth, they can plan and prepare for the interview and inform candidates of the next steps in the recruitment process. In addition, they will supply candidates who were passed over with feedback, which is impossible at most companies. These conversations can occur concurrently with thousands of prospects, allowing recruiters to choose the most promising candidates and move through them more swiftly. These chatbots will not perform the same tasks as human recruiters but will assist them (Allal-Chérif et al., 2021).

3.5. Generation Z Skills Needed for Mastering AI Technology

We live in an era where computers and other sophisticated technology substantially affect how things are carried out (Tang et al., 2020). Therefore, Generation Z must be educated on artificial intelligence because its use in everyday life is unavoidable (Sijing & Lan, 2018). However, understanding the basics behind AI algorithms might take much work initially. Still, considering that Generation Z was exposed since birth to this kind of technology, we can assume that it is easier for them to gain knowledge and master the needed skills (Figure 1). Cognitive can be seen as a challenge to respond with understanding and reflection, meaning that it is mandatory to possess 21st-century learning skills, such as critical thinking, creative thinking, and problem-solving (Sanusi et al., 2022).

To contribute to the success of a classroom/ organization Generation Z must display teamwork skills to drive collaborative effort. Teamwork is the second skill and a method for fostering a social climate that encourages collaboration. Therefore, Sanusi et al. (2022) study hypothesizes that cognitive ability can influence teamwork ability when acquiring AI literacy, meaning that mental competence affects teamwork competency.

Skill competence is the third skill needed to master AI. It is described as the capacity to carry out a job function or task using information gained logically and deliberately while maintaining sustained attention engagement. Consequently, skill competency can be understood as the mastery of certain learning sets of abilities necessary for specialization and task completion. In addition, perceived cognitive competence is critical for Generation Z, who are learning AI concepts that are already challenging to comprehend (Brown, 2002). Therefore, learners' mental competency may influence their skill competence in AI education (Luckin et al., 2022). Thus, skill proficiency is affected by cognitive ability.

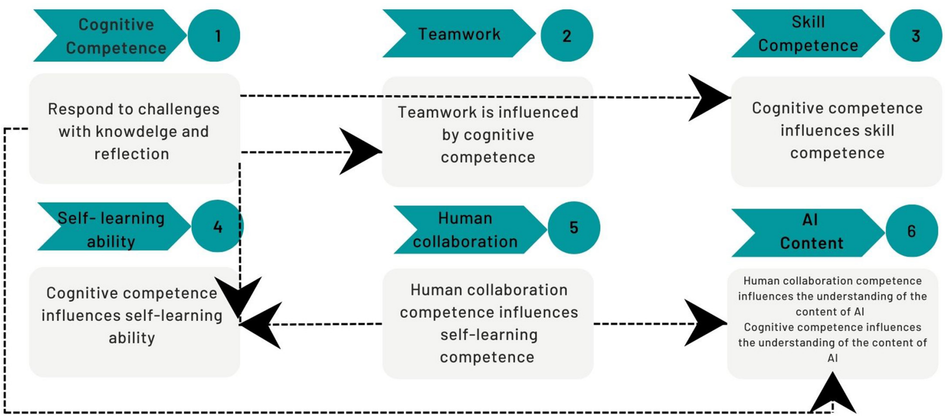

Figure 1. The skills needed by Generation Z to master artificial intelligence technology or to develop it, and their connection

Source: Authors' elaboration

The fourth skill, self-learning, is the process through which individuals acquire knowledge without the aid or intervention of others. In other words, Generation Z controls what they study, when, and how they learn. Self-learning enables the student to acquire knowledge and improve cognitive skills actively. The cognitive ability of students aiming to gain AI literacy influences their self-learning ability (Gani, 2016).

Humans have collaborated for ages to study in school and execute duties at work. However, technological advances allow people and machines to collaborate using AI-powered computer agent technology and other related tools (Cao et al., 2021). Similarly, Knauer et al. (2017) research has demonstrated that collaboration between humans and robots can enhance effective learning and task completion. On the other hand, Sanusi et al. (2022) study examines how the human-tool collaboration technique for teaching AI to Generation Z affects their self-learning skills.

The last skill needed by Generation Z is the importance of learning and exposing to AI content. There are several factors to be considered: the learning material affects the person's ability to learn, analyze and retain information. This school curriculum should be thoughtfully crafted to pique students' interest in AI and inspire them to learn more about it. The level of human-tool collaboration skill plays a role in how well AI content is understood, but also the ability to think critically impacts the understanding of AI material.

4. FUTURE RESEARCH DIRECTIONS

Researching the way that AI is involved in Gen Z's development and choosing their career leads us to further research the involvement of AI in Industry 5.0 and Society 5.0 as it shapes the economy and culture worldwide. Both Society 5.0 and Industry 5.0 represent major shifts in communities and economies toward a new paradigm for balancing economic progress with the resolution of social and environmental concerns, as well as addressing obstacles related to human-machine interactions and talent matching (Carayannis & Morawska-Jancelewicz, 2022). That is why we believe that further research could give a more accurate perspective on how society deals with these changes in order to better acclimatize Gen Z in the workforce.

A few years ago, the idea of Industry 5.0 began to emerge, and ever since then, it has been the topic of extensive conversation among participants hailing from research institutes as well as financing organizations. At the same rate and mostly due to the extensive and rapid increase of technology in the globalized society, Society 5.0 emerged as a vision of a future society that is human-centered, super-smart, and lean. It was begun by the Japanese government in 2016, and it describes a society that is guided by scientific and technical innovation. It was proposed that Japan adopt the idea of Society 5.0 in order to achieve a balance between economic development and the resolution of social issues (such as an increasing elderly population, low birth rates, and a loss of competitiveness). This will be accomplished by delivering essential goods and services to individual people at the necessary level and at the appropriate time via the merging of cyberspace and physical space using 5 G, Big data, artificial intelligence, and other technologies (Huang et al., 2022).

Gen Z through all its characteristics will affect the labor market as well as it will greatly be affected of it. The symbiosis coming from the mutual change will shift even more society and the industry. When it comes to jobs impacted by AI rising and which are yet to be invented there lies the question of how Gen Z are preparing themselves for such a labor market and a perpetual changing society.

Human-centeredness is an essential component of both Industry 5.0 and Society 5.0. As it can be seen Industry 5.0 seeks to activate the creativity of humans in industry and evolve industry to human-centered, resilient, and sustainable prosperity. The objective of Society 5.0 is to create a human-centered, super-intelligent, and efficient society with a shared comfortable, and sustainable future for all. Future industry and society will be preoccupied primarily with the vitality and demands of each individual (Huang et al., 2022). That is why we believe that in-depth and extensive further research on this topic will help us better understand and analyze choosing one's career for Gen Z.

5. CONCLUSION

While still studying the theoretical standpoints of Generation Z particularities to narrow down the theoretical framework further and to be able to relevantly identify the critical indicators of how artificial intelligence is influencing the career choice for this generation, it is essential to emphasize that the success of this generation will be widely recognized in the 21st century considering their skills and their tendency for technology and to keep up the rate of the digital evolution (Dâncu, 2018).

It is common knowledge that Gen Z's the digitalized generation of all, but the question lies within who is influencing whom. In the present study, we have focused on learning about decision-making and identifying the essential features in choosing one future career. Of course, opportunities have a crucial role in selecting a job. Still, to gain them, it is mandatory to have the prerequisite skills for applying artificial intelligence technology while studying or working (Cao et al., 2021).

Cognitive competency, teamwork, skill competence, self-learning ability, human collaboration, and exposure to AI content are the significant traits that are looked for in the job market nowadays. On the other hand, we can acknowledge that using more and more AI in our society led to significant shifts in Gen Z's decision-making process regarding their careers and values like personal happiness, personal health, a healthy work environment, and a balanced work-life scheduled together with mastering the AI skills. As a result, Gen Z is choosing their careers to fit their values rather than adapting them to reach the higher ground on the career ladder.

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Original Scientific Article

IMPACT OF E-RECRUITMENT ON THE EFFECTIVENESS OF HR MANAGEMENT IN COMPANIES: THE CASE OF BOSNIA AND HERZEGOVINA

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Abstract: *Human resources play a significant role in a company as human capital affects the company's success and competitiveness. Effective HR management helps the company achieve its goals. Key HR activities in acquiring human capital are recruitment, training, and retention of employees. Finding the right employees is of great importance to a company and this process should be fast and efficient. E-recruitment, as an ICT-based process, can increase the efficiency of the recruitment process and HRM. Bosnia and Herzegovina (B&H) is struggling with strong migration processes, mostly the workforce since numerous youth and families are migrating to Europe. This affects the ability of companies to find new employees, retain existing employees and attract talented ones. The main aim of this paper is to investigate to what extent the companies in B&H use e-recruitment and how it affects the overall effectiveness of the HR management process. The paper is based on survey research conducted among 100 medium and large companies with developed HR departments in B&H. The results indicate that the companies are aware of the importance of HR for the company's success, they are aware of technological advances and the impact of ICT on the HRM processes, but they still do not rely only on e-recruitment in acquiring new talents and employees. However, the results also indicate that the e-recruitment process leads to the time and cost efficiency of the HR recruitment process.*

Keywords: *HRM, eHRM, Recruitment process, E-recruitment.*

JEL Classification M12 · M5 · M51 · M54

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1. INTRODUCTION

Human resource management is one of the management functions with the most impact on organizational performance. Contemporary organizations are pressured to remain competitive in the market and improve their overall performances. Human resources and intellectual capital are crucial in achieving these goals. It is a common understanding among researchers and practitioners that human resources are the most important resource of a company and that efficient human resource management is the key to a company´s success. However, nowadays we are witnessing many changes in HR and they are mostly impacted by technological development, in the past couple of years by the global pandemic, etc.

The impact of modern technology (ICT, AI, etc) on HR practices is inevitable and overwhelming. According to consulting agencies, the market for HR technology will be worth around 30 billion USD. According to Butina "*the speed at which new HR tools are being created is breathtaking.... even though many companies are unable to jump on every new piece of bleeding-edge technology*". This is especially the case for companies in the Western Balkans.

Recent study conducted by the European training foundation in 2022 "*The future of work in the Western Balkans*" indicates problems related to the digitalization of work, human capital development, and HR management.

Finding the right employees is a challenging task for human resource managers. Therefore recruitment is one of the most important activities in human resource management. Many companies nowadays rely on modern recruitment techniques and tools (e.g. E-recruitment) to ensure numerous candidates, increase the possibility of finding the best employees and increase the efficiency of the human resource management process. Electronic human resource management (eHRM) and artificial intelligence (AI) can help to recruit and select qualified employees, increase individual retention rates, and decrease the time needed to replace employees (Johnson et al., 2021).

In this paper, we will present the research findings of a survey focusing on e-recruitment practices in companies in B&H. The paper is structured in five sections. The first section is the introductory part followed by the presentation of the theoretical background in the second section. The research methodology is presented in section three and the research findings are presented in the fourth section. The discussion of the research findings is presented in the fifth section along with the conclusions and recommendations for future research.

The main aim of this research is to provide the answer to the research question: *To what extent does e-recruitment impact the efficiency of the recruitment process in companies in Bosnia and Herzegovina?*

2. THEORETICAL BACKGROUND

Human resource management goals are part of organizational goals and must be compatible with them. Human resources management should discover talents, and develop and initiate human resources for the realization of the organization's goals, while at the same time, the work and personal engagement of employees does not represent frustration, but personal satisfaction. Recruitment as a fundamental function of the HR department is a process in which the right personnel for the organization is found through a series of steps. Employee recruitment is very important for the business of any company, especially since the contemporary labor market is driven by the concept of "skills development" and there is an increased awareness among companies that recruiting process and finding the right candidate for a specific job is becoming more and more important.

The tasks of recruiting (acquiring) human resources are directly followed by planning tasks and represent a guideline for the further development of the human resources management function. Recruiting is the process of identifying, attracting, and providing qualified candidates, in a sufficient number that allows the organization to choose among several applicants, who meet the requirements of vacant positions. Human resource needs can be met in two ways: by hiring new people and developing the potential of existing ones.

The recruitment process begins with the decision to hire new employees, that is, to fill vacant positions and collect data on potential candidates. Recruiting as a process is expensive and takes a long time, and in order to reach certain candidates, the organization must provide significantly more candidates than the organization lacks. Recruitment is a two-way process because two parties participate in it: the organization that needs to fill vacant positions and the candidate who is interested in establishing a working relationship with the organization.

The aim is to attract a qualified group of candidates from outside the organization for a specific, vacant position in such a number that will enable the organization to choose the best candidate. Fundamentally, there are two different ways of recruiting staff: internal within the company or external from the labor market. The internal labor market offers potential candidates according to the target group, from the same company's organizational parts, from different companies' organizational parts, or the entire company. On the external labor market, one can find groups of job seekers, those just starting their careers, and those who want to change jobs and are motivated to change.

Recruitment includes all those activities that in any way affect the number and qualifications of people who apply for a vacant position, as well as the probability that candidates (applicants) will accept the position, of course, provided they meet all the eligibility requirements (Figure 1).

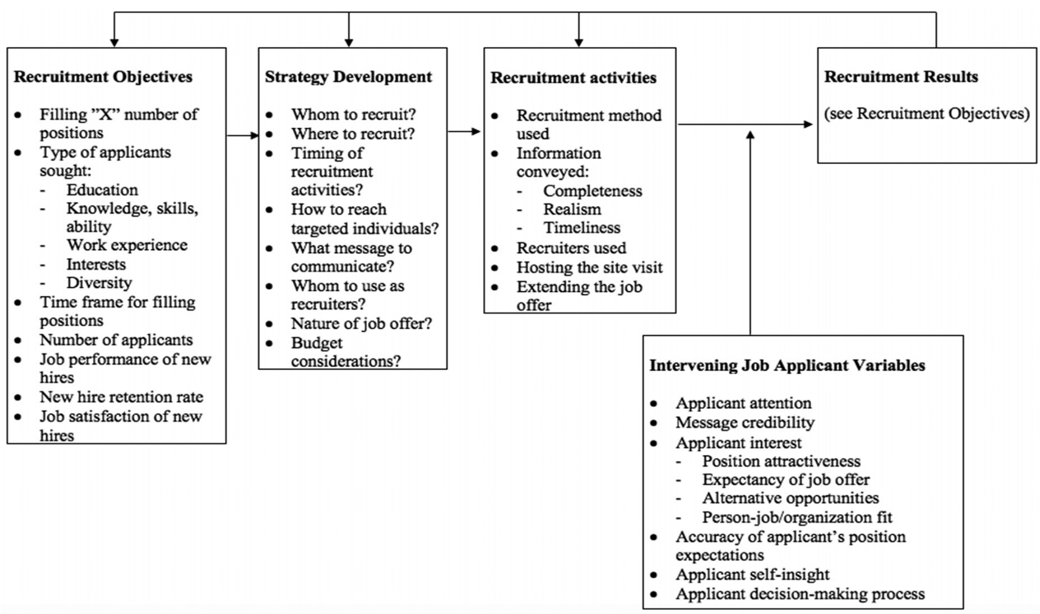

Figure 1. A model of the recruitment process (Breaugh, 2008)

An effective recruitment strategy implies practices aimed at finding the most willing candidates with appropriate competencies (Breaugh, 2008). Many authors believed that the purpose of recruitment is to find the largest possible number of candidates, others that the purpose of recruitment is to sell the organization to potential candidates in the best possible way (Singh & Finn, 2003; Wanous, 1992). It can be said that the most important aspect of recruitment is finding the right people for the right job.

According to Breaugh (2008), the recruitment process requires a systematic approach to achieving the goals of the recruitment process, which are defined in the first step of the process (Figure 1). Defining goals is crucial for choosing the right recruitment strategy, implementing activities, and optimizing recruitment results.

In addition to defining the goal of the recruitment process, it is crucial for employers to choose the resources and methods of recruitment. In the literature, as well as in practice, three sources of recruitment are known: internal recruitment, external recruitment, and walk-in recruitment. The key advantage of internal recruiting is in finding the best candidates within the organization itself, which means that the potential candidate knows the organization and its culture well, and the recruitment costs are lower. On the other hand, attracting candidates from external sources allows refreshing the team of employees, and introducing new ideas and approaches. Studies investigating sources of recruitment have shown that companies most often use a combination of the three sources of recruitment given that no single source can be considered the most reliable.

When it comes to external staff recruitment, companies often use traditional and increasingly modern recruitment methods. Traditional recruitment methods (contacting employees for recommendations, advertisements through newspapers, etc.) in a business environment that is increasingly changing, where the demand for employees with the right skills dominates, where business is increasingly internationalized and influenced by global trends, are not sufficient for timely attracting a sufficient number of interested job applicants. Many companies today apply more modern recruitment methods or combine different recruitment methods (El-Gohary, 2012).

"*Every sector, every job, every function, was, is or will be disrupted by the Internet*" (Girard & Fallery, 2009; Kalika, 2000). The use of technology in the company's operations has also affected human resource management processes. These technological organizational changes have also affected recruiting and it has undergone a major change as a whole, with new technologies providing a fast, effective, and efficient way to find potential employees. In theory and practice, numerous opportunities and risks that may arise when using new recruitment technologies have been identified. Among other things, speeding up the recruitment process, automating routine tasks, and increasing objectivity, were seen as possibilities. The risk of discrimination, data distortion, and invasion of privacy are considered risks.

The use of the Internet has enabled the application of modern recruitment methods, primarily e-recruitment, i.e. electronic recruitment, in which the use of the Internet plays a key role. In the beginning, recruiting via the Internet was done only by publishing ads on this network, and after a certain time, the volume of Internet use for these purposes increased significantly, so today we have virtual worlds that give applicants a better introduction to the state of a company, thus giving them a better basis for an application. Today, it is common knowledge that any virtual ad gives better results and a much larger response than any regional printed newspaper. However, when publishing virtual ads, it is very important to choose the right place for the ad on the Internet, as well as its content and wording.

E-recruitment implies the use of the company's website, e-mail, online radio station, social networks, and similar, for the purpose of finding, attracting, evaluating, interviewing, selecting, and hiring suitable personnel. A number of studies point to various advantages of using e-recruitment, such as: reducing risks related to candidate information, qualifications, and experiences (Parry & Tyson, 2008), reducing the burden of using recruitment agencies, and reducing costs (Galanaki, 2002), increasing satisfaction by work, shortening the recruitment cycle (Gopalia, 2012), improving the consistency and efficiency of the recruitment process (El-Gohary, 2012), the application contributes to improved employee productivity, etc.

3. RESEARCH METHODOLOGY

Starting from the fact that the defined subject of the research in the paper is the impact of the application of e-recruitment on the efficiency of the human resources management process in Bosnian companies, a research hypothesis was formulated as follows:

H0: "The use of e-recruitment positively affects the efficiency of the recruitment process in companies in Bosnia and Herzegovina".

The research variables are identified, namely, e-recruitment as an independent variable, and the efficiency of the human resources management process as a dependent variable, as well as indicators for measuring the aforementioned variables. The collection of primary data for the purposes of this research was carried out using the method of written examination, using a survey questionnaire as a data collection form.

The subjects of the research are production and service companies operating in the territory of Bosnia and Herzegovina. Based on the 100 collected answers from the respondents, empirical research is conducted for the purposes of this paper. The survey questionnaire that was used in the research was designed in several parts, with the aim of collecting indicators for the identified research variables. The survey questionnaire included three sections, namely the demographic characteristics of the respondents, the use of e-recruitment, and the efficiency of the human resources management process. The collected data were statistically processed using the methods of descriptive and inferential statistics.

4. RESEARCH FINDINGS

According to the results of the descriptive analysis, 91% of companies have been using the Internet in business for more than 9 years, 7% for more than seven years, and 2% for less than seven years. Moreover, 74% of the companies in the sample have been operating for more than 15 years, 9% for 10 to 15 years, and 6% for between 5 and 10 years. When it comes to the criterion of company size, 43% of companies have more than 100 employees, 20% have up to 50 employees, and 17% of companies have 50 to 100 employees.

In the total sample, 60% of companies operate exclusively on the domestic market, 37% of companies operate both domestically and on the foreign market, and only 3% of companies operate exclusively on the foreign market, with the fact that 7% of companies were founded through a partnership with a foreign investor, and 11% exclusively by foreign capital.

The results of the descriptive analysis of the responses related to the use of recruitment sources indicate that 23% of companies use only one recruitment source (dominantly an external recruitment source), while 77% use a combination of different recruitment sources. Also, the results show that electronic media and the Internet are used in combination with other methods of recruitment, and 26% of companies use the Internet as an exclusive source of recruitment. (Table 1).

Table 1. Used source of employee recruitment

Source of employee recruitment	Frequency (%)
Internet	26
Consultants (headhunters)	9
Print media	12
Electronic media	23
Employment agencies	18
Employee recommendations	22
Partnership with higher education institutions	12

Source: Author's calculations based on data from the sources

The approach of 56% of companies is that changes in the global economy are changing the sources of recruitment they use, and 59% of them believe that it would be useful to replace traditional sources of recruitment with electronic recruitment. Companies use electronic recruitment services in the form of employment portals, social networks, their own websites, and other services, as well as their various combinations. The following table shows the number of companies that use individual electronic recruitment services when recruiting employees, and different combinations of two, three, or more of them.

Table 2. Individual and combined services of electronic recruitment of employees used by companies

Electronic recruitment employees services	Frequency (%)
Employment portals	24
Social networks	14
Own website	10
Other	17
Employment portals, social networks	9
Employment portals, own website	3
Employment portals, other	3
Social networks, own website	4
Social networks, other	1
Employment portals, social networks, own website	14
Employment portals, social networks, own website, and other	1
Total	100

Source: Author's calculations based on data from the sources

In order to determine the frequency of use of each individual service, based on the data shown in the previous Table, the number of companies that, individually or in combination with other services, use individual electronic employee recruitment services was calculated. The obtained results are presented in Table 3.

Based on the findings, it can be concluded that employment portals and social networks are the two electronic recruitment employees services that Bosnian companies use most often. Social networks, as well as when it comes to sources of recruitment in general, and electronic recruitment services, are used in the form of individual social networks, or different combinations of two, three, or more of them.

Table 3. Individual electronic recruitment employees services used by companies

Electronic recruitment employees services	Number of companies
Employment portals	54
Social networks	43
Own website	32
Other	22

Source: Author's calculations based on data from the sources

Table 4. Descriptive indicators of general attitudes about employee recruitment channels

Item	Average	Mode	Standard deviation
Our employees are very important to our company.	4,43	5	0,935
Our company pays special attention to finding competent, professional, and capable employees who fit into our environment.	4,12	5	0,988
Our company has a website with a recruitment portal where potential candidates are offered relevant employment information.	3,08	1 and 5	1,574
On our website for each open position, the candidate can upload his application, biography, and other required data.	2,83	1	1,688
Our company hires recruitment agencies through outsourcing.	2,27	1	1,448
Online recruitment portals filter candidates before sending applications to our company.	2,42	1	1,505
Our company conducts final tests and the selection of candidates based on the recommendation of the online portal.	2,66	1	1,571
Our company continuously posts job ads on social networks.	3,10	5	1,592
Our company often communicates with candidates through social networks.	2,52	1	1,382
Our HR department scans the social media profiles of the applied candidates to determine if their personality fits the company and its organizational culture.	2,61	1	1,510

Source: Author's calculations based on data from the sources

The results show that the respondents expressed a high degree of agreement with the statement "*Our employees are very important to our company*", where 86% of the respondents answered in the zone of agreement with the above (22% of the respondents answered "I agree" and 64% of them "completely agree"). "*Our company pays special attention to finding competent, professional, and capable employees who fit into our environment*" - 77% of respondents answered "agree" and "completely agree". On the other hand, the lowest degree of agreement was expressed for the statement "*Our company often communicates with candidates via social networks*", with only 20% of the respondents agreeing to a greater or lesser extent, and "*Our company engages recruitment agencies through outsourcing*", with which a lesser or greater degree of agreement was recorded only in 23% of responses.

The advantages of electronic recruitment in production and service companies were investigated through a total of fifteen questions in the third part of the questionnaire. According to the results of the research, the most effective method and the greatest time saving, according to the opinion of 49% of respondents, are electronic recruitment methods. 45% of respondents point out that these are traditional, as well as 6% other methods of recruiting employees. According to 62% of respondents, traditional recruitment methods should be completely replaced by electronic recruitment methods.

The effectiveness of electronic recruitment by the respondents was evaluated through four different segments: the cost segment, the segment of the easier finding of workers, the segment of the quality of the candidate's responses, and the segment of the quality of the application. The effectiveness of electronic recruitment for each of these segments was assessed by assigning a grade from 1 (lowest) to 5 (highest). Descriptive statistical indicators of respondents' responses are shown in Table 5.

Table 5. Descriptive statistical indicators of evaluation of electronic recruitment effectiveness.

Segment of effectiveness rating	Average	Modus	Standard deviation
Effectiveness of electronic recruiting for the cost segment	3,71	3	1,149
Effectiveness of electronic recruitment in the segment of an easier finding of candidates	3,77	3	1,072
Effectiveness of electronic recruitment for the segment of the quality of received candidate responses	3,29	3	0,977
Effectiveness of electronic recruitment in the application quality segment	3,37	3	1,012

Source: Author's calculations based on data from the sources

According to the obtained results, the effectiveness of electronic recruitment is to the greatest extent reflected in the segment of easier findings of candidates and the segment of costs, and less intensively in the segment of the quality of the application and the quality of the candidate's responses.

As can be noticed, the highest degree of agreement among the respondents, when it comes to the advantages of electronic recruitment, was shown in the statement "*Electronic recruitment allows us to publish detailed descriptions of the jobs we are looking for online for candidates in the country and abroad*", where 66% of the respondents responded with a lower or complete degree of agreement, and the statement "*Electronic recruitment enables the reduction of financial and administrative costs*" where 59% of respondents confirmed their agreement. On the other hand, the lowest degree of agreement within the group of statements related to the advantages of electronic recruitment was recorded with the statement "*By using electronic recruitment, we achieved a lower level of employee turnover in our company*", to which only 38% of respondents agreed.

In order to give general conclusions and ensure the conditions of comparison between individual claims, descriptive statistical indicators were calculated for this group as well. The obtained results are presented in Table 6.

The results of the descriptive analysis, when it comes to this group of statements, show that the arithmetic means are in the interval between 3.20 and 3.85, and the dispersion indicators of the answers are in the interval between 1.048 and 1.231. Average values in the amount of over 3.00 for all nine statements show that the responses of the production and service companies included in the research are in the "zone of agreement" with all nine advantages brought by electronic recruitment of employees, although in some cases the intensity of agreement is lower and in others higher.

Table 6. Descriptive statistics of the results on the advantages of electronic recruitment of employees

Statement	Average	Modus	Standard deviation
Electronic recruitment enables our company to achieve a competitive advantage.	3,42	3	1,075
Electronic recruitment allows us to publish detailed job descriptions online for candidates at home and abroad.	3,85	4	1,048
Electronic recruitment allows us to reduce the number of employees in the HR department.	3,53	3	1,159
Electronic recruitment enables the reduction of financial and administrative costs.	3,76	3 and 5	1,046
With electronic recruitment, we achieve greater flexibility at work.	3,68	5	1,145
Electronic recruitment enables us to shorten the recruitment and selection cycle.	3,50	3	1,210
Electronic recruitment is a great aid in decision-making and enables the reduction of errors in human resource management.	3,46	3	1,132
Electronic recruitment enables the reduction of subjectivity in the personnel selection process.	3,64	3	1,097
By using electronic recruitment, we achieved a lower level of employee turnover in our company.	3,20	3	1,231

Source: Author's calculations based on data from the sources

By ranking the obtained arithmetic averages, it is concluded that the greatest advantages brought by the electronic recruitment of employees are reflected in the opening of the possibility of publishing detailed job descriptions that companies are looking for online for candidates in the country and abroad, reducing financial and administrative costs, achieving greater flexibility at work and reducing subjectivity in the personnel selection process. Electronic recruitment allows companies to reduce the number of employees in the human resources department and shortens the recruitment and selection of candidates.

As the last three advantages of electronic employee recruitment, according to the average value, companies see help in decision-making and the possibility of reducing errors in the management of human resources, achieving a competitive advantage, and reducing the level of employee turnover.

Based on all of the above, it can be stated that the results support the basic research hypothesis and the conclusion that the application of modern recruitment methods has a significant impact on the effectiveness of human resource management in Bosnia and Herzegovina companies, primarily on easier access to job seekers, the cost-effectiveness of the process, shortening of the cycle and consistency of the recruitment process.

In order to examine the relationship between modern recruitment methods and the effectiveness of human resources management, two variables were defined. The first variable represents the application of modern recruitment methods, and its operationalization was carried out through four dichotomous indicators:

- use of the Internet,
- use of social networks,

- use of the employment portal and
- use of the company's website.

On the other hand, the second variable represents the effectiveness of human resources management, and its operationalization was carried out through five indicators:
- the effectiveness of the process for the cost segment,
- effectiveness in the segment of easier access to candidates,
- effectiveness in the segment of the quality of received answers from candidates,
- effectiveness in the application quality segment,
- effectiveness in the segment of shortening the recruitment cycle.

With the survey questionnaire, the above indicators were measured through a five-point Likert response scale, and for the purposes of this part of the research, respondents' answers were categorized into two groups, in such a way that the answers "insufficient", "sufficient" and "good" represent ineffective, and the answers "very good" and "excellent" effective process in the observed segment. Given that it is about categorical data, the relationship between these variables was investigated through the chi-square test of independence, taking into account Yates' continuity correction, bearing in mind that each of the individual indicators has two categories, so the table in which the categories of one indicator are crossed with the categories of the second indicator results in a 2x2 table.

The results are presented in the following table which provides an overview of only a key part (significance of the chi-square test), based on which the existence of a relationship between the observed categorical variables was assessed. At the same time, the table shows only statistically significant results, i.e. results with a significance value of 0.05 or less. In all other cases, the obtained results did not show statistically significant chi-square test results.

Table 7. Chi-square test results

	Costs	**Easier access to candidates**	**Quality of received answers from candidates**	**Application quality**	**Recruitment cycle shortening**
Internet usage	0,040	0,015			0,015
Use of social networks			0,045		0,003
Use of employment portals	0,012	0,037			0,043
Use of the company's website					

Source: Author's calculations based on data from the sources

The obtained results confirmed the set central research hypothesis, given that they show that there is a connection between:
- the use of the Internet and the effectiveness of human resources management in the cost segment, easier finding of candidates and shortening of the recruitment cycle,
- the use of social networks and the effectiveness of human resources management in the segment of the quality of candidate responses and shortening the recruitment cycle, and
- the use of employment portals and the effectiveness of human resources management in the cost segment, easier finding of candidates, and shortening of the recruitment cycle.

5. CONCLUSION

Keeping in mind the impact that technological development, especially the development of information and communication technologies and the Internet, has on business operations, but also on our daily lives, it is quite expected that companies must adapt to these new trends. Socio-economic trends in Bosnia and Herzegovina have significant consequences on the labor market. Therefore, it is not easy for companies to find suitable personnel.

Research results indicate that employers find it increasingly difficult to find staff with certain competencies, knowledge, and skills, that less than expected candidates apply for vacancies, often finding themselves in the situation where they are forced to hire staff who do not have the formal education or experience required for certain job positions. Therefore, it is necessary for companies to reconsider their recruitment process and create an approach that will enable attracting the largest number of quality prospective employees.

E-recruitment enables the combination of different communication channels and access to a much larger number of potential candidates, compared to traditional forms of recruitment through advertisements in newspapers, on the radio, etc. Especially members of Generation Z or Y spend much more time online, so electronic recruitment is more adequate for that generation of prospective employees.

In recent years, Bosnian companies have recognized the importance of adequate organization of functional human resources management, and especially the importance of recruiting employees in the human resources management process. According to the results of the conducted research, B&H companies use the benefits of electronic recruitment (especially social networks, employment portals, and the Internet), which results in the rationalization of costs and time of the recruitment process and human resources management functions. There is an opportunity for improvement in the development of its own applications and a web portal through the company website for managing the recruitment function, in order to optimize the recruitment process.

Although the research sample was of sufficient size, it is necessary to take into account the limitation of the research resulting from the sample size, and future research should be focused on a larger number of companies in Bosnia and Herzegovina.

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Original Scientific Paper

HR PRACTICES AND THEIR EFFECTIVENESS DURING THE POST-OMANIZATION PHASE: A CRITICAL REVIEW

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Abstract: *Omanization is a strategy applied by the Sultanate of Oman since 1988 with an aim to replace expatriate workers with Omani nationals. The Omani government has set goals to increase the percentage of employed Omani nationals compared with foreigners (expatriates) through Omanization as a routine Human Resource (HR) practice. This strategy was introduced because of the increasing number of expatriates that indirectly resulted in reduced job opportunities for Omani nationals. It is expected that this strategy would allow Omani nationals to get jobs and consequently needed training and development programs. This research work is focusing on Omanization and its likely impact on HR practices in Oman. As it was not feasible to collect data from both the public and private sectors, this research, therefore, aims to analyze the perceptions of private sector employees on Omanization. This research is expected to highlight likely changes in the HR practices applied and their effectiveness in Oman. It will be worthwhile identifying how employees from the private sector foresee this strategy, and whether the Omanization initiative can actually improve the quality of work and enhance HR output to reach a higher level of productivity. It is assumed that Omanization could have a significant impact on HR practices, so it was decided to conduct interviews and focus group discussions with some of the private sector employees to gain a richer insight. Findings from this research indicate that there is a gap between the labor market and the education system. It is evident that fresh graduates lack the necessary skills and training for taking over the positions. Furthermore, there is a lack of training and development programs for the employees. This research is highlighting some recommendations too for the progress toward Omanization.*

Keywords: *Human resource management, Omanization, Human resource practices, Employee perceptions.*

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1. INTRODUCTION

In recent years, Human Resources Management (HRM) has become one of the most significant areas for any organization, and so it is claimed that the success of an organization depends on the management of its employees. HRM facilitates the effective use of human capital to achieve primary business objectives. HRM focuses on the recruitment processes and control of employees. Further, it provides a direction for the employees in an organization (Hoffmann, 2014). Therefore, it is necessary for a manager to understand the importance of human resources activities and policies in an organization. HRM involves different tools to help meet the needs of business, for example, training and development, recruitment and selection, rewarding and motivation, and communication to make all employees engaged and create a cooperative environment in the workplace. All these tools help an organization to improve its employees to ensure effective management of their skills and abilities.

The practices of HRM have a significant role in managing employees and overcoming issues that occur in any organization. One of the recent practices that are related to HRM is Omanization (Nationalization), which was introduced in Oman. The strategy was introduced by the government of Oman in 1988 with the aim to replace expatriate workers with Omanis nationals (Bello-Pintado, 2015). Omanization has gained much attention over recent years in Oman. About 40.000 Omani students are graduating every year searching for jobs. As a result, Omanization aims to reduce the number of unemployed Omani nationals. The actual output of this strategy is yet to be realized however it is believed that the HR managers need to somehow have a clear vision when implanting it into the recruitment process.

HRM became one of the essential functions in the world (including the Gulf States) as a result of globalization and hyper-competition. Over the years, Gulf States have proved to be a desirable destination for expatriate workers. Therefore, HRM policies have been more or less shaped by different factors including but not limited to slow economic growth, oil prices, political situation, a growing number of university graduates, and labor market demand. Having said that, most of the Gulf States are still relying on expatriates in different fields because of their lack of experience, expertise, and education. At the same time, the citizens are not able to work in technical jobs, for example, construction and industrial occupations. As a result of this, the number of expats has grown in the past few years, which has created many issues like unemployment for the locals.

The objective of this research is to identify and understand how private-sector employees perceive Omanization. Furthermore, to investigate the likely impact of the strategy on existing HR practices in the country. Lastly, to somehow understand whether Omani nationals are actually ready to take over positions that were historically occupied by highly skilled and experienced expatriate workers. It was important to find out how the employees felt about the strategy and as a consequence of their beliefs and perceptions, whether would there be any impact on HR practices. The study aims to highlight the role of government particularly in the private sector to enhance the attractiveness and opportunities of hiring as many as Omani nationals to their organization rather than depending on expatriates. Because of the low salary packages and less attractive job features in the private sector, some Omani nationals are not interested to join these organizations. It was therefore deemed that both sectors must create opportunities for Omani nationals due to the large number of expatriates increasing every year. This research emphasizes the role of HR policymakers and practitioners in the recruitment and selection process. It aims to highlight possible solutions for employing an increasing number of graduates. It further aims to identify the role of the private sector in the economy and to find diverse resources other than depending on oil revenues, which are decreasing every year. The study is important to enhance the role of small enterprises in recruiting Omanis and encourage them to improve their business. This policy can be an advantage to Omanis to take over expats in many positions.

2. LITERATURE REVIEW

Literature highlights different studies about Omanization and its perceived impact on HR practices (Nolan, 2008). Most of these perceptions explain the need for training and development for Omani nationals for them to be ready to replace expatriates, especially in more senior positions. The most important question was how employees of private sector organizations perceived the impact of Omanization on HR practices. The expatriates' perceptions are more likely to be negative towards Omanization because they are skeptical of losing their jobs. Omanis are more positive towards Omanization because of the large number of unemployed citizens which is still increasing every year as well as the rise in the number of graduates. The need for Omanization is supposed to be rather necessary as one of the solutions for unemployment. More than that it is also assumed that it is the right of an Omani to take positions that are fulfilled by expatriates. This perception is affecting HR practitioners as Omanis are not capable of handling these positions because of a lack of skills and experience.

Skilled labor is a segment of the workforce with a high skill level that makes significant economic value from the work performed (Nikolowa, 2010). The labor market has changed towards skilled labor. The demand for skilled labor has explicitly grown for specialized skills that refer to workers who have specialized training such as doctors and lawyers. These workers are highly educated and have expertise in their work areas. The Gulf States including Oman have tended to bring highly skilled labor due to the lack of skilled labor in the country (Nikolowa, 2010). There is a high demand for skilled labor in these countries that need to bring highly educated and qualified employees to local organizations. Training and development programs are also required for the citizens who have to get engaged with these professionals so they can get experiences and knowledge (Pi & Zhou, 2012).

As new technologies have emerged, the demand for skilled workers has become necessary for any country. There is a need to attract skilled workers to come to work in the country and benefit from their experiences (Al-Riyami, 2014). Otherwise, these workers might have to leave the country and look for other opportunities and careers that will develop their skills and abilities. Omanization strategy means that expatriates keep staying in Oman for good but, most of them take their expertise to the other Gulf States when there is a distinct demand for such experiences to the projects being initiated to develop the country (Al-Riyami, 2014). Once a nation has a highly qualified labor force that has the skills and experiences to manage any position, there will be a full dependency on locals for the development of the country.

Omanization as a policy must take into consideration the significance of skilled labor which traces the way to implement the strategy without any problems related to productivity or efficiency of work. This could be done by bringing highly skilled labor to the country if needed to engage locals with foreigners to learn and get experiences in the concerned field. One way of implementing Omanization and making sure the Omani nationals are ready to replace expatriates is initiating intensive training and development programs as well as onsite training with the expertise to prepare Omanis to hold these positions once they get full knowledge and skills.

Education is another way of enhancing the knowledge and skills of employees (Al-Riyami, 2014). The strategies and practices of human resource management have a central role in bringing in skilled labor and giving advantages to the employees to improve their skills and experiences (Hidalgo et al., 2014). Currently, there is a need for highly skilled labor in Oman as locals are not skilled enough to handle some high-level positions. There are some posts that need specific qualifications that do not exist inside the country. The government needs to involve fresh graduates in such posts at least as trainees to get all the skills needed for these jobs. Moreover, the Ministry of higher education shall be up to date with the latest fields in the market.

Researchers attribute this to several factors such as lack of human resources planning and coordination between the government and the private sector. In the past, Omanis were not educated enough to hold some of the expatriates' positions, so there was a need for getting experiences from foreigners in these fields. In recent times, education in Oman is developing, and many Omanis have opportunities even to study abroad and come back with highly professional certificates in rare specializations that are not provided locally.

In most of the papers, researchers question the ability of Omanis to substitute expatriates (Al-Lamki, 1998). Further, the government still needs foreigners in some of the positions while Omani nationals should be employed in these positions once they are ready and have enough experience (Al-Lamki, 1998). At the same time, some studies show that the number of expatriates, for example, Indians, is increasing in many positions when there are Omani graduates still looking for job opportunities. Most of the graduates do not have experience in real work but even though they have the correct training and are ready to hold such positions. Since these organizations are not employing these graduates eventually, this would create a big problem in employment and the number of expatriates will remain the same. While some studies signify the need for Omani nationals to overtake the positions, this need cannot be justified by simply arguing that Omani nationals need a job. While going through the literature, repeatedly there is an argument for setting a quota for expatriates, which is again a unique argument as it again tends to set a limit, which indirectly brings in the issue of diversity management.

The policy of Omanization works by setting a quota where a specific percentage should be achieved in different industries. Upon completing the task green cards are awarded to these organizations. In return, they get more facilitation in any expatriate's applications, and they get press attention as well as free deals with the government (Al-Rawas, 2007). The Omani labor law is mainly set to manage external and internal employees in the private sector. And because the Omani population is low, it was necessary to prohibit expatriates from some jobs that could be executed by Omanis. Therefore, the Omani law restricted bringing external employees to Oman. However, they possess some technical qualifications that are not available to the citizens of Oman. The data from National Centre for Statistics and Information (NCSI, 2010) shows a growth of about 10.4 percent in the private sector compared to 2012. Some of the areas which were least affected by Omanization were retail trading, wholesale, fishing community agriculture, and personal service. Oman Chamber of Commerce and Industry has requested the Ministry of Manpower to put the chairmanship of Omanization on the heads of the private sector.

Another impact of Omanization was noticed in the economy of the country in some of the businesses. Once nationals replaced these expatriates, weak growth and uncertainty over jobs were affecting the outcome of the organizations. The figures have shown that Omanization in the private sector in Muscat has increased by 8.6 percent (Al-Mujaini, 2010). Al-Dakhiliya region had the highest rate of Omanis working in the private sector. Of the total of 214.000 nationals working in the private sector, 16.856 of them hold a bachelor's degree and 15.622 have a diploma. These numbers cover only 14 percent of the national workforce in the private sector. About 12.000 expatriates join the Omani market every year, most of them in the real estate and construction field.

The Ministry of Manpower is taking an important role to develop and manage this policy in the private sector (Al-Mujaini, 2010). Also, the ministry is looking to improve the stability of nationals in their jobs in the private sector which is considered a big challenge for Omanization. However, the private sector is required to decrease reliance on expatriates and give suitable training to Omanis in the positions currently occupied by expatriates to create job opportunities as well as make Omanis more skilled and qualified to hold such views. Recruitment in the private sector has gone through different issues that restrict the policy of Omanization in this sector.

Omanization is considered a feature of economic development for Oman (Al-Hinai, 2015). Although foreign laborers are playing an essential role in building the national infrastructure, there is a need to involve more qualified local laborers in the economy. The government has started a measure to come over unemployment issues and bring the policy of Omanization to success. They arranged expatriate's labor by regulating their employment in jobs that can be quickly occupied by Omanis (Al-Adawi, 2014). Also, implementing an appropriate human resources plan that matches the needs of the private sector. Moreover, developing the working conditions in the private sector as well as encouraging well-skilled Omanis to initiate their enterprises (Al-Adawi, 2014).

However, the number of unemployed people is increasing every year in the private sector. This unexplained matter makes people wonder about the efficiency of Omanization in the industry. The statistics showed by the National Center for Statistics and Information states that the number of graduates is increasing, and they wait for three to four years just looking for a job opportunity. The Ministry of higher education has done a study indicating that only 47 of graduates manage to get into the labor market and have a job after graduation which means that more than more than 50 percent of graduates are jobless. The apparent gap between the private sector or the employers and the education system is a big issue that restricts the Omanization process to employ Omanis in such positions that are not suitable for them and would not develop their skills. It is obvious in the private sector that we can see employees working in different positions just to cave the percentage of Omanization in their organizations.

The unskilled jobs that are employed by most expatriates are another challenge of Omanization. There is a big conflict between politics and the economy which employers will take into consideration in their employment plans. Most of the organizations in the private sector particularly the small ones are more concerned about the salaries of their employees as well as their efficiency in their jobs. They would prefer to recruit an expat instead of an Omani national who will earn more money and is not active for long working hours.

Employers from the private sector emphasized that it is much more expensive to hire Omani than an expat (Ali & Alani, 2017). It is complicated to replace an Indian with Omani in one job. An Indian can be asked to stay for two years working night and day especially in an oil site in the desert for thirty-five riyals per month, while Omanis are difficult to restrict to do the same (Ali & Alani, 2017). Therefore, they would prefer to pay an Omani and ask him to stay at home and keep the Indian working.

The requirements and demand for expatriates in the few coming years will be influenced by the growth of the economy and the creation of new job opportunities which forces Omanization policy to be implemented. So, the percentage of expatriates is declining, for example, in 1996 there were about 27.46% migrants compared to 21.12% in the year 2012. The statistics report a decline in the proportion of expatriate labor (Kooij et al., 2012). The jobs that are recently under the drive of Omanization are substituting migrants with Omanis. Most of these migrants are from South Asian countries. In this case, migration to other Gulf countries is an available option. Omanization programs are targeting neither high-level positions nor unskilled ones. In both ways, they still must depend on expatriates for a few years till Omani nationals manage them. The educational development and the change in mindset are important factors in identifying the scope of Omanization in these jobs (Kooij et al., 2012). This will insist Omanis sustain themselves in the private sector without limiting themselves to specific occupations.

Hiring the right people for the right position is a crucial role that should be carried out by the HR team (Paterson, 2016). HR practices have been identified as a system that develops, motivates, and attracts employees to ensure the effective implementation of an organization and its members (Renckly, 2011). It is also, viewed as a set of consistent internal policies designed to provide that organization's human resources contribute to the achievement of the objectives. One of these HR practices, recruitment, and selection is centrally related to Omanization in which Omanization has an impact and influences these practices in many ways. For every organization, there must be a recruitment plan that can facilitate the process of Omanization in the organization (Ali & Alani, 2017). As Omanization has entered into the labor market to replace expatriates with highly qualified Omanis, the recruitment and selection practices are being much more manipulated by the policy of Omanization. When they set up their plan, they need to consider the percentage of Omanis identified by the Ministry of Manpower.

Two main factors have disrupted the recruitment and selection practices of recruiting Omanis (Al-Lamki, 1998). When the oil output decreased, it had a negative impact on the government's capability to employ Omanis. Secondly, the skills and qualifications required by the labor market were not proof of the growing population of youth. The government had an excellent reaction to solve these issues where they started a 2020 vision to diversify by improving the private sector rather than depending on oil revenues (Al-Lamki, 1998). Also, they invested in education and vocational training centers to develop human resources (Al-Lamki, 1998). The government believes that there should be a contribution of Omani nationals in the industrial sector.

It is seen that the recruitment of Omanis in the labor market is about quantity but not quality (Al-Hinai, 2015). In the selection process, employers straggling to find the proper and qualified person who has the right skills for the posted job. All the powers, qualifications, and experiences must be taken into account for the recruitment of Omanis who might not have these skills. However, at the same time, there are some positions that were selected for expatriates who are at the same level as Omanis. Some employers' perceptions of Omanis and lack of trust to hire them and pick them for such positions is an obvious factor that prevents Omanization from going into progress.

Employee engagement is a positive attitude and behavior aiming to achieve the organization's objectives in the way of reinforcing one another. It is also about employees feeling of loyalty towards their organization and drawing ideas and knowledge to improve products and services (Al-Lamki, 1998). This practice is essential for Omanis to get involved in the private sector. Omanization would be the policy where Omanis can get engaged with expatriates in work. They are part of this country, and their cooperation and hard work are appreciated more than expatriates. This process can bring Omanis into the labor market, especially in the private sector where their role is highly needed as many expatriates possess many jobs that shall be filled by locals. As Omanis get engaged in the labor market, they will be involved with the global market as well and understand more experiences with outside relationships. These relationships are playing an essential role in constructing the personal profile of Omanis and improving their skills and abilities.

Unemployment rates among Omanis are now a socioeconomic issue that affects the stability of the country. As a result of the increasing number of unemployed graduates of Omanis, the government has come up with an Omanization strategy to replace expatriates with Omanis and ensure the capability of Omanis to operate these potions and reduce unemployment (Al-Mjeni, 2015). Although Omanization is an excellent strategy to encourage and motivate Omanis nationals to work and be something, there are some problems related to Omanization attributed by construction firms who are claimed that they recruit Omanis not because they would like to have Omanis in their firm and give them the opportunity to work. They hired them just to reach the percentage of the Ministry of Manpower and also the threat of two years bans on expatriates. There would be a reduction in exports due to the lack of an unskilled labor force, so organizations would be required to give intensive training to ensure highly qualified employees have adequate knowledge of their jobs which will affect the gross profit of the organization. The Ministry of Manpower is applying Omanization to all small and large firms in the country, which will transform the small organizations that depend on expatriates for all their work (Al-Mjeni, 2015).

The lack of foreign investment is another challenge for Omanization and will create a lack number of new job opportunities. Opening the labor market to foreign investment can create so many job opportunities and reduce the number of unemployed graduates (Al-Mjeni, 2015).

There are also many challenges related to the attitude of Omanis employees. More than 50% of Omani employees still are not dedicated to work, and they remain absent from work without reason. These breakings of the rules will affect the outcome of the company and again create a lousy image of Omanis in the minds of employers to recruit expatriates instead of Omanis who are insufficient and earn more money.

Remuneration is another factor that can lead to progress towards this policy. Compensation in the private sector is facing difficulties, particularly in small and medium enterprises that cannot afford high salaries compared to large organizations and public sector institutions. These enterprises find it easier and economical to hire expatriates instead of paying high wages to Omanis.

Omanization has several benefits for society and the country in general. The most important advantage that Omanization can make is reducing the high rate of unemployment in the Sultanate. More than that, it makes Omanis more reliant on themselves rather than depending on expatriates. Omanization enhances the training programs by initiating vocational institutions. The government is concentrating on training programs that will develop the skills and create more qualified and highly educated human resources (Al-Riyami et al., 2015).

This is considered a real investment in human resources by which the country ensure the capability of the citizen the high take positions in their organizations and make ready well-qualified employees. In general, Omanization has reduced the number of unemployed people and increased the top income of families. As a result of this, it reduces the poverty level in society and solves many issues inside the community. It also encourages the social responsibility of large and small firms to involve Omanis in their activities and develop public projects or support small enterprises to grow up (Al-Riyami et al., 2015). This policy will change so many aspects regarding the employee's productivity in their organizations, and it will create a better understanding of the role of Omanis in developing their country.

3. METHODS

Here qualitative research methods are followed for collecting and analyzing data. As this research aimed to explore employees' perceptions, it could be related to social science research and opt for exploratory research (Welch & Patton, 1992). As stated, this research is in essence exploratory in nature as it attempts to understand a certain issue, Omanization, and its impact on HR practices.

Exploratory research itself can be described as a technique to better understand theoretical ideas (Stebbins, 2001). In this research work, the main goals are to assess how employees from the private sector perceive Omanization and what could be the likely impact on HR practices in the country. Applying the exploratory approach helped to ground the research argument after going through the related literature and connecting it to the presented work in the context of Omanization and HR practices.

This method is suited as it is rather flexible and helps in collecting qualitative data. As stated earlier, the original search began with a literature review but later it was realized that the available literature did not provide enough information about the research objective, and the need for collecting data through qualitative tools became obvious.

This research is done using the deductive approach (Lynham, 2002) moving on to collecting data in order to investigate employees' perceptions of Omanization. The research design of this research work has played a significant role in collecting the data and analysis process of the responses. Here the most important factor of the research design is that it facilitates the reliability of results and provides a logical outcome for the research. By using the survey method in this research, it aids in obtaining different ideas and attitudes from employees through open-ended questions (Usharani, 2017).

In addition to the surveys, the researchers have interviewed private sector employees too. These interviews were conducted to collect further opinions from employees working in several positions. The interviews were expected to expand the ideas about Omanization. The responses added to the thoughts about the subject and covered the different points of view of employees. The respondents from the interviews were positive about Omanization, and they seemed to think that Omanization would change many aspects of HR in the country. The interviewees supported the idea of replacing expatriates with Omani nationals, and they saw it as very important in giving Omani nationals chances to prove their capabilities and skills. Omanis have demonstrated their ability to work in different positions in government and private sector, and have demonstrated leadership skills at their workplace. Here it can be seen the importance of Omanization as it helps to provide jobs for Omani nationals and at the same time lower number unemployment rate. In this paper, the participant's perception was recorded and collected in user information to be analyzed (Freeman, 2006).

The interviewees are from different private sector organizations like line managers, HR practitioners, recruiters, and other general employees for gathering different points of view and perceptions. Since the research was focused on the perception of private sector employees, interviews indeed generated new ideas and perspectives. An effort was made to interview participants for this research who had more than five years of experience in their organizations. This was done to ensure that their replies would provide deep insights and enhance the responses.

Interviews were chosen for collecting qualitative data because the technique helps to conduct detailed discussions with a relatively small number of participants (n=9) in order to understand their opinions on a particular subject or research question (Boyce & Neale, 2006). Further, this technique helps gather data about participants' perceptions, experiences, and expectations about a specific topic. Interviews are also known for being highly useful when researchers aim to get detailed insights and understand individual opinions. At times it is also argued that this technique is suitable for situations where conducting a focus group is not practical (Boyce & Neale, 2006). In addition to the interviews, a focus group discussion was further done. The number of participants in the presented research was six (n=6), which is relatively small, but large enough for each participant to make a significant contribution to the discussion as outlined by Krueger and Casey (2000).

4. RESULTS

As stated above this research employed qualitative surveys, interviews, and focus group discussions that are assumed as suitable methods for collecting the data from private sector employees. The surveys were redistributed among 130 employees from different nationalities and different organizations in the private sector. The surveys were redistributed randomly to Omanis and expats (both male and female) who are working in the private sector. Most of the answers are from the age of 25 to 40 which refers to the youngest age group of the Omani society that has its most population from youth.

The most common expat nationality among expatriates was Indian. The participants were working in different positions. Clerical positions were taken by Omanis and marketing and sales positions were held by Indians, on the other side, British and other European nationals held the executive positions and managerial ones. In each organization, the number of expatriates was noted to be between 51 to 500 which is a significantly large number, and in some organizations, the number of expats is more than 100 due to the nature of their jobs such as cleaners, builders, and auto mechanics in which expats occupy these jobs.

The most common HR practice that was expected as an outcome of Omanization and was welcomed by employees was training and development and compensation and rewards. Nationalization came third which is also seen as important as many other HR practices. As training and development was seen as the best HR practice, there is a lack of training programs given to the employees and it affects their capability of taking high-level positions. In other words, the training and development of an employee are highly required in any organization which one wants to improve and develop. Employees' skills and abilities raise the level of productivity as well as the level of knowledge within the employees. This practice is significantly related to Omanization because the lack of training and development for Omani nationals is required to replace expatriates with highly qualified, skilled Omanis who can take high-level positions when they get excellent training and have enough experience.

The most crucial question that has been asked is whether it is true that Omani nationals were capable of substituting expatriates. Most of the respondents were supporting that Omanis are capable of taking the positions that are now fully filled by expatriates. On the other hand, those who said no their justification was that Omani nationals do not have enough experience and skills to operate in those positions. However, Omani nationals are highly educated, and there are many prominent examples of Omanis full filling many high-level positions that they can improve. Most of the participants ensured the significance of Omanization in a positive way.

Interviews

The interviewees answered the critical question of the presented research in different ways, mostly by approving Omanization and its impact on HR practices. The impact could be seen from different points of view. Some employees from the private sector pointed out a definite lack of coordination between the private sector and government in the formulation of the strategy, which is seen as the main reason for the increased number of expatriates in the private sector.

As Omanization has entered into the labor market to replace expatriates with highly qualified Omanis, the recruitment and selection practices are being much more manipulated by the policy of Omanization when they set up their plan they need to consider - the percentage of Omani nationals identified by the Ministry of Manpower. The other practice that was impacted by Omanization was the training and development practices. Omanization would require organizations to set up a budget for the training and development of employees.

By implementing training and development practices, the employees will perform well for their organizations and be more educated and highly qualified to hold higher positions and get promotions in the future. One of the interviewees emphasized that the training and development for Omanis are highly required and needed to make Omanis ready and suitable for some positions. The packages that are received by Omanis will affect the organizations that will prefer to choose expatriates due to their low salaries and work under any circumstances. However, Omanization has emphasized the packages being given to Omanis as well as rewards for their success.

The policy has put pressure on the private sector to implement Omanization and include Omanis in their recruitment plan. The recruitment and selection practices were profoundly impacted by Omanization when this policy must be implemented and more Omanis should be selected for the posted positions. These training programs for youth will naturally create many job opportunities for Omani nationals and develop the process of employability in the Sultanate. Some organizations also make internal onsite training programs for locals to make them ready for work as well. It encourages Omani nationals for high performance and productivity. And another impact that was explained by some of the interviewees is related to the economy by which Omanization can influence the organization's budgets when Omani nationals get recruited who earn more than expats.

From an expat interviewee's point of view, Omanization has been seen as an appropriate practice but, there is a fear of losing their jobs due to the implementation of this practice. As one has mentioned that Omani nationals are not yet able to replace expatriates, because of the lack of skills and experiences. Some of them think that Omanization will make them lose their jobs and it must be applied in the right way without harming their existence in the country.

All nine participants in the interviews shared valuable information based on their knowledge, skills, experience, and most importantly perceptions. In general, it appeared that there is a clear divide between how different people perceive Omanization and its potential impact on HR practices in the country. At times, it was noted that some of the respondents were reluctant to give in-depth and detailed replies, which was surprising. Nevertheless, the overall data collected from the interviews provided a fair picture of how Omanization was perceived and related to HR practices. Some of the representative comments as presented below in quotes with the respondents' details anonymous for data integrity and confidentiality:

> *"Omanization is a pre-mature initiative. What I mean is that the policymakers have (did) not considered the time span (that is) needed for such an initiative. It will take a long while before we (Omanis) can actually take over the jobs (roles) currently occupied by expats". (Male, Omani)*

> *"The idea of Omanization in my view (opinion) is not too bad. It is the only way to support Omanis growth as professionals. As an Omani, I am sure that Omanization will strengthen our (Omani) potential. We do need more education and training but I think it is time (for Omanization)". (Male, Omani)*

On the other hand, some people opposed the previous ideas where they thought that expats who are hired within the region are highly experienced professionals who have an impact on the development of the country, and replacing them would have a negative outcome. One participant stated:

> *"Omanization will have a negative impact on HR practices in my country (Oman). We have been hiring skilled people from across the globe and they have contributed to the growth of our country. If we were to strictly adhere to Omanization, I fear that most of the expats will either leave the country (even when they have a job) or start looking for jobs elsewhere". (Female, Omani)*

Different people have different points of view. Some have seen it from a different side where it went as deep as discrimination issues:

> *"Expats are an integral part of Oman and its development. We need to have a review of Omanization in itself. I pose a question to you! "Does Omanization mean a complete shift in recruitment policy?" If someone was to tell me that we are going to replace Omanis with all the expats in the country, I would perceive that as discriminatory and an act that is against Equal Employment Opportunity". (Female, Omani)*

Some females also commented and had modest points of view where they were not against or with but think a valid balance between the two and more time would reach us the desired results.

> *"I have no problems with the idea of (Omanization). I do believe that we are still a little far from actual implementation. We need to act smart and be patient. It (Omanization) is much needed with a growing number of unemployed locals (Omanis). But it is a big change. Change is hard and needs time. We need to retain our expat community (labor force), and get them to help us in this transition phase. Perhaps, this is one better way to move forward towards this (Omanization) direction". (Female, Omani)*

There were different opinions from expats too on this matter, who had been working in Oman for different time spans varying from five to fifteen years.

> *"As an expat, I don't have much of a say when it comes to the policies. All I know is that I will have to leave the country when asked. That does however mean that people like me will start looking for jobs in other places (countries). If that stands true, would that not influence performance at the current workplace?" (Male, Indian)*

> *"I strongly believe that nationalization (Omanization) has its pros and cons. While I am not convinced about the pros, I do however see this as a situation where I can lose my job at any point in time and that means I have no job security. Without job security, how do we implement good practices in human resources?" (Female, Indian)*

This female went into a very deep point about job security she stated that job security can influence performance. Unlike the Indian Female a Canadian female did not oppose the Omanization. She stated:

> *"The strategic leadership of Oman decides what it considers best for the country. Omanization, as I see it, is there to encourage Omanis to gain higher education and be prepared for the future. And I don't think that there is anything wrong with it. If an Omani can replace me, well then, that is how it is! With my education, skills, and experience, I am not going to stay jobless (with a giggle)." (Canadian, Female)*

Another positive comment was *"Omanization? Why not? Sure it will help the country and its youth to be self-reliant. There will be more skilled labor from within the country (I hope so). And it* *will have a direct impact on local HR policies, for example, a lot of resources would be needed to educate and train the Omanis, which means the transition will take a while". (Female, Pakistani)*

Some people felt left out and have spent so many years of their lives dedicated and working for this country where they felt left out and took this initiative as discrimination as this Indian male stated:

> *"Omanization has a direct impact on human resource practices. I have absolutely no doubts that while the intentions behind the strategy (Omanization) are positive, it will however be exploited. Such is the nature of modern-day recruitment and selection. My primary concern is that the country (Oman) that I consider my second home might be labeled as a place where expats are not welcome for work (with a grim face). And what about equal employment?" (Male, Indian)*

Focus Groups

In response to the invitation to participate in this research, six participants volunteered to take part in the focus group. The focus group was conducted to have a further understanding of participants' perceptions of Omanization and the central research question. Despite a relatively small number of participants, the focus group gave insights through productive discussions. All the participants were males working at local private organizations. Based on the discussion and the notes made during the focus group discussion, the following representative quotes were identified.

> *"It (Omanization) will affect HR, and HR practices in a lot of ways, and HR managers need to be capable to identify who is a skilled prospective employee. In other words, Omanis as a young nation are making progress, but their skill levels are yet relatively low. This will indeed not be a problem in the future". (Male, Omani)*

> *"If Omanis are educated properly, trained in organizations in different roles (internships), and guided through the transition phase (Omanization), they will be as good as any other employee. Human resource practices will change accordingly. For example, I would be surprised if an Omani settles for the same salary as an expat! So my point is that one of the impacts of Omanization would be a demand for increased salaries". (Male, Omani)*

> *"Every country has a strategy to be self-reliant. Here in Oman, we need to have more locals (Omanis) in the workforce. There is no doubt about that. However, I am not sure if the organizations are ready or even if they have thought about the added costs of training and development for the young Omanis!" (Male, Omani)*

It is clear from the responses in the focus group that Omanis lack skills and qualifications, which then leads to the need for training and development. This is playing a significant role in preparing Omanis to be ready for handling expats positions. The success of Omanization is highly dependent on training and development practices. As one participant confirmed that eventually there will be a change in human resource practices.

Findings from the surveys, interviews, and focus group discussions suggest that most of the participants see Omanization as a good step for Omanis. They believe that Omanization has an impact on HR practices due to the interrelated relationships between Omanization and other practices. They think that Omanis need more training and development programs to be able to replace expatriates and they also need experience by working beside the existing expatriates who will transfer their work experiences to the Omanis who can replace them in the future. Their perceptions about Omanization are positive but, they think that many obstacles can restrict this policy. One of these challenges is the lack of skills and experiences of Omanis which is very important to apply Omanization in both sectors. The government has to initiate training programs for Omanis and make them ready so, Omanization can be implemented efficiently.

The findings also show that the private sector is less attractive than the public sector where Omanis are less attractive to work in this sector because of low salary, no incentives, and more working hours which is one reason why expatriates are more than Omanis in this sector. The other challenge revealed by participants is the role of the Ministry of Manpower should be more active and they need to follow the implementation of Omanization policy.

Expats perceive Omanization as a good policy, the suitable implementation is also required. In their situation, there is no security over jobs as they have to leave the country looking for another job. The finding also shows that the education system has a crucial role in implementing this strategy. Educational institutions must be aware of the labor market requirements so, they have the same objectives and interests to introduce suitable and highly educated graduates who can enter the labor market easily. By squeezing the gap between the two parties, Omanization would have a better vision for the future and will create a good opportunity for Omani nationals in the country. Most of the participants emphasize the role of HR practitioners to give the Omanis the advantage and opportunities to express their skills and abilities. The recruitment and selection practices must include the Omani national as a part of the development cycle. Engaging the Omanis in the industry would build their trust at work and raise the level of productivity.

It is believed that the replacement of expatriates by Omanis is not an easy process that can be applied in one day. It will take time due to many reasons and one of these reasons is lack of training and development. From the review, we can see that the policy needs more concentration from the government to be implemented appropriately. We understand that Localization has an impact on HR practices. Including Omanization in the recruitment and selection practices would give the Omanis the opportunity to prove themselves in the market. The training and development programs are very necessary to build their skills and make them able to handle high-level positions. Moreover, the study argues about the packages offered to Omanis in the private sector which are very low. This is playing a crucial role in holding back Omanis from joining companies with low packages and leaving these positions to expats in which the number of expats is increasing.

The perceptions collected from private sector employees by using different methodologies are quite convincing. The expats' positions need to be fully filled by Omanis who have the priority of handling such positions. The need for some expats is also necessary but, the government has to take advantage to locate youngsters with suitable qualifications to learn and take all the information and experiences from the expatriate until they can be replaced. Another important part discussed by the study is the gap between the education system and the labor market.

5. CONCLUSION AND RECOMMENDATION

In conclusion, it can be suggested that Omanization might have a significant impact on HR practices. The policy is very important for the country in general and Omani nationals in particular. The study helped to identify different perceptions from private sector employees in Oman. The findings can help bring change to the practices applied in Oman in order to improve the quality of work and enhance the HR strategies for reaching a high level of proficiency.

The research gap of the study indicated the lack of skills and experiences of Omanis to replace expatriates. Basically, Omanization came to squeeze the gap between the two. As per the instructions of the Ministry of Manpower, in order to implement the strategy in the organizations to reach their percentage of Omanization, the need for highly qualified Omanis who have the skills and qualifications to replace the expatriates is high which then put on the responsibility of the ministry of higher education to see what is needed in the business market and provide graduates accordingly.

In the literature review, the impact of Omanization was explained in detail by previous studies and researchers. The recruitment and selection practices must be taken into consideration by the Omani national when making the recruitment plan. Omanization forces organizations to recruit Omanis and involve them in the recruitment process. Another practice that is highly needed is to train Omanis to replace expatriates.

The compensation and rewards were impacted when Omanization is applied - there must be an increment in the salaries of Omanis particularly by the private sector organizations who used to pay low packages to Omanis to join their companies. Besides these practices, Omanization is also one way of developing the economy of the country. The policy is restricted by many barriers and limitations. For example, the wages of the private sector organization are too low and don't satisfy the needs of Omanis who deserve more than what is offered. Some of the private sector organizations recruit Omanis just to reach the percentage of Omanization where there is no enhancement and development of the employee inside the organization. The progress towards Omanization and the role of the government to apply Omanization in the right ways is crucial. For instance, employability, public sector attractiveness, remuneration, and skepticism all can lead to this policy.

Based on the findings, an array of recommendations are put forward. The purpose of Omanization and its goals need to be shared with organizations in both the private and public sectors. There is a real need to make an effort to identify the pros and cons of Omanization, although the initiative is already in progress. Omanization should not be used as a tool to restrain highly skilled workers from joining the workforce in the country. Equal Employment Opportunity must be considered when Omanization is applied as an HR practice. Clear recruitment and selection policies must be in place irrespective of workers' backgrounds. While Omanization is obviously about hiring more and more Omanis, however, it is highly recommended that restricting the hiring and recruitment process from overseas would in a way be discriminatory. Policymakers are recommended to realize that it is almost impossible to compete in a modern-day world without having expertise and skills from other countries. More focus should be paid to training the managers when it comes to HR practices especially hiring. Finally, there is an urgent need for applied focused research on Omanization and expat policy-making in the Gulf region, especially in Oman.

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Original Scientific Article

THE IMPACT OF THE SOCIO-DEMOGRAPHIC FACTORS ON TOURISM ENTERPRISE MANAGEMENT

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Abstract: *The purpose of the paper is to reveal the impact of some socio-demographic factors on tourism enterprise management. A brief overview is presented of several important socio-demographic factors and their influence on tourism enterprise management. As a result, appropriate indicators are selected. On this basis, analysis is carried out of some important socio-demographic factors that tourism enterprise managers should consider when making managerial decisions in connection with the selection, attraction, and retention of target markets of tourists. Specifically, the factors include the purpose of travel of international tourists by countries of origin worldwide and in Bulgaria for the last years. As a result of the analysis, relevant conclusions are drawn.*

Keywords: *International tourism, Socio-demographic factors, Tourism enterprise.*

JEL Classification L83 · Z32

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1. INTRODUCTION

Successful and efficient tourism management requires the consideration of the impact of environmental factors. Among them, particularly important are socio-demographic factors. Socio-demographic factors influence tourism, tourism enterprise, and tourism enterprise management. Tourism enterprise managers should consider these factors when taking managerial decisions and particularly decisions concerning marketing, finance, and personnel management. Thus, the purpose of the paper is to reveal the impact of some socio-demographic factors on tourism enterprise management.

The structure of the paper is as follows. First, a brief overview is presented of some important socio-demographic factors and their influence on tourism, tourism enterprise, and tourism enterprise management. Next, the methodology of the study is described. Then, the results of the study are shown. Based on the overview, some important socio-demographic factors are selected and analyzed. Specifically, the factors include the purpose of travel of international tourists by countries of origin worldwide and in Bulgaria for the last years. How these factors influence tourism enterprise and tourism enterprise management is explained. Cases are indicated in which the factors should be considered by tourism enterprise managers when taking managerial decisions. Finally, as a result of the analysis, relevant conclusions are drawn.

2. FACTORS THAT INFLUENCE TOURISM ENTERPRISE MANAGEMENT

The factors that influence tourism development can be defined as active conditions or prerequisites that cause a specific active impact on tourism and tourism activities. These conditions are particularly important, determinant, or active (Vodenska & Assenova, 2011). In turn, the conditions can be defined as actions of various external influences and elements of the environment that can impact, determine and facilitate the development of a specific economic sector (Bachvarov & Tonchev, 1996). Therefore, the factors that influence tourism enterprise management can be defined as active conditions or prerequisites that cause a specific active impact on tourism enterprise management. These conditions are the actions of various external influences and elements of the environment that determine and facilitate tourism enterprise management. The conditions which are particularly active or very important, as well as, determinants of tourism enterprise management are called factors.

On the one hand, the factors that influence tourism development cause an impact on the individual tourism enterprise too. Therefore, tourism enterprise managers should consider the impact of these factors when making managerial decisions. On the other hand, the factors that influence any enterprise in every economic sector cause an impact on tourism enterprise in particular. Since they influence tourism enterprises, these factors should be considered by the managers too when making managerial decisions.

The factors that influence organization management are described in the literature (Bankova, 1993; Bright et al., 2019; Donnelly et al., 1994; Hunger & Wheeler, 2011; Ivanov et al., 1999; Robbins & DeCenzo, 2005; Sadler, 2003, etc.). Usually, these factors are classified into the following main groups: political and legal, socio-demographic, economic, technological, and environmental factors. Among them, important are socio-demographic factors.

Socio-demographic factors can be classified as social, demographic, psychological, and cultural factors. Specifically, socio-demographic factors include such factors as population size and density, migration, age structure, marital status, family size, educational level, occupation, nationality, location, outbound countries' social policy regulations concerning days off, and the duration of holidays and vacations, standard of living, living conditions, lifestyle, health status, complexity and dynamism of life, physical and spiritual values of people, behavior norms, habits, interests, needs, preferences, customs, traditions, beliefs, attitudes, etc. Socio-demographic factors influence tourism development and cause an impact on tourism enterprise and tourism enterprise management. Success requires tourism enterprise managers to consider these factors when making decisions.

The scientific literature reveals the influence of environmental and in particular socio-demographic factors on tourism enterprise management. Pulido Fernández et al. (2011) point to the impact of critical external factors on the investments of hotels in innovation and technology. They claim that evaluation of the environmental factors will allow a tourism organization to identify new opportunities and threats, which should be considered for effective management. The results of the study show that investment decisions in the tourist sector are affected by many environmental factors. Most of the environmental factors analyzed had a significant positive influence on the investment of hotels in innovation and technology. Changes in consumption habits and the new requirements of tourists that stem from those changes are the socio-demographic factors with the greatest impact on the tourism environment. The main reasons to invest in innovation and technology are the emergence of new market segments, the growth in Internet use, new expectations of customers and needs, and the increase in the number of trips with shorter than average lengths of stay.

Some examples of the influence of specific socio-demographic factors on tourism enterprise management are presented below. Changes in population size determine changes in the number of tourist arrivals. Thus, they are indicative of the number of potential customers of tourism enterprises. Tourism enterprise managers should consider that factor when planning future activities and developing ways to attract customers.

Age structure influences free time experience and requirements of services. Tourism enterprise management should consider that factor when making decisions concerning the development and offer of tourism services, suitable for people of different ages.

Outbound countries' social policy regulations concerning day offs and the duration of holidays and vacations have an impact on the time during which people travel, as well as on the duration of stay. Tourism enterprise managers should consider that factor when taking managerial decisions concerning the organization and offers of tourist trips during different times of the year.

Standard of living, living conditions, and lifestyle determine the funds that tourists can spend on trips, as well as their requirements and preferences for various services. Tourism enterprise managers should consider these factors when taking managerial decisions concerning pricing, target market selection, product development, etc.

Interests, needs, preferences, beliefs, attitudes, etc. influence tourism demand and the requirements for tourism products. Tourism enterprise managers should consider these factors when taking managerial decisions concerning entering new markets, meeting the specific needs and requirements of tourists, offering new products, selecting services to offer, introducing new forms of service, selecting furniture and equipment, etc.

3. METHODOLOGY OF THE STUDY

The present study is based on the model shown in Table 1. First, suitable socio-demographic factors are selected that influence tourism enterprise and tourism enterprise management. Next, it is pointed out how these factors influence tourism and tourism enterprise. Finally, on this basis, it is indicated in which cases tourism enterprise managers should consider these factors.

Table 1. Model of the study

(1)	Selection of socio-demographic factors
(2)	Explanation of how the factors influence tourism and tourism enterprise
(3)	Indication of cases in which the factors should be considered by tourism enterprise management when taking managerial decisions

Source: Author

For this study, only a few socio-demographic factors are selected. We consider these factors to have a significant impact on tourism enterprise and tourism enterprise management. Therefore, tourism enterprise managers should consider these factors when making managerial decisions. These factors include the number of tourists by country of origin, tourist expenditure by country, and the purpose of the trip. We consider these factors to be of importance for tourism enterprise management because they influence the size and structure of tourism markets, the characteristics of tourism trips, the selection of services, etc. Therefore, they cause an impact on the sales revenues and profits of tourism enterprises. The selected factors are studied both, at the global, and national (for a specific country - Bulgaria) levels. Thus, it is shown that tourism enterprise managers should consider the socio-demographic factors both at the global and national levels, specifically in travel countries. In general, the present study illustrates specific examples of how key socio-demographic factors influence tourism enterprise management. To perform the present study, secondary data sources are used. They include up-to-date tourism statistics by the World Tourism Organization and the National Statistical Institute of Bulgaria.

4. RESULTS OF THE STUDY

The nationality of tourists – real and potential customers of tourism enterprises – is an important socio-demographic factor, which should be considered by tourism enterprise managers. The behavior, as well as preferences and requirements of tourists for various types of services, depends on their nationality. Tourism enterprise managers should take several decisions concerning the offering of products to tourists from different countries. Of particular importance are the leading countries in terms of the number of travelers, as their residents could become customers of tourism enterprises. That is because a large number of people from these countries travel abroad. Tourism enterprise managers can select target markets from some of these countries. On this basis, they can take decisions about organizing suitable marketing activities for the relevant markets. Thus, marketing activities and messages would reach a large number of potential and real tourists.

The data analysis shows that in 2019 the leading countries in terms of international tourist departures were China (154,632 overnight visitors), the USA (170,930 departures, of which 99,744 overnight visitors), Germany (99,744 overnight visitors), Hong Kong (94,715 departures) and UK (93,086 departures), followed by Mexico (82,752 departures, of which 19,810 overnight visitors), Italy (62,207 departures, of which 34,703 overnight visitors), Poland (50,600 departures, of which 13,500 overnight visitors), France (49,276 departures, of which 30,407 overnight visitors) and Russia (45,330 departures).

A significantly large number of people from the following countries traveled abroad: Canada (37,846 departures, of which 26,614 overnight visitors), Ukraine (29,346 departures, of which 28,880 overnight visitors), the Republic of Korea (28,714 departures), Saudi Arabia (27,196 departures, of which 19,010 overnight visitors), India (26,915 overnight visitors), Hungary (24,860 departures, of which 9,373 overnight visitors), Belgium (23,721 departures, of which 17,321 overnight visitors), Romania (23,066 departures), Spain (22,816 departures, of which 19,845 overnight visitors) and the Netherlands (22,045 overnight visitors) (source: https://www.unwto.org/statistic/basic-tourism-statistic, 2022).

Expected revenue and profits of tourism enterprises are determined by tourism expenditure. Tourism enterprise managers might analyze tourism expenditure in order to estimate future revenue. Likewise, tourism enterprise managers might make informed decisions concerning the target market selection of tourists from specific countries, who spend significant expenditure on trips abroad. The data shows that some of the leading countries in terms of tourism expenditure in other countries (in US millions $) in 2019 were China (254,621), the USA (132,273), Germany (93,097), the UK (70,257), France (50,507), Australia (35,968), Russia (36,152), Italy (30,307), Canada (35,342), the Republic of Korea (32,739), Japan (21,277), India (22,915), Spain (27,726), Singapore (27,321), Hong Kong (26,879), Taiwan (20,500), the Netherlands (20,480), Switzerland (18,870), Brazil (17,593) and Belgium (18,739) (source: https://www.unwto.org/tourism-statistics/key-tourism-statistics, WTO data, 2022).

The purpose of the trip (e.g., personal or business trip) is an important socio-demographic factor, which should be considered by tourism enterprise managers. The purpose of the trip is determined by the needs and lifestyles of tourists. The purpose of the trip also depends on employment status and the age structure of the population. Tourist behavior, preferences, and requirements for different types of services are determined by the purpose of the trip. Tourism enterprise managers should consider the purpose of the trip when taking decisions concerning the development of travel services, selection of promotional tools, etc. The purpose of the trip should be considered by tourism enterprise managers when taking decisions concerning personnel management, specifically personnel selection, training, etc.

Expenditure by the main purpose of the trip that is spent by residents of countries that report significant tourism expenditure is an important socio-demographic factor. In 2018 the residents of the following countries spent significant (over $20,000 million) expenditure on their trips: USA, Germany, France, Australia, Russian Federation, Canada, Italy, Netherlands, India, and Japan. The data shows that the residents of these countries spent significantly more expenditure on personal trips than on business trips. However, there are some insignificant differences in the distribution of expenditure by the purpose of the trip across the countries. Of the presented countries, the Russian Federation had the largest share of expenditure on personal trips (95.45%), followed by Germany (91.80%) and Australia (91.71%). The shares of expenditure on personal trips of the following countries were also significantly large: the USA (88.64%), Canada (87.54%), and the Netherlands (86.37%), followed by Japan (83.09%). The shares of expenditure on personal trips in the following countries were relatively small but again significant: India (71.24%), Italy (69.56%), and France (66.89%) (source: World Tourism Organization (2020). Compedium of Tourism Statistics, Data 2014-2018, 2020 Edition, UNWTO, Madrid).

Tourism enterprises offer trips and services to specific countries. The selection of these countries is important to tourism enterprise managers. Tourism enterprise managers should consider the socio-demographic characteristics of the tourists who visit these countries. An analysis is carried out of the socio-demographic characteristics of the tourists who visited a specific country – Bulgaria. The analysis results are shown in Table 2.

Table 2. International tourists in Bulgaria by countries and purpose of the trip, 2019

Country	Total	Holidays and excursions	Business and professional	Other – visits, transits, etc.
Total	***12 552 152 100%***	***5 860 447 46.69%***	***1 761 190 14.03%***	***4 930 515 39.28%***
EU	***7 188 623 57.27%***	***2 849 206 39.63%***	***1 315 793 18.30%***	***3 023 624 42.06%***
Austria	214 179/1.71%	65 092/30.39%	50 840/23.74%	98 247/45.87%
Belgium	155 367/1.24%	61 482/39.57%	31 582/20.33%	62 303/40.10%
Germany	948 492/7.56%	517 121/54.52%	147 142/15.51%	284 229/29.97%
Greece	1 277 610/10.18%	318 802/24.95%	273 641/21.42%	685 167/53.63%
Denmark	53 360/0.43%	32 559/61.02%	6 677/12.51%	1 124/26.47%
Ireland	45 359/0.36%	30 132/66.43%	4 897/10.80%	10 330/22.77%
Spain	93 535/0.75%	45 470/48.61%	26 361/28.18%	21 704/23.20%
Italy	167 658/1.34%	47 980/28.61%	59 747/35.64%	59 931/35.75%
Cyprus	28 349/0.23%	11 642/41.07%	5 490/19.37%	11 217/39.57%
Malta	3 594/0.03%	2 627/73.09%	525/14.61%	442/12.30%
Netherlands	176 122/1.40%	88 272/50.12%	30 314/17.21%	57 536/32.67%
UK	508 342/4.05%	296 634/58.35%	109 296/21.50%	102 412/20.15%
Poland	445 316/3.55%	304 572/68.39%	66 600/14.96%	74 144/16.65%
Portugal	20 140/0.16%	10 157/50.43%	5 947/29.53%	4 036/20.04%
Romania	2 161 004/17.22%	529 013/24.48%	347 514/16.08%	1 284 477/59.44%
Slovakia	87 227/0.69%	49 745/57.03%	11 196/12.84%	26 286/30.14%
Slovenia	19 210/0.15%	8 470/44.09%	5 024/26.15%	5 716/29.76%
Hungary	111 132/0.89%	55 022/49.51%	18 855/16.97%	37 255/ 33.52%
Finland	35 800/0.29%	24 038/67.15%	5 743/16.04%	6 019/16.81%
France	250 014/1.99%	111 377/44.55%	43 708/17.48%	94 929/37.97%
Croatia	35 071/0.28%	14 717/41.96%	10 931/31.17%	9 423/26.87%
Czech Rep.	214 550/1.71%	143 129/66.71%	28 063/13.08%	43 358/20.21%
Sweden	5 872/0.02%	20 091/43.80%	11 549/25.18%	14 232/31.03%
Other EU	91 320/0.73%	61 062/66.87%	14 151/15.50%	16 107/17.64%
Other Eur countries	***4 057 316 32.32%***	***2 137 349 52.68%***	***352 554 8.69%***	***1 567 413 38.63%***
Norway	46 070/0.37%	32 951/71.52%	8 261/17.93%	4 858/10.54%
MK	605 348/4.82%	504 239/83.30%	38 341/6.33%	62 768/10.37%
Russia	460 770/3.67%	406 866/88.30%	12 505/2.71%	41 399/8.98%
Serbia	679 336/5.41%	347 933/51.22%	56 819/8.36%	274 584/40.42%
Turkey	1 628 231/12.97%	419 229/25.75%	183 734/11.28%	1 025 268/62.97%
Ukraine	596 993/4.76%	411 332/68.90%	36 726/6.15%	148 935/24.95%
Switzerland	40 568/0.32%	14 799/36.48%	16 168/39.85%	9 601/23.67%
Non-Eur tourists	***1 306 213 10.41%***	***873 892 66.90%***	***92 843 7.19%***	***339 478 25.99%***
Israel	246 404/ 1.96%	241 002/97.81%	2 722/1.10%	2 680/1.09%
Canada	22 436/0.18%	18 707/83.38%	788/3.51%	2 941/13.11%
USA	109 283/0.87%	90 701/83.00%	6 789/6.21%	11 793/10.79%
Japan	12 024/0.10%	10 234/85.11%	951/7.91%	839/6.98%
Other co.	916 066/7.30%	513 248/56.03%	81 593/8.91%	321 225/35.07%

Source: Data on https://nsi.bg/bg/content, 2022 and author's calculation

Tourism enterprise managers who want to offer tourist trips in Bulgaria should evaluate these characteristics. Thus, they could estimate the future market size for their products. Tourism enterprise managers who provide tourist trips and services in Bulgaria should monitor and analyze the indicators related to the socio-demographic characteristics of the tourists who visit the country. Thus, they could take informed managerial decisions in the fields of marketing, personnel management, finance, etc. In terms of marketing, tourism enterprise managers could select prospective target markets of tourists, develop appropriate products and organize marketing activities to attract and retain customers. In terms of personnel management, the managers could plan the necessary staff, develop training programs, etc. In terms of finance, tourism enterprise managers could prepare sales forecasts, calculate the expected revenues, costs, and profits, select financial sources, etc.

The nationality of tourists is an important socio-demographic factor. Table 2 shows the number of foreign tourists by nationality who visited Bulgaria in 2019. The data show that most of the tourists who visited Bulgaria or more than half of the total number of tourists (57.27%) came from the EU. Tourists from other European countries (outside the EU) were less than a third (32.32%). The tourists who came from the rest of the world (outside Europe) were only 10.41% of the total number of tourists. Examined by individual countries, the shares of tourists who visited Bulgaria from the neighboring countries were the largest. Romania reported the largest share (17.22%), followed by Turkey (12.97%), Greece (10.18%), Serbia (5.41%), and the Republic of North Macedonia (4.82%). The data show that the shares of tourists who visited Bulgaria from the following non-neighboring European countries were relatively large: Germany (7.56%), Ukraine (4.76%), the United Kingdom (4.05%), Russia (3.67%) and Poland (3.55%). It can be concluded that Bulgaria is visited mostly by tourists from neighboring countries, followed by other European countries. To a significantly lesser extent, it is visited by tourists from non-European and far-distant countries.

Another important socio-demographic factor is the purpose of the trip of tourists who visit a country. Table 2 shows the number of tourist visits in Bulgaria by country and by purpose in 2019. The data in the table show that recreational trips (holidays and excursions) prevail. They are nearly half of the total number of trips (46.69%) in Bulgaria. The share of business trips in Bulgaria is significantly smaller (14.03%). Trips with other purposes (visits, transits, etc.) occupy an intermediate position with a share of 39.28%.

Trips from the EU countries with other purposes (visits, transits, etc.) prevail with a share of 42.06%, followed by recreational trips (holidays and excursions) with a share of 39.63%. The share of trips for business purposes is the smallest (18.30%).

Trips from other European countries (outside the EU) follow the general trend. Trips from other European countries with recreational purposes prevail. They are more than half of the total number of trips or 52.68%. Trips with business purposes are only 8.69%. The rest of the trips (38.63%) are for other purposes. It can be concluded that in Bulgaria recreational trips prevail, followed by trips with other purposes. Business trips have the smallest share.

The shares of trips from the following neighboring countries with other purposes prevail (which are more than half of the total number of trips): Turkey (62.97%), Romania (59.44%), and Greece (53.63%). Trips with recreational purposes for these countries follow, with shares about a quarter of the total number of trips: Turkey - 25.75%, Greece - 24.95% and Romania - 24.48%. Other neighboring countries follow the opposite trend. The shares of recreational trips for the following neighboring countries prevail: the Republic of North Macedonia (83.30%) and Serbia (51.22%). They are followed by trips with other purposes, which shares are: Serbia - 40.42% and the Republic of North Macedonia - 10.37%. The shares of trips with business purposes of the total number of trips for all neighboring countries are the smallest: Greece - 21.42%, Romania - 16.08%, Turkey - 11.28%, Serbia - 8.36%, and North Macedonia - 6.33%. Trips with recreational purposes prevail from the following non-neighboring European countries (which report relatively high shares of the total international trips in the country): Russia (88.30%), Ukraine (68.90%), Poland (68.39%), the United Kingdom (58.35%) and Germany (54.52%). For the UK they are followed by trips with business purposes (21.50%), in turn, followed by trips with other purposes (with a similar share of 20.15%). For the rest of these countries, the shares of the trips with business purposes are the smallest: Russia (2.71%), followed by Ukraine (6.15%), Poland (14.96%), and Germany (15.51%). The intermediate position is occupied by the shares of the trips with other purposes: Germany - 29.97%, Poland - 16.65%, Russia - 8.98%, and Ukraine - 6.15%.

Tourism enterprise managers who want to serve recreational travel in Bulgaria should consider the fact that in 2019 the shares of trips with recreational purposes were above the average for the following countries: Germany (54.52%), the United Kingdom (58.35%), Poland (68.39%), the Republic of North Macedonia (83.30%), Russia (88.30%), Serbia (51.22%), Ukraine (68.90%), etc. A significant number of trips with recreational purposes in Bulgaria were reported for the following countries: Romania (529,013), Germany (517,121), and the Republic of North Macedonia (504,239), followed by Turkey (419,229), Ukraine (411,332) and Russia (406,866). Tourism enterprise managers who want to serve business travelers in Bulgaria should consider the fact that in 2019 for the following countries, the shares of trips with business purposes were above the average: the United Kingdom (21.42%), Greece (21.51%), Romania (16.08%), Germany (15.51%), Poland (14.96%), etc. A significant number of trips with business purposes in Bulgaria were reported for the following countries: Romania (347,514) and Greece (273,641), followed by Turkey (183,734), Germany (147,142), and the United Kingdom (109,296).

5. FUTURE RESEARCH DIRECTIONS

In the future, the scope of the study can be expanded by including a larger number of socio-demographic factors and the evaluation of their influence on tourism enterprise management. In addition, the trends in the variation of the factors over a longer period of time (a period of several years) could be examined. Similar studies can be performed in other destinations. The socio-demographic characteristics of tourists who travel to other countries can be studied. In addition to statistical data, expert assessments can be obtained on the influence of socio-demographic factors on tourism enterprise management. The influence of specific socio-demographic factors on certain aspects of tourism enterprise management can be studied by using statistical models.

6. CONCLUSION

It can be summarized that the nationality of tourists is an important socio-demographic factor that tourism enterprise managers should consider when making decisions. Tourist behavior, preferences, and requirements for various types of services depend on the nationality of tourists. The analysis of tourists by nationality helps tourism enterprise managers to make informed decisions concerning the selection of target markets, development of new products, and organization of appropriate marketing activities.

The results of the current analysis show that some of the leading countries in terms of outbound travelers are China, the USA, Germany, Hong Kong, the UK, Mexico, Italy, Poland, and France. Tourism enterprise managers who want to offer trips in Bulgaria should consider that the country is visited mainly by tourists from Europe and to a significantly lesser extent - by tourists from distant countries. The number of tourists visiting Bulgaria from the following countries is significant: Romania, Greece, Serbia, North Macedonia, Germany, Ukraine, and the UK.

Travel expenditures are another important socio-demographic factor. Travel expenditure determines the revenue and profits of tourism enterprises. Tourism enterprise managers should make informed decisions concerning the target market selection of tourists from specific countries, who spend significant expenditure on trips abroad. The results of the analysis show that tourists from the following countries spend significant expenditure on trips abroad: China, USA, Germany, UK, France, Australia, Russia, Italy, Canada, and the Republic of Korea.

The purpose of the trip is another important socio-demographic characteristic of tourists. Tourist behavior, preferences, and requirements for various types of services depend on the purpose of the trip. Tourism enterprise managers should consider the purpose of the trip when making decisions concerning the development of travel services, selection of promotional tools, etc. The results of the study show that for the analyzed countries larger share of expenditure was spent on personal trips than on business trips. In Bulgaria trips with recreational purposes prevail, followed by trips with other purposes. The smallest are the shares of trips with business purposes of the total number of trips.

In conclusion, the results of the study show that socio-demographic factors both at global and national levels influence tourism, tourism enterprise, and hence – tourism enterprise management. These factors are particularly important for marketing management, financial management, and personnel management.

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