



*Empowered lives.  
Resilient nations.*

NATIONAL HUMAN  
DEVELOPMENT REPORT 2013:

**‘PEOPLE ARE THE REAL WEALTH  
OF THE COUNTRY.’  
HOW RICH IS MONTENEGRO?**

# SUMMARY





# SUMMARY

National Human Development Report 2013:  
'People are the real wealth of the country.'  
How rich is Montenegro?



UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

Short extracts from this publication may be reproduced unaltered without authorization, on condition that the source is indicated.

*This is an independent publication commissioned by UNDP. The views expressed in this paper are those of the authors and do not necessarily represent the views of UNDP.*

Copyright © 2013

By the United Nations Development Programme (UNDP) in Montenegro

Bulevar Svetog Petra Cetinjskog 1A, 81 000 Podgorica, Montenegro

*The authors' team:* Božena Jelušić, Lead Author. Contributors: Milijana Komar, Arkadii Toritsyn, Maja Bačović.

*Research and editing:* CEED Consulting Podgorica - Dragana Radević, Slavica Nikolić, Andrijana Drobnjak, Sandra Tinaj, Agima Ljajević.

*Project Manager:* Aleksandra Višnjić Bojović.

### **Appreciation and acknowledgment:**

Many institutions and individuals provided their constructive contribution to the development of this Report and we would like to mention some: Marina Banović, Andrey Ivanov, Rajko Strahinja, Daniela Casula, Mensud Grbović, members of the Advisory board of the project: Anica Maja Boljević, NGO FAKT, Jan-Peter Olters, ex World Bank Representative in Montenegro, Branko Lukovac, independent intellectual, Siri Andersen, ex First Secretary of Royal Norwegian Embassy in Belgrade, Vladimir Čurović, ex Secretary General of Union of Employers of Montenegro, Momčilo Radulović, European Movement in Montenegro, Aleksandra Krgović, Ministry of Science. We are grateful for cooperation to all the line ministries and line institutions, to MONSTAT, social partners: Confederation of Trade Unions in Montenegro, Union of Free Trade Unions of Montenegro and Union of Employers of Montenegro and to Chamber of Commerce and Montenegro Business Alliance; civil society organisations, to the representatives of academia, to the UN and other international agencies in Montenegro.

We owe a special appreciation to all who took part in public discussions of the Report. To 1,250 households of Montenegro who took part in research and to those citizens who took part in focus groups discussions. To the representatives of the institutions who provided us with in-depth interviews, as follows: Boban Mugoša, Institute for Public Health of Montenegro, Mubera Kurpejović and Biljana Mišović, Ministry of Education and Sports of Montenegro, Svetlana Vuković, Human Resources Office of Montenegro, Maja Drakić, University of Donja Gorica, Ratko Bakrač, Employment Office of Montenegro, Darko Konjević, Montenegro Business Alliance Veljko Golubović, (late) president of Association of Pensioners of Montenegro. Our special appreciation goes to Atlas TV and journalist Duška Pejović for production of a TV serial „Ja imam stav” (I have an opinion) that represents a kind of a TV edition of this Report.

Peer review: Mihail Peleah, Human Development Programme and Research Officer, UNDP Europe and the CIS, Bratislava Regional Centre.

Translation: Uroš Zeković, Tamara Jurlina, Jelena Pralas.

Graphic design, cover page, layout and print: Studio Mouse, Podgorica

Printed in Podgorica, Montenegro

The first edition: 2013.



*‘People are the real wealth’ of their countries*



# Contents

SUMMARY National Human Development Report 2013 .....	4
Human Capital and Human Development .....	4
Economic transition and human capital in Montenegro.....	5
What Can Be Done to Improve Country's Human Capital? .....	6
Sectoral Findings and Recommendations .....	7
Education and Human Capital .....	7
Health and Human Capital .....	9
Social Capital .....	11
A selection of findings from the 2011 human capital survey (UNDP) .....	13



# SUMMARY

## National Human Development Report 2013: 'People are the real wealth of the country.' How rich is Montenegro?

*Politicians (in every country perhaps) tend to repeat that*

*'people are the real wealth' of their countries.*

*What does it exactly mean, how is this wealth*

*being accumulated and utilized is still an open issue*

*with explicit practical and political implications.*

### Human Capital and Human Development

Increased global competition means that Montenegro will not be able to compete on cost and price, and as all European countries will have to offer high quality products and services. This is possible to achieve only if country's human capital improves. A well-educated and trained population is an objective in itself as well as a crucial factor contributing to accelerated social and economic and ultimately human development.

Human capital plays a crucial role in pursuing objectives of human development. Human development is about expanding of people's choices. These choices are diverse but the most fundamental are the choices to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Other choices may include freedom of expression, association and movement as well as social justice and protection against discrimination based on racial, religious or ethnic origins, and ability to influence decision-making and contribute to society's life.

Montenegro made progress over the last years in terms of human development measured by the Human Development Index (HDI), which is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. Montenegro belongs to the group of countries with high human development and it is ranked on 54<sup>th</sup> position in the world by HDI (2011).

Between 2005 and 2011, Montenegro's HDI value increased from 0.757 to 0.771 - an increase of 2.0% or average annual increase of about 0.3%. Between 1980 and 2011, Montenegro's life expectancy at birth increased by 0.9 years. Montenegro's Gross National Income (GNI) per capita increased by about 24.0% between 2005 and 2011.

At the societal level, human capital development results in increased ability of a country to absorb modern technology, improved quality and productivity of the workforce, which invariably leads to increased productivity and economic growth that are fundamentally important for human development. At the individual level, it is the key to a successful career in a modern knowledge-intensive economy. Improved individuals' skills and knowledge have become increasingly important for personal human development as they help to fulfill individual needs and aspirations, maintain social networks, pursue

*'People are the real wealth' of their countries*





healthy life choices and achieve a wide range of other goals. Economic growth achieved through improved human capital not only results in increased household disposable incomes but increases budget revenues that can be allocated for important social sector priorities that expand human development opportunities for all.

Human capital creation should become a strategic society's priority. The Government and private sector should strategically invest into human capital development that will create new jobs, develop new skills and competencies and can help Montenegrins work and live happily in Europe in the 21<sup>st</sup> century.

What is human capital? Human capital is composed of unemployed, housewives, the poor and the rich, children, youth and old and the ones to be born.

Human capital is dynamic and the traditional elements (knowledge, skills, health) outline the individual's potential. The extent to which it will (or will not) be materialized depend on other characteristics that constitute the second (functional, behavioral) aspect of human capital. Some of these characteristics are ability to gain and apply knowledge and practical skills responding flexibly to changing environment, heritage, values and aspirations, social capital, inventiveness, entrepreneurship and risk-taking, solidarity, etc. i.e. all the dimensions that make us productive, both economically and in terms of achieving non-economic fulfillment. However, being so widely defined, it is difficult to 'measure' human capital and quantifying of its components is complex.

## Economic transition and human capital in Montenegro

Before the start of the transition process, the health, education and other sectors shaping human capital in Montenegro performed reasonably well and served the existing political and economic regime. Economic transition, the conflicts and an extensive period of uncertainty about country's priorities have had a negative impact on human capital creation and utilization. Montenegro has core economic fundamentals in place and is ranked 66 among 183 countries in the *Ease of Doing Business Report 2012* issued by the World Bank, which assesses and compares regulatory environment for doing business. During the period 2000 – 2009 Montenegro's GDP grew from €1 billion to €3 billion with an average growth rate of 4.8%. In the 2005 – 2008 period Montenegro was the leading country among the former Yugoslav republics for its GDP growth, which averaged 7.6%.

Montenegro has undergone radical economic and social changes over the last decades. Proportion of GDP allocated to policies fostering human capital development was increasing but could not ensure sufficient incomes of teachers, doctors, and other professionals critical to human capital creation and utilization and existence of the necessary infrastructure. The shift from planned to market economies undermined universal access to basic education and health services fundamental to human capital. In addition, the country had to deal with unfavourable demographic trends such as ageing population and decreasing fertility rates and economic and social hardships of transition. Transition negatively affected the social system of values and relations of trust and resulted in growing stratification of the society, loss of social security of citizens, widespread shadow economy and of other negative side effects of transition.

Montenegro has adopted many laws, strategies and other interventions focusing on human capital development that are aligned in principle with EU approaches to human capital, including the Lisbon Strategy. The strategies emphasize the goals of building in Montenegro a knowledgeable society, flexible, competitive and efficient working force through educational system, including vocational education.



The following economic barriers to development of Montenegro could be addressed through human capital development:

- skills mismatches between those employed in declining sectors and the demands of growing sectors. Montenegro is moving away from traditional manufacturing sector toward services-oriented industries and it is important to ensure that the human capital can meet the needs of booming service sectors.
- significant regional differences in economic and social development. The central region doing the best and the northern region being in the most disadvantaged position. Such significant differences among regions impact the labour market participation and unemployment rates. The coastal region, for instance, had the lowest unemployment rate of 11.4% while in the northern region almost 33% of the active population was unemployed.
- small and medium sized enterprises play an important role in country's economic growth and provide gainful employment for many individuals but more support is needed for them. During 2006 – 2009 the number of employees in SME increased from 85,065 to 105,038, which is the increase by 23.48%. At the end of 2009 participation of employees in SME in total employment was about 60%. In the same period participation of SME in export increased from 24.85% to 31%, which is the increase by 6.15%.
- levels of investment into Research and Development (R&D) remain low. R&D is the key to business growth and development of new products for the market. Montenegro private sector is not investing enough in innovation to create new products, services and processes and total levels of investments are only around 0.12% of GDP in 2010.
- labour force changes. Such challenges as increasing total population and decreasing active population, low and declining rate of economic activity (51.7% in 2007 and 48.7% in 2011); high unemployment rate of 19.7% and decreasing share of the population aged younger than 15 in total population from 20.1% in 2007 to 18.2% in 2011 and differences in unemployment rates of almost 2% between men and women require effective human capital policies to be addressed.
- mismatch between current human capital competencies and skills and those needed for the 21<sup>st</sup> century. It is expected that many future jobs in Montenegro to be in occupations normally requiring higher education. In addition to the abilities normally associated with literacy and numeracy, human capital should have higher-order analytical skills and technological and computer literacy.
- low labour productivity. Productivity is a measure of the efficiency with which an economy's resources such as labour, capital, energy, materials, services and human capital are utilized to produce goods and services. Labour productivity, measured by gross domestic product per number of employees, in Montenegro in 2009 constituted 22% of the average productivity of 27 members of the European Union.
- low participation of socially excluded groups in the country's human capital of vulnerable social groups such as long term unemployed, persons with disabilities, Roma and Egyptians and others.

## What Can Be Done to Improve Country's Human Capital?

Human capital is very difficult to measure and it cannot be reduced to such core components as educational attainment, life expectancy and skills of the population. Quantification of some components of human capital such as population's skills, innovativeness and entrepreneurship abilities is problematic. Some elements of social capital such as levels of trust in society and networks that are critically important to effective human capital development and utilization are even more difficult to measure.

There are no universal human capital development policies that can be applied in all countries even in one region. We have to build consensus on our priorities for human capital that will take into consideration our national history, values, and culture. In





addition, it is important not only to develop priorities and solutions that are appropriate to our country's conditions, but we have to rely on sufficient information and strong analytical tools to monitor if our goals are to be met.

As Montenegro moves closer to EU membership, its reforms in the areas affecting human capital creation and utilization should be well aligned with the EU agenda and expectations. It is an essential condition for the success of the Montenegro's integration in Europe.

Numerous factors contribute to human capital creation and utilization. High levels of human capital is not merely a product of effective education and health sector policies, but to a large extent determined by living conditions, governance structures, social capital and other societal and economic factors that are influenced by policies and actions beyond the traditional education and health sectors. Human capital of Montenegro can be enhanced when a joined-up strategic approach with cross-cutting objectives that promotes joint working arrangements of all relevant sectors is adopted

The process of development of human capital strategy should include all stakeholders. As nongovernmental actors are not equal in terms of power and abilities to influence policies and strategies development, every effort has to be made to ensure that the voices of all stakeholders are heard. Once developed, the strategic plan should be translated into the operational plan that includes specific activities, which might cover a whole range of operations involved in creation and maintenance of human capital, including the allocation of budgets and resources, the organization of services and the provision of staff, etc. It is particularly important to develop policies, programs and supports targeting people whose potential is untapped and knowledge and skills underutilized.

## Sectoral Findings and Recommendations

### Education and Human Capital

Deep changes in demographics, labour market trends, new technologies, transitional processes and EU membership aspirations have made education reform inevitable. Important progress has been made in such areas as curricula reform, but serious challenges preventing effective human capital creation remain.

Montenegro has well educated population, but the general levels of education are lower than in EU countries. Education system continues to produce graduates with skills that are poorly aligned with labour market demands. Inadequate attention is paid to importance of early development of children while children with special education needs often face difficulties in access to education what limits their potential to fully contribute to human capital of the country in the future.

Montenegro spent about 4.5% of GDP on public education in 2010. Between 2006 and 2010, the total education expenditures in Montenegro increased by 50%, from €89.4 to €134.8 million. Montenegrin students' performance measured through the *Program for International Student Assessment (PISA)* showed certain progress in comparison with the 2006 results in reading and mathematics, but the results in science were unsatisfactory. Over the last years the percentage of high school graduates attending institutions of higher education increased dramatically. In comparison with 2002, when only 44% of total high school graduates attended university programs, in 2008 the number of students enrolled increased to 108% of high school graduates.

Almost all public polls conducted after 2000 along with the UNDP 2011 survey have demonstrated that the level of trust of citizens in the education system (both secondary and high education) remains high despite the challenges of the transition process. This research shows that nine out of ten (89.8%) respondents wants his/her child/grandchild to gain high (university) level of education.



The education sector continues to suffer from under investment. Most of the investments are used to pay teachers' salaries and to cover recurrent costs. The resources devoted to school equipment that is crucial in building skills in new technologies remain low.

Increased funding cannot resolve all the problems and align the education sector roles with the needs of human capital creation and utilization in Montenegro. More systemic and strategic reforms are needed. Core recommended strategies include:

- Pay far more attention to the importance of early development and learning. Customize pre-school service delivery models to meet specific needs of regions, municipalities and communities, particularly for employed parents.
- Create favourable conditions to increase the number of licensed pre-school private providers.
- Improve early identification, programming and supports for students with disabilities. There are no official data on the number of children with disabilities, and the system does not recognize them until they enrol in elementary school. Limited number of special education experts makes it difficult to improve early learning of children with disabilities.
- Invest in talented children, and those whose parents because of either their poverty or other circumstances such as dysfunctional family are not doing it themselves.
- Introduce additional safeguards to reduce and eventually eliminate out of pocket payments and corruption, mostly through private lessons. In contravention with the existing laws, this practice causes unequal access to education for children from poorer financial and social backgrounds.
- Devolve more authority to schools and transfer some more responsibilities to parents, teachers and principals. Such governance reforms can change incentives and promote focus on students' outcomes.
- Since the number of drop-outs is the highest in the secondary vocational education, measures should be undertaken to keep the students at risk in school and reduce the drop-out rates. Students at risk need effective and innovative school-work transition programs. These programs must provide opportunities for students to earn credit to meet diploma requirements while also preparing them to proceed directly to employment or self-employment.
- Introduce modularized programs, which provide students with the opportunity to obtain broad basic vocational knowledge applicable in several possible occupations within one profession.
- Ensure that assessment tools are diverse to reflect a student's specific skills and knowledge, as well as to reveal student's ability to think creatively or to be innovative and adventuresome in problem solving.
- Increase the quality of teaching staff in secondary vocational schools. Teachers of vocational subjects should have access to opportunities to improve their knowledge and skills in their area of expertise but also in psychology, pedagogy and didactics.
- Support the full establishment of Montenegrin qualifications framework, which ensures comparability with qualifications in EU and other countries.
- Address gender stereotyping of specific jobs.
- Improve the technical base of vocational schools to reflect the contemporary work conditions. The lack of modern teaching aids and materials is frequently mentioned as an obstacle for the use of modern methods of teaching and learning.
- Promote citizen skills of students through awareness programs and involving them into local cultural programs and activities.
- Adopt a strategic approach to the development of higher education. High levels of participation in tertiary education achieved in Montenegro should be maintained.
- Increase funding and create incentives for professors.
- Facilitate networking of Montenegrin universities with foreign universities at the European and international levels. Increase mobility of students and professors.
- Establish national standards to assess and evaluate quality and competencies of teachers in schools and professors within the academia.



- Promote and encourage research in higher education institutions. Allow professors to take sabbatical leaves of absence to conduct their research activities in foreign universities.
- Align the higher education system and enrolment policy with the labour market realities.
- Provide additional funding to fully establish distance-learning systems. Create a national entity for designing and monitoring distance learning systems.
- Support universities (and their libraries) in getting access to electronic journals and scientific and professional publications.

Cross-cutting education sector reforms may address the following areas:

- Expand lifelong learning opportunities and link them to labour market needs. Lifelong learning opportunities should help all citizens of Montenegro to adjust to knowledge-based economy. Once people obtain formal education and build their learning skills, they have to be provided with an access to opportunities to continually renew and improve their skills and competencies.
- Strengthen teachers' capacity and commitment. Both the quality of teachers (and principals) and teacher practices would ultimately be the most important factor in promoting learning and raising performance for all students. Teachers should be able to promote discovery-based learning and put a greater emphasis on outcomes that are broader than basic recall of facts and information. Teacher training, recruitment, deployment and motivation should be improved through appropriate incentives and accountability mechanisms to improve learning and enhance equity.
- Promote Information and Communication Technologies as the necessary tools for improving the teaching and learning process. ICT can customize the learning process and adapt it to the particular needs of the student as well as prepare them to live and work in a society where technology-related competencies are becoming increasingly indispensable.
- Include socially excluded groups into learning. Modern economies cannot afford a significant uneducated, untrained and excluded minority. Exclusion reduces the capacity of individuals to contribute to and benefit from society and the economy. All Montenegro children and adults deserve equitable access to education and learning opportunities.

## Health and Human Capital

Health plays an important role in determining country's human capital, including people's labour market performance that is directly linked to such macroeconomic benefits as GDP per capita. Healthier people can be more productive because more physically and mentally active individuals could make use of technology, equipment and their skills more effectively.

The life expectancy of the average Montenegrin male increased from 58 in 1952 – 1954 to 71 years in 2008. The average life expectancy of Montenegrin women significantly increased by 17 years from 60 in 1952 – 1954 to more than 76 in 2008. At the same time mortality rate radically decreased due to mass immunization, screening for such diseases as tuberculosis, education and awareness building, and improving of living conditions of the rural population. Health of citizens of Montenegro suffered substantially during the transition, when measured, for instance, by official life expectancy data.

Although the budget allocations for healthcare are relatively high, there is a weak correlation between the amount of resources allocated and the outcomes in terms of health status of the nation. Montenegro spends more on public health than other countries with similar income levels. In 2008, Montenegro's public-sector health expenditures were 14.7% of total public spending, above average when compared to EU countries. Despite the increasing funding and the implementation of some reforms that were intended to improve the efficiency, equity of access and quality of healthcare services, their impact on human capital is not as significant as it was expected.

The healthcare system does not fully meet the needs of human capital development. Participants in UNDP qualitative study 2011 were generally satisfied with health services, but indicated that because of long waiting time in state institutions they were often forced to access the private healthcare providers. Some of them believe that the government does not care enough about the health of the nation (children, elderly, pregnant women, workers) and mentioned in particular mint conditions of the hospitals, the abolition of child supplement, overabundant number of children in kindergartens, etc.

Healthcare system has to be reformed to ensure that it delivers the outcomes supporting human capital development and utilization.

Recommended reforms include:

- Improve focus on results of the health care system by enhancing system capacity to develop and implement evidence-based outcome-focused policies and programs aligned with the EU models of healthcare. Capacities for health policymaking, planning, and management should be enhanced.
- Focus on financial sustainability and improve the effectiveness and efficiency of resource use by giving more decision making powers to local authorities and hospitals. It is necessary to continue increasing the efficiency and sustainability of health-care spending and continue shifting health financing from an input to a more output-based system at levels of primary, secondary, and tertiary care. A more flexible financing system, no longer based on strict input-based norms, would re-align provider capacities and improve efficiency.
- Prioritize health promotion and prevention. To improve country's human capital in a long run, it is necessary to prioritize the goals of health promotion, prevention of diseases and prophylactics that often remain outside the core focus of healthcare reforms. Prevention of the diseases rather than curative approach could decrease the health sector expenditures and give opportunity for the system to serve better all, saving the benefits of socialist model and giving the opportunity for private sector to enlarge choices of citizens to lead healthy and long life. The common practices of regular check-ups at schools and work place implemented in ex Yugoslavia were highly praised by some respondents of the UNDP Survey 2011. Some changes may include the increase of "sin taxes" on the consumption of alcohol and tobacco, health promotion activities in the area of communicable disease, notably HIV/AIDS, as well as programs on alcohol and tobacco, with a focus on schools and raising of public awareness of importance of good nutrition, physical exercise and healthy life styles, in general.
- Ensure equity in access to quality healthcare services. Health inequalities persist in Montenegro despite continuously increasing allocations for healthcare sector. Although about 20% of Health Insurance Fund revenue comes from the state budget allocation, of which a portion is earmarked to cover health insurance for certain vulnerable population groups unemployed, displaced people, social transfers beneficiaries and other socially excluded groups still face some obstacles in accessing healthcare. Equity can be promoted by establishing nation-wide medical standards and through the accreditation mechanism of the healthcare providers that can ensure that these minimum standards of equipment and care are met. Healthcare entities in the areas with limited coverage and access can be identified and additional capacity building measures implemented to address their circumstances. Additional measures such as a requirement for graduates of medical and nursing schools to serve for a period of time in underserved areas can be introduced as well.
- Further involvement of the private sector. The state, however, should continue taking primary responsibility for basic healthcare services, improved coverage and access for socially excluded groups that are most exposed to health risks. Other core priorities of the state may include active prevention, immunization and prophylactic services.
- Implement policies targeted at increasing birth rates. Birth rates have declined in Montenegro over the past few decades. Although this unfavourable demographic trend has been reversed in 2005 – 2007, additional measures should be implemented to maintain current population levels in the long run. To create more favourable conditions for couples to have more children, a set of interventions can be implemented that include improving women's rights in the field of health protection, particularly reproductive rights; providing better law enforcement in terms of maternity and paternity leaves for employees in private sector and exploring possibility (where applicable) to work from home and care for children at home when the child is very young; reduction of tax on goods such as cloth and food for children and direct transfers to low income families with children.



## Social Capital

Although the subject of social capital deserves further analysis, it is important to include the goals of improving social capital into the broader set of policies focusing on human capital development. Human capital creation and utilization is a social activity as it happens through the interactions of ideas and individuals. Social interactions are necessary to create and utilize human capital.

Social capital may facilitate education, health and social service delivery as people are more likely to seek advice from someone they trust. Through informal networks built on trust the importance of pursuing quality education, health care prevention, and community support of socially excluded groups can be promoted.

Social capital can support building human capital of the 21<sup>st</sup> century through enforcing or changing social norms and make them susceptible to human capital improvements. If a country has dense networks of social and civic engagement and participation, the more likely that members of a community will cooperate for mutual benefit. A more cohesive society, with a strong feeling of group identity is attentive to common well-being, implying that such values as hard work, pursuit of lifelong education opportunities, healthy lifestyles can become norms shared by all. Increased social capital can help overcome feeling of mistrust and encourage community members for collective actions promoting the welfare and inclusion of their community members.

Relying mostly on findings and analysis of the UNDP Survey 2011, the Report found that:

- Citizens of Montenegro continue to believe that the state i.e. the Government should address many of their concerns. A significant share of Montenegrins, especially the older generations, are not so eager to adopt all ideals of democracy and free market and accept responsibility for their own destiny.
- Citizens of Montenegro believe that connections are more important for professional career and life success than hard work, knowledge, skills and work experience. 45.5% of respondents believe that it is of vital importance to be well connected with people in position of power in order to make progress in their lives and 46% find it to be important.
- Citizens of Montenegro realize that corruption is damaging yet they accept it as a part of their everyday lives. Corruption is still prevalent in many areas. Formal or informal out-of-pocket payments are thought to account for a substantial share of health expenditure. In education, corruption and other “informal user fees” (often due to low teacher salaries) are limiting access to quality education services for many individuals. Despite a number of government interventions combating corruption, citizens are still inclined to justify gifts or giving money in many areas of life.
- Citizens of Montenegro prefer being employed in the public sector with far less salary than in a private sector. Almost two-thirds of respondents (64%) would prefer to work in public administration for 450€ than in private sector for 750€ salary per month.
- There are some traditional beliefs, norms that may not always support human capital development. One quarter of respondents believe that competition is good as it stimulates people to work hard, develop and promote new ideas and become more active in making own choices. When it comes to willingness to pursue job/skills related trainings, only 4.7% believe they need it. Citizens' mobility is low as almost a quarter of respondents believe that changing jobs is inappropriate, and almost 50% believe that one should change job only once or twice in a lifetime.

At the individual level, Montenegrins value family relations and strongly rely on their networks of family members and friends. Although a majority of respondents tend to mistrust people (64% of respondents), the overwhelming majority of respondents (89.7%) declared that they have close friends. Montenegrins are the most satisfied with their family life - 7.98 (at 1-10 scale, where 1 stands for the lowest and 10 for the highest level of satisfaction). In sum, a Montenegrin citizen is ‘encapsulated’ at the level of the smallest social groups that help him or her to address various issues and concerns that makes the circulation of ideas, information and resources between groups more difficult and limits opportunities for development of country's human capital.

At the levels of community and society, Montenegrins do not believe in their own and collective abilities to influence decision making and only insignificant numbers of individuals participate in non-governmental organization, associations, clubs and other forms of civil society. The youth is the most active group and 12% of the youth survey respondents are members and actively participate in student organizations, while 13% are not members but actively participate. Unwillingness to engage into any forms of collective actions slowly spilled over to other spheres, undermining sustainable development and economic potentials of communities.

As social capital is critically important for effective human capital formation and utilization in Montenegro, it is important to implement a series of strategies and policies building social capital as it relates to human capital:

- Strengthen national level social capital through building trust and confidence in state institutions. The Government has to implement a range of interventions strengthening the rule of law, transparency, accountability and public trust in state institutions. The conflict of interest provisions as they relate to public administration should be effectively enforced. Montenegrins should be aware of the current freedom of information legislation and encouraged to use it. Trust in state institutions can be built through extensive interactions of state officials and the public.
- Media can play more active role in building social capital and in interaction between citizens and decision makers. Social networking, and in particular online media should be utilized also to empower many community members to participate actively in community development. Community news can be shared and community discussions supported on Facebook and Twitter.
- Strengthen civil society and promote values of volunteerism. In addition to building NGOs capacity to address nation-wide concerns, there is a persistent need to develop the capacities of these organizations to provide effective and sustainable solutions to address the needs of their members and groups they serve and advocate their interest with the authorities.
- Education system should promote positive social values and culture of participation in community life. Courses on civic education, citizenship and EU should become more community level focused and encourage children to explore how national policies and local programs directly influence their community and people they know. Students should be provided with multiple opportunities to practice socially responsible behavior in multiple setting.





# A selection of findings from the 2011 human capital survey (UNDP)

## Job satisfaction. What is considered as a good job?

- A good job is a well-paid job regardless of whether it is permanent. – is position of only 5.5% Montenegrins. **Montenegrins (64%) would rather work in public administration for 450€ than in private sector for 750€.**
- We are responsible for ourselves and one should provide for himself/herself – is the standpoint of only 15.3%. On the contrary, far more Montenegrins (41.7%) expect the Government **to be responsible for everybody to be provided for.** (The rest has undetermined opinion regarding this issue.)
- Very concerning is the data that almost half of the respondents (48.5%) believe that the fact that one works hard, does not necessarily mean h/she would succeed in life - as life success is rather a matter of luck and good connections. Thus, **nine out of ten citizens (91.7%) believe that for making progress in life it is important to be well connected with people in high positions**, and with political powers (45.5% believe it is of vital importance, while 46.2% believe it is important).
- One-third (33.7%) of respondents believe that **salaries and incomes should be more balanced** (smaller differences between salaries). On the other hand, fewer people (26.1%) believe that the differences in salaries should be greater in order to stimulate employees to invest more efforts and commitment in their work.
- **Are we well paid for the job we do?** - One third of the employees (35.7%) don't think that they are paid enough, another third (30.8%) are satisfied and believe they are sufficiently paid for the job they do and the last third (33.5%) was not determined in this regard.
- Less than a half (44.4%) of employees in Montenegro find their job interesting and believe that their jobs offer professional development and opportunity to learn something new. On the other hand, we are satisfied with the work environment as employees in Montenegro have good relations with colleagues and superiors (70.2%). Only one out of ten employees (9.4%) has poor relations with his/her co-workers and superiors. Half of the respondents (51.6%) perceive their job as demanding and too stressful. Still, most of us (71.8%) have a good work-life balance.
- **Job loss fear** - 23.8% of the respondents are afraid that they might lose their job in one year. Each fourth employee (39%) finds his/her job safe. The rest (37.2%) are indecisive in this regard. In case of job loss or leaving the present job, 37.7% respondents believe it would not be easy for them to find a new job with a similar salary. On opposite, there are almost as much of those (34.2%) who would easily find such a job
- **23.2% of the employees seek new jobs.** The reason is most often a wish to find a better paid job (62.7%).
- **Only half of the employees (53.5%) do the job they were educated for.** Montenegrin labour force self-assess themselves as very capable, because **only 4.7% believe they need training to be able to cope with the job duties.** The rest feel fully capable in performing their jobs (48.7%) and, moreover, close to one-half (46.6%) of employees feel able to perform more demanding tasks than the ones they perform now.

## Unemployed

- Every second (52%) unemployed respondent has never worked. If offered a job, a bit less than half unemployed (48%) would be willing to go to work within two weeks time.

## Parents' aspirations – Employment

- **The key development sectors in Montenegro are the energy sector, tourism and agriculture.** However, when we asked parents what are the sectors they would like their children to work - only 7.4% said it was the energy sector, 7.2% said tourism and 6.2% said in agriculture, forestry and water management. Most of the parents want their children to work in financial/banking sector (17.4%), followed by public administration and social insurance (10.7%), transport, storage/logistics, and communications, including telecommunications (9%), education (7.3%), etc.
- Parents wish their children to work within public sector (78.8%): in public administration (49.2%) or in a company owned by the state (29.6%). Only 14.8% parents want their children to work for a private business company.

### Education, values, aspirations, social capital, satisfaction with health system

- Nine out of ten citizens of Montenegro would prefer their child to attain high education (89.8%) – university graduate level (58%) and postgraduate (31.8%). Citizens of Montenegro trust both secondary and high educational systems. Two-thirds (63.1%) of the respondents have trust and 18.1% have a great deal of trust in the secondary educational system to able to provide an adequate level of education. Similarly, 23.5% has great deal of trust and 59.5% some trust in ability of the university to educate high quality staff ready for employment.
- **We have asked parents and grandparents** what the most desirable values one should encourage with children are. The most desirable thing to achieve is that children are responsible (13.2%), independent (12%), hardworking (11.8%), persistent (8.7%), and resourceful (8.2%). A little bit less of attention should be paid to preserving traditional Montenegrin values (6.4%) or values such as honour and honesty, so these findings touch upon some identity issues. 'Piety' scored lowest among values that should be encouraged with children (2.7%).
- Nine out of ten (92%) parents would prefer their child to live in a village, in a suburb in his/her own house, with a full time job (average salary) and with some extra income from agriculture, rather than to have their child live as a tenant in Podgorica without a safe job.
- **The future of our children is our biggest concern, because respondents find that the natural and economic resources have been sold out**, i.e. that the future generations are left without sufficient resources. Then, our biggest concerns include: lack of income for living, corruption, illness and street crime. What concerns us the least is also very interesting: possibility to lose our place for living due to eviction, inability to pay off loans, possibility of local religious and ethnic conflicts, lack of religious freedoms. The key problems to be solved for our children to live in a better country are the economic ones: reduction of unemployment and economic development.
- **Citizens do not plan moving abroad** - every second respondent (53%) does not plan to move abroad, while 20.9% of respondents consider the possibility of living abroad. Only one out of ten (11.7%) would like and is trying to find a way to leave Montenegro.
- **How much should teachers and doctors be paid?** Half of the respondents (51.4%), believe that salaries of secondary school teachers should be two times higher than the average salary in Montenegro, while 36.5% of the respondents think that their salaries should be at the average salary level. Salaries of physicians should be two times higher than the average salary (45.8%) and three times higher than the average salary (45.6%). Other medical staff should earn average salary (34.6%) and two times higher salary than the average salary (39.6%) in the respondents opinion. Given the excellent, almost universal public health care coverage, it is somewhat surprising that more than half (53%) of citizens of Montenegro are concerned about their access to health care, of whom 23% are very concerned. Health care quality is estimated as an average, i.e. neither good nor bad (5.1, on 1 to 10 scale).
- If we assume that low pensions can be increased only by imposing higher taxes, which would inevitably mean less money for younger generations (kindergartens, schools, scholarships, sports and recreation), **up to which level should the pensions be raised?** The majority (57.7%) believes it is necessary to increase pensions to the level which would allow pensioners to cover basic costs of living, as well as some additional costs so that they could live a more comfortable life. Only 19.2% think that pensions should be raised to the level to allow pensioners to cover all costs of living comfortably and to manage to save some money and afford travelling.
- **Social capital:** Respondents say that **people cannot be trusted today** (64.3%). On the other hand, nine out of ten (88.9%) respondent have reported that they have a close friend. Majority (84.1%) do not do any voluntary work. Only 3.1% of citizens regularly volunteers (once a month).



### Notes:

[illegible]

[illegible]





ISBN 978-9940-614-04-1



9 789940 614041