

**ЕКОНОМІКА ПРАЦІ ТА УПРАВЛІННЯ ПЕРСОНАЛОМ,  
РОЗВИТОК ТРУДОВИХ РЕСУРСІВ**

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D. DESPOTOVIĆ, V. NEDIĆ

University of Kragujevac, Serbia

D. CVETANOVIĆ

University of Niš, Serbia

**INEFFICIENT USE OF TALENT AS A LIMITING FACTOR TO COMPETITIVENESS  
OF SELECTED EUROPEAN COUNTRIES**

*In the paper we have provided an empirical analysis aimed at establishing relationship between the Efficient use of talent and the Global Competitiveness Index (GCI) value, in a sample of 144 countries for which data are available in the Global Competitiveness Report 2014-2015. Then we've observed relationship between these categories for the group consisting of the Republic of Serbia and ten selected European countries from its immediate surroundings. We've constructed a model of impact of the Efficient use of talent and its two indicators (Country capacity to retain talent and Country capacity to attract talent) on the GCI. Based on the established model we've examined direction and intensity of the impact of the observed variables globally, by using simple linear regression. The conclusion is that the Efficient use of talent quantified by this model represents a limiting factor to improving competitiveness, which is an indispensable driver of knowledge-based economy and society development.*

*Keywords: competitiveness, Global Competitiveness Index, Efficient use of talent, Country capacity to retain talent, Country capacity to attract talent.*

**НЕЕФЕКТИВНЕ ВИКОРИСТАННЯ ТАЛАНТУ ЯК ОБМЕЖУЮЧИЙ ФАКТОР  
КОНКУРЕНТОСПРОМОЖНОСТІ ОКРЕМИХ ЄВРОПЕЙСЬКИХ КРАЇН**

*У статті проведено емпіричний аналіз з метою встановлення взаємозв'язку між ефективним використанням таланту та значенням Індексу глобальної конкурентоспроможності на прикладі 144 країн, дані яких розміщені у звіті з глобальної конкурентоспроможності 2014–2015 рр. Встановлено зв'язок між цими категоріями для Республіки Сербії та десяти окремих європейських країн. Побудовано модель впливу ефективного використання таланту та його двох показників (здатності країни зберігати таланти та можливості країни залучати таланти) на Індекс глобальної конкурентоспроможності. На основі отриманої моделі за допомогою простої лінійної регресії встановлено глобальний напрямок та інтенсивність впливу досліджуваних змінних. Доведено, що неефективне використання таланту є обмежуючим фактором для підвищення конкурентоспроможності, яка є невід'ємною складовою економіки, основаної на знаннях і розвитку суспільства.*

*Ключові слова: конкурентоспроможність, Індекс глобальної конкурентоспроможності, здатність країни зберігати таланти, можливість країни залучати таланти.*

Given that human capital is driving force of the productivity growth in contemporary conditions, the hypothesis has been set up that “brain drain”, ceteris paribus, is a limiting factor to improving competitiveness of countries (Cvetanović, Despotović, 2014). The question is: What is the situation in Serbia and what is its objective position compared to other countries in its surroundings in terms of Efficient use of talent?

In order to answer the question, we have used data from the Global Competitiveness Index. First of all, an empirical analysis has been conducted aimed at establishing relationship among three individually observed indicators – Efficient use of talent, Country capacity to retain talent and Country capacity to attract talent, in a sample of 144 countries for which data are available in the Report 2014-2015. Then we've observed position of Serbia in the surroundings by using identical data.

Segment of the GCI framework which is considered in the paper is marked in Figure 1. The segment contains parameters of the sub-index of the second stage (efficiency-driven stage). In this context, we've considered 7th pillar – Labour market efficiency. Given the goal of the paper, we've observed the section B – Efficient use of talent, with focus on indicators 3 – Country capacity to retain talent and 4 – Country capacity to attract talent (Figure 1).

The Efficient use of talent represents the country's ability to retain its most highly educated citizens. Countries with low parameter of Efficient use of talent have low levels of innovativeness and competitiveness as well as slow growth of the real GDP (Fuxman, 2004; Guthridge, Komm & Lawson, 2008 Bertoli, Brücker, Facchini, Mayda & Perry, 2009).

The defined dependence has been tested in a sample of 144 countries, and Table 1 shows the summary of the analyses findings.

By analyzing linear regression results shown in Table 1, it can be concluded that all three independent variables have a positive impact on the GCI, with significant values of the Pearson correlation coefficients, which are significantly higher than threshold value for the level of significance of 1%. The Country capacity to retain talent shows the highest significance of a positive impact on the GCI (globally).

Regarding Country capacity to retain talent and Country capacity to attract talent, Serbia is at the very bottom of the list (Figure 3). Therefore, many educated young people are looking for the jobs in the Western Europe.

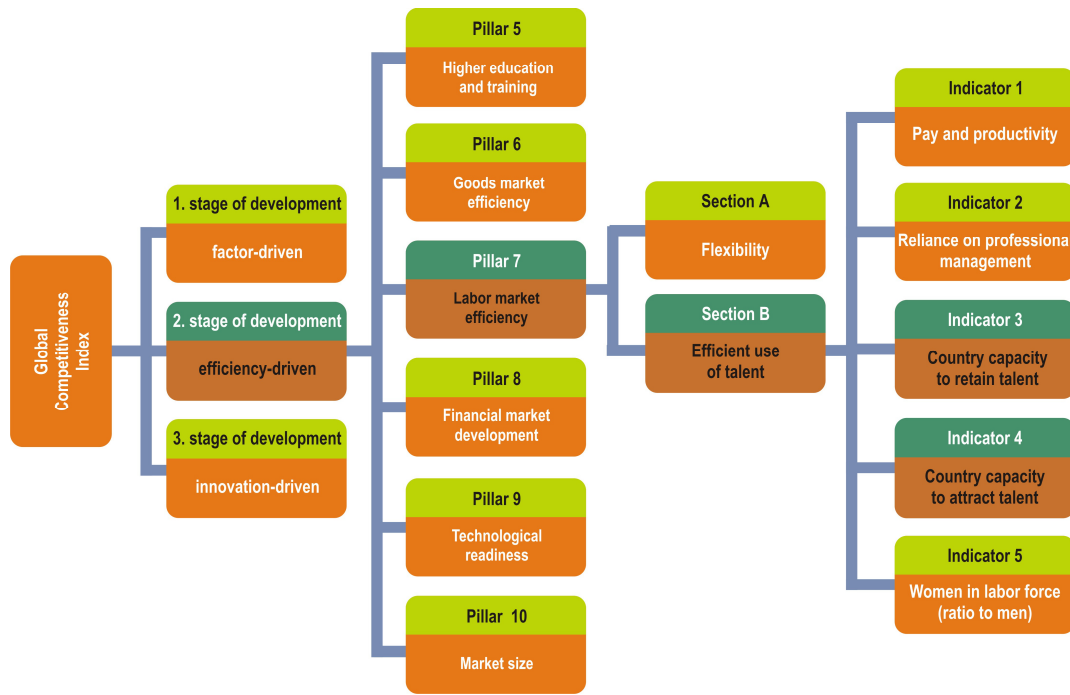


Figure 1. Diagram of the observed GCI framework (Source: modified according to Schwab, 2015, p. 9)

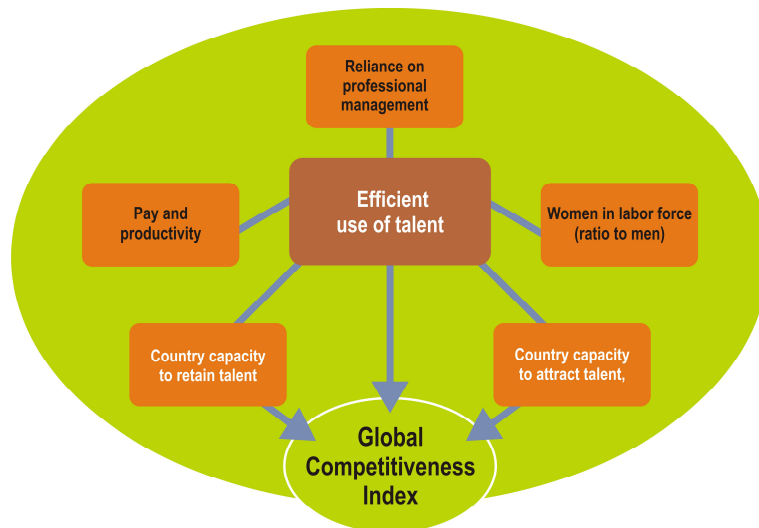


Figure 2. Indicators of the Efficient use of talent

Table 1

The summary statistics of the observed relationships

Dependent variable: Y – GCI			
Independent variables:	(1)	(2)	(3)
X1 - Efficient use of talent	0.542*** (0.061)		
X2 - Country capacity to retain talent		0.522*** (0.044)	
X3 - Country capacity to attract talent			0.431*** (0.045)
Constant	2.075*** (0.244)	2.386*** (0.157)	2.714*** (0.160)
Observations	144	144	144
R <sup>2</sup>	0.357	0.503	0.397
Adjusted R <sup>2</sup>	0.353	0.499	0.393
Residual Std. Error (df = 142)	0.543	0.478	0.526
F Statistic (df = 1; 142)	78.886***	143.501***	93.478***
Note:	* p<0.1; ** p<0.05; *** p<0.01		

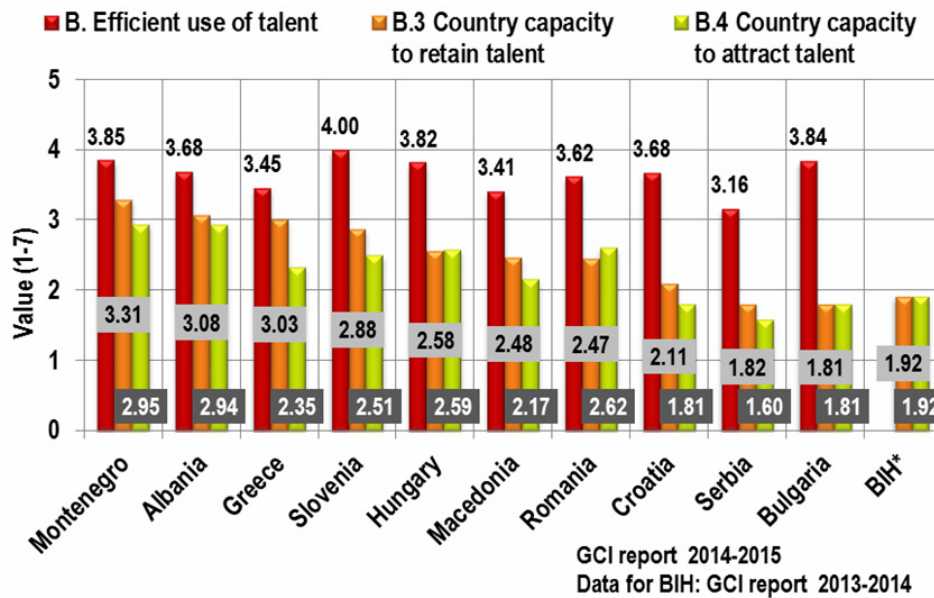


Figure 3: Efficient use of talent, Country capacity to retain talent and Country capacity to attract talent data for Serbia and neighbouring countries (Source: modified according to Schwab, 2015, p. 9)

If similar trend continues in the future, then there will be no space for any notable progress towards knowledge society i.e. knowledge economy. Therefore, talent creation, education and retention must be strategically treated in the development policies of the observed countries. Particularly, this applies to their position in the private entrepreneurial sector, where they are not perceived as driving force of the growth and development.

#### Conclusion

With extremely low Efficient use of talent, Serbia has almost no chance of moving toward more stable knowledge society i.e. knowledge economy. Poor economic situation, slow passage of laws, unfavourable investment climate, high unemployment rate, corruption and continuous political instability contributed to the outflow of educated people, of almost cataclysmic proportions. Talent retaining and attracting require establishing long-term environment which is competitive compared to foreign ones in terms of wages, employment prospects and working conditions.

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