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INVESTMENT IN PEOPLE – TOWARD THE SOCIETY OF KNOWLEDGE (TOURIST ASPECT)

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Abstract. *Authors proceed from a fact that investment in people is far more profitable than investment in other economic factors. When we add to this the fact that acquired knowledge becomes old-fashioned very fast, then it is obvious why the economic and tourist development of many countries is based on knowledge. And everyone is of the opinion that investment in people, that is, in knowledge, provides a comparative advantage and that the society of knowledge represents the future. The cost of knowledge is high, but the cost of ignorance is much higher.*

Key Words: *Investment, knowledge, people, the society of knowledge*

INTRODUCTION

In the education theory, from the economic point of view, knowledge is very important which, together with technical progress and people's capital, contributes to complete analysis and comprehension of the so-called "residual" role in the process of economic development.

Despite general information about interaction between education and knowledge in the process of economic development, there are various degrees of difference in regard to relation between their complementarities and substitution, when he talk about the generation of new knowledge (that is , new scientific information, inventions) which forms the output of scientific research in the broader sense.

Since tourism is a labour-intensive activity, the acquirement of new knowledge is necessary not only in a tourist supply, but also in a tourist demand, which will result in better quality satisfaction of tourist needs.

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1. CONTEMPORARY ECONOMISTS ABOUT KNOWLEDGE

F. Machlup has the broadest attitude towards knowledge.[1] From his point of view the generation of knowledge is a common denominator in the interaction between scientific-technical progress, human factor and education in the process of economic development. K. E. Boulding is not far behind from this broad attitude regarding the role of knowledge in the process of economic development. In his article "The Economics of Knowledge and the Knowledge of Economics" he specifies that the idea about development as a process of knowledge, even if it is the economic development, was getting into economist's consideration very slowly. Obsession with mechanical models, capital coefficients and even input-output tables is still present disregarding the research in connection with process of learning, which is the real key for comprehension of both economic and tourist development.

In fact the truth is that only Schultz and Haribson's "human resources school" has put an accent on education as a main result of the process of development. However, even here there is a possibility that adequate attention is not turned to a problem of learning on the whole, inside and outside of formal education institutions, and the role of the price system is significantly disregarded.

A Marxist philosopher Ernest Bloch also gives his opinion about knowledge – education interaction. He attributes this interaction a dialectical dimension and says: "However, knowledge, precisely because of a continuous change in the world's points of view on every new step, does not hold on to this pedagogical experience or on experience which only refers to education of individuals. But, education should be understood in objective-organizing and subjective-organizing and subjective-corrective sense, because with every new step of a subject, a new step of an object is created at the same time and reversely".

Research of this complex process of new knowledge generation in fact can be seen in complex processes where the existing social knowledge fund is used ("old" knowledge) ant its transformation in "new knowledge", that is in new information (know-how).[2]

T. W. Schultz talks about two types of new information:

- The ones that can be transformed in new forms of competence (knowledge), which once adopted make forms of human capital, and
- The ones transformed in new materials, which upon realisation make new forms of material capital ("nonhuman capital").

According to Shultz, determining production factors in improvement of poor people's condition are not space, energy and cultivating soil, but improvement in the quality of population and advancement in knowledge.[3] Then, Shultz claims that the constitution part of trade modernization is not only a country with high national income, but also a country with low national income, decrease in economic value of agricultural land and increase in people's capital - skill and knowledge importance.

He also specifies that no individual can sell his educational capital, nor it is possible for him to hand down the quantity of education and knowledge he possesses as a gift to another person

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[1] F. Machlup – "The Production and Distribution of Knowledge in the United States", Princeton, 1962. page 21
[2] Kenet J. Arrow – "Economic Welfare and the Allocation of Resources for Invention", page 149.
[3] T. W. Schultz - "Investing in people", University of California, Los Angeles, 1981.

This knowledge is his human capital fund, and the aim is to use it and keep it till the end of his life.[4] Shultz also says that refugees carry with themselves their human capital no matter where they go. "Walls are built to prevent people from running away; and migrating can be banned. In the end, even if this is a case, countries can not confiscate the human capital, but they can destroy its value".[5]

Advancement in knowledge increases the quality of physical and human capital.[6] Shultz comes to realization that investments in staff education are 3.5 times more attractive than investments in physical capital.[7] The same author in his later researches calculated how the capital invested in people, that is in human capital, was bigger than total invested capital in material assets during the 1970s in the USA.

Trying to define the human capital added value, Shultz says that it depends on additional prosperity that people draw from it.[8] Human capital also contributes to labour productivity and entrepreneurship's ability, which both have their value in all areas of production of goods and services.

Therefore, Shultz's attitude should be clearly stated: "My approach towards the population quality lies in the fact that I treat quality as a poor resource, which means that it has an economical value and that its development includes expenses".[9]

Basic element which determines the population type and quality acquired in a defined period of time is "a relationship between the income from additional quality and the expense necessary to invest in order to obtain the human capital quality".[10]

F. Machlup describes this process as "promotion of knowledge from the rank of exogenous into endogenous variable depending on input".[11]

W. Nordhaus[12] thinks that for this process the main thing is a make of adequate patent system which will give a stimulus for research and consider resources availability for research, notice discrepancies among certain branches of industry and condition of knowledge diffusion. In that way, in his opinion, the "internationalization of external economics of knowledge" will be enabled. In other words, he points out the generation of favourable social frames (patent system which acts in incentive way), in order to involve enterprises in research process which includes high risk degree. And precisely the risk is something that forms one of the key categories in economics theory of research activity. Kenet Arrow says according to the information definition itself that "invention must be a risky process in which the output (acquired information) cannot ever perfectly foresee from the input".[13]

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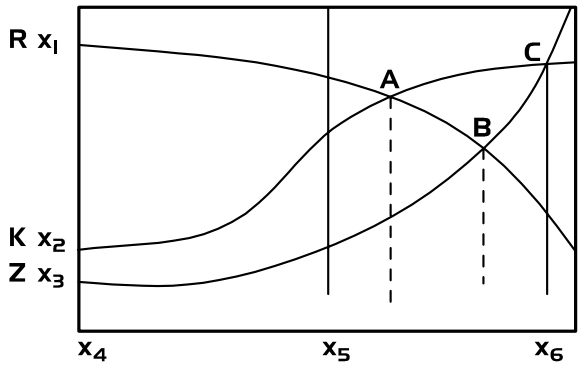
[12] W. Nordhaus – Samuelson P. – "Economic", Prentice Hall, New York, 1990.
[13] Kenet J. Arrow - "Economic Welfare and the Allocation of Resources for Invention", page 149.

2. KNOWLEDGE AS A GENERATOR OF ECONOMIC AND TOURIST DEVELOPMENT

Contribution intensity of the three thorough factors in generation of new goods in the manufacturing process and society in general has its dramatic historic course in which the **capital** and then the **knowledge** were more and more suppressing traditionally the most important contribution of **labour** in that process. During the historical period of feudal manner of manufacture, the labour had the largest contribution to production and production efficiency of the goods with relatively small contribution of capital and almost insignificant contribution of knowledge.

In the industrial period, and especially in the modern post-industrial and cybernetic era, the contribution of capital was catching up to and reaching and even exceeding the domination of the labour contribution (point A, Figure 1), and then the knowledge had its dizzying success, so the labour and knowledge contribution became even (point B), what was still under the level of the contribution of capital which maintained a high level of importance in future. In the informatics and post-informatics era, first it came up to equalization of the high capital and knowledge contribution (point C), after which the sole exponential knowledge contribution continued, and because of this reason it was expected that, in future, this contribution had to acquire the meaning of creativity and progress cult as well, and take the top position in the pyramid of social values.



x_1 LABOUR x_2 CAPITAL
x_3 KNOWLEDGE x_4 FEUDALISM
x_5 INDUSTRIAL ERA x_6 INFORMATICS ERA

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x_7 CAPITAL – KNOWLEDGE

Historical change in relations between labour, capital and knowledge

Even the academic comprehension of knowledge as a manufacturing factor is significantly enlarged by its new and direct feedback on the relation: source of knowledge – transmission – application, by which the knowledge is more and more confirmed every day as a thorough component of the increase in production and productivity, but also changes the role of a human being in the technology development. The best examples of the above mentioned interactions can be found in cognition that a professor of surgery is both a phi-

losopher and a scientist, but also the most eminent and the most essential operative person in the operating room of his clinic.[14]

As it is well-known, a successful management of one company depends on a management team's skill to stimulate creation of ideas and creative demonstration of people as the essence of the Schumpeter's entrepreneurship organization. Leadership also must know how to manage a process of explosion of ideas and creation work, their maturity and choice, together with the thorough rule that there are no important ideas where the biggest ignorance can not be said. Creation is a prevalent function of the company management. Management skill and successfulness are demonstrated in overtaking the valid actions before other people (competitors) do. Thorough advantage in management is realized in timely creation and planning of leader's (strategist) action and efficiency, but in the form of business continuity which cumulates in the image of the company as a specific expression of its tonality. At the same time it is necessary to have a condition that everybody does something they are educated for. The disregard of this criterion deviates from a principle of competence in a professional job and leaves space for the rule of organized ignorance syndrome over unorganized knowledge together with a high output of false values.

It is worth saying that on the level of enterprises, the entrepreneurship is shown as a continuous course of changes in the form of building and tearing down, reorganizing, forming of new enterprises and restructuring and disbanding of existing enterprises. For all these changes, only possession of a capital, as a limited factor of the economic development, is not enough, but, before everything else, it is necessary to possess knowledge as a unique factor of production which is not a subject to law of decreasing income. If we follow the mathematical rules, in the relationship between the limited and unlimited function, the maximum of an unlimited function is constantly bigger than the maximum of a limited function, which again only confirms that the knowledge is a generator of economic progress. Articulation of this significance can be seen best in the expression: knowledge should have both power and honour.

New technological revolution places education in drastically new circumstances which provoke and require the revolution in education as well. Out of closed institutions which are burdened by the influence of tradition, institutions under special treatment by the society and from the peaceful harbours of knowledge, the institutions of education must change very fast in open "beehives" for numerous future generations from all social layers. Explosion of education will be mostly experienced by higher education whose auditoriums are becoming tight.

All above mentioned means that in future the society with the best educational system will have such position, as the society with most natural resources or industrial potential had in the past. Creative and adaptive experts, masters of knowledge and brave solders seeking for truth in science should be developed. More space should be dedicated to general and theoretical disciplines in curriculum and teaching programs, because this will enable faster and easier surmounting of innovations and new technologies carried by new technological revolution. Mathematical-cybernetic content and programming should be integral parts of every teaching-educational process.

Future economic development will be leading to such revolutionary scientific-technical rises which will result in totally new scientific areas and periods. Explosion and multipli-

[14] Peter Drucker - "Post capitalist society", New York 1993.

cation of knowledge, or more and more adopted expression "industry of knowledge", put three urgent requirements in front of scientific research stuff:

- Faster release from old-fashioned knowledge and experience,
- Continuous transmission and adequate program transformation of new relevant information,
- Permanent multi-discipline education.

Knowledge, as the most significant individual factor for trend dynamics of tourist development and economic growth of a country should be full of permanent innovation in order to be in a position to be equally involved in world's technological development.

3. INVESTMENT IN PEOPLE IN TOURIST COMPLEX

Simultaneously with the development of tourism, there has emerged a group of people who have connected their choice of life and work, as well as economic and existential interest, to tourism as a social and economic activity.

Together with tourism, such educational institutions that, until recently, used to prepare staff only for traditional catering positions, have experienced an evolution and have developed into institutions for educating highly qualified and specialized individuals for a vast array of needs that the tourist activity requires. At the same time, numerous areas of education and scientific institutions have also taken part in preparing and educating staff for the needs of tourism (beside economics and law, there are also sociology, psychology, organizational science, human resources science, medicine, biology, chemistry, technology, architecture, physical education, philology, pedagogy, geography, ecology and others); they study phenomena, relations and consequences that result from mass temporary migrations of people from non-economic- tourist- motifs and needs.

People who are either working or are preparing to work in tourism are forced to constantly innovate and perfect their knowledge due to ever increasing competition in knowledge and ideas, both in local and international market, not only in the area of tourist reception, but also in discovering novel forms of life that the tourists expect while visiting a certain destination. The role of human factor - staff- is of special significance in tourism. Tourist business is in the majority of cases conducted by immediate contact and on the spot between the producer of tourist service and the consumer- the tourist. That is why there is a special significance and importance of the tourism-related staff. There is no need to emphasize that a more humane and more human-appropriate tourism requires staff that, beside expertise, posses also wide humanist ideas and education. Tourism-related staff in all tourist areas must possess a broad general and humanist culture and education.

In fact, tourism-related staff shall be directed to act according to the principles of economic efficiency, but at the same time, they have to treat their guests- tourists- as unselfish "altruistic" hosts, full of understanding for their "psychological suffering"- therapists, but also for their physical problems, and at the same time they have to have some of the education in psychology, so that they could approach the psychological identity of each guest or tourist. When they want to peek into their cultural identity, the people employed in tourism become culturologists and ethnologists or even anthropologists.

As for maintaining "healthy life condition" of their tourists, the employed must know the basis of physiology and human anatomy. Those tourists who wish to make up for the

lost time during the year while on holiday, expect a full bodily and spiritual dynamics while staying in the given tourist area. Therefore, the employed in tourism are expected to be cultural and sports animators, but also health ones.

The servicing staff must be specially educated to be able to establish an immediate contact with the guest and give them some wholesome and personal information, because the tourist is overly saturated with the informatics perfection coming from his computer monitor.

Beside traditional gastronomic skills, the employed in tourism are expected to be creators of new "healthy" nutrition. A tourist on a holiday or journey wants to live the "software" of his "healthy" menu. He wants a direct contact with the chef, and the latter is obliged to know how to effectively, in the tourist's own language, explain the ingredients and the preparing procedure of the meal so that the tourist could prepare it for himself upon return to his own quotidian surroundings. One can certainly no longer hold the opinion of the "catering person as a person that makes soup or the director of the establishment as a person who organizes overnight stay"[15]

Having in mind the ever increasing informatization in the tourist capacities, the employed will have to have a much higher degree of information literacy, especially because the users of their services are increasingly the people of high information literacy and are very well aware of the possibilities of application and help of the information technology in all aspects of tourism.

Demographic statistics points out that the major part of the developed world is rapidly getting old and that by the year 2025 there will be only 3% of the world inhabitants younger than 27 living in the developed parts of the world in Europe and North America. Such demographic movements can already be spotted in the increasing number of elderly tourists visiting certain destinations (spas), but this has also initiated certain changes that will have to affect the staffing policy in tourism.

Human life span is increasing. The retired are still in good physical and psychic condition and are full of life wealth and experiences. Many of them are willing to accept a job in a climatic healthy tourist destination, with secured accommodation and food and a minor financial compensation. This is especially distinct during weekends and holidays when younger members of staff are unwilling to accept working obligations.

In the XXI century tourism, especially in our country, there will be a full expansion and legalization of family hotels. Their owners will have to keep on upgrading their knowledge, but also on initiating a continuous education of all their family members.

In this century, a special place in tourism will be held by those people on managing and creative positions. If the developing trend of tourism continues, aided and caused by information and other contemporary technologies, one can expect further big changes in the areas of leisure and "the use" of holiday and entertainment. The only ones that can solve complications are experts and educated staff potential, directly or indirectly involved in tourism.

However, in order for the staff to obtain such abilities for avoiding complications that are inevitable in spa tourism, it is necessary to continuously strengthen educational processes and the education of the employed in tourism. That is why it is necessary to have an entirely new concept of educating tourist staff, the one that would give, apart from basic knowledge, a special stress in the curriculum on the importance of man, and therefore the

[15] Jost Krippendorf - "Traveling mankind", Liber, Zagreb, 1986, p 11

importance of the staff in tourism. Only in this way can one devise the tourism for the sake of man, and not, as today, man for the sake of tourism.

Revolutionary changes brought about by the third technological revolution have also affected the tourist complex. And the basic thing that foregoes any development and all changes is, by all means, a human component. What kind of staff is, therefore, needed in tourism in the current millennium? The staff that is already working, or is preparing to work in one of the aspects of tourism, is forced to continuously upgrade and perfect their knowledge due to an increasing competition of knowledge and ideas on the tourist market. And not only in the area of tourist reception, but also in discovering novel forms of life that the tourists expect while visiting a certain destination.

CONCLUSION

In the end, it should be underlined that education must be organized (in order to meet its targets in totality) around four basic fields which will represent good knowledge background in the life of every individual:

- Studying for acquiring knowledge – which means to control means of communication
- Studying for ability to work – that is, to be able to react in the surrounding,
- Studying for having mutual life – which stresses participation and cooperation with others in all human activities,
- Studying for existence – which involves all three before mentioned attitudes.

Naturally, it is understood that all four approaches continuously interweave, come into contact and mutually exchange data, so, in fact, they form one unique way.

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INVESTIRANJE U LJUDE – KA DRUŠTVU ZNANJA (TURISTIČKI ASPEKT)

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Autori polaze od činjenice da je investiranje u ljude mnogo profitabilnije nego investiranje u druge ekonomske faktore. Kada tome dodamo činjenicu da potrebno znanje brzo zastareva, očigledno je zbog čega je ekonomski i turistički razvoj mnogih zemalja zasnovan na znanju. I svi se slažu da investiranje u ljudsko znanje omogućava prednost i da društvo znanja predstavlja budućnost. Cena znanja je visoka, ali je cena neznanja mnogo veća.

Ključne reči: *investiranje, znanje, ljudi, društvo znanja.*