

Darko B. Vukovic,

Doctor of Economics, Assistant Professor and Research Fellow at Geographical Institute "Jovan Cvijić" of Serbian Academy of Sciences and Arts, Belgrade, Serbia

Yaroslav Vykylyuk,

Doctor of Technical Sciences, Professor, Rector of Bukovinian University, Chernivitsi, Ukraine

Milan Radovanovic,

Doctor of Geographical Sciences, Research Fellow and Director of Geographical Institute "Jovan Cvijić" of Serbian Academy of Sciences and Arts, Belgrade, Serbia

Dejan M. Radulovic

Doctor of Economics and legal Sciences, Deputy Minister in the Ministry of Regional Development and Local Self-governments, Belgrade, Serbia

THE IMPACT OF THE QUALITY OF HUMAN CAPITAL ON THE MAIN ECONOMIC INDICATORS OF SOUTHEAST EUROPE COUNTRIES AT THE NUTS 2 LEVEL

The purpose of the analysis applies on the measurement of interdependence of factors of human resources and related economic factors in order to determine the quality of their relationship. This analysis refers to the countries of Southeast Europe, members of the European Union, which are in the process of market transformation. Given that these countries have inherited insufficiently skilled human capital, according to contemporary demands of market economy, it is important to determine whether the investment in human capital improves economic factors. At the outset, we assume that investment in higher education of people with additional training and improvement of education of young people, it is possible to increase the basic macroeconomic aggregates (gross domestic product and employment). With increased employment in science and technology it is possible to further strengthen the overall productivity of the economy. Many of regions and countries have realized that their efficiency and competitiveness cannot be based only on cheap labor. By investing in the sophisticated employees, the economy possesses resources that can respond to the requirements of modern markets. Regions that their advantage based on the uses of cheap factors, build their position on the basis of lower costs, i.e. by using inexpensive factors of production. For example, lower labor costs or lower prices of raw materials compared to other regions. But nowadays, on this way, it cannot affect the substantial growth of the economy of a region. Investment-driven economies (regions), as well as its advantage uses sophisticated know-how which upon creates a higher level of productivity. Regions that are based on innovation and

new technology significantly invest in higher education and training of employees. Bearing this in mind, it is important to determine how much is the interdependence between investment in knowledge of human resources and the growth of economic factors. Knowledge generation in the society depends on the quality of the educational system. Furthermore, prosperity, growth potential and competitiveness of every society depends on the knowledge level and quality. However, knowledge can be widened, upgraded and in depth even when the education process is formally finished. As the starting point of our analysis, we considered the territory of the level of statistical regions of the Southeast Europe, which are classified as Nomenclature of territorial units for statistics (NUTS) - level 2. This territorial division is defined by the legislation of the European Commission, to provide a single uniform breakdown of territorial units for the production of regional statistics for the European Union. According to the NUTS classification geographic areas are divided according to different hierarchical levels: NUTS 1 is the largest territorial unit, which includes territorial group of 3 to 7 million inhabitants. NUTS 2 has a range of 800 thousand to 3 million and NUTS 3 has a range of 150 to 800 thousand inhabitants. Our analysis applies just to the regional level NUTS 2. With the use of statistical methods, we concluded that there is a strong interdependence between investment in human resources, science and technology and employment. In addition, these factors affect the growth of gross domestic product, which indirectly indicates how much importance is given to higher education, science and technology on the basic economic factors.

Keywords: *human resources, regions, South East Europe*

Acknowledgement:

This paper is the result of the project Num. 47007 funded by the Ministry for Education and Technological Development of Republic of Serbia.