THE POTENTIAL OF THE E-BUSINESS AND SPECIALIZED INTERNET SERVICES IN TERMS OF REDUCING THE LEVEL OF UNEMPLOYMENT IN SERBIA

Vladimir SIMOVIĆ

Abstract

Internet may be used in various ways when it comes to finding an employment online. The fact that the Internet is used by around 2.4 billion people worldwide is very significant in terms of conducting a business online, thus creating a great employment opportunities for many job seekers. The business usage of Internet in Serbia is underdeveloped, but with the proper action plan the results can be significantly improved in the near future. This paper points out the potential of the Internet in terms of employment as well as the key reasons of the insufficient business use of the Internet in Serbia.

Keywords: employment over Internet, e-commerce, Internet business usage in Serbia

INTRODUCTION

According to the statistics of the National Employment Service in Serbia the level of unemployment in this country is around 25%. This fact represents serious structural problem which needs to be solved in a serious and responsible manner.

Many different measures need to be undertaken in the future in order to increase the level of employment in Serbia. Among other things, one segment must not be neglected when it comes to solving the problem of unemployment. That segment is Internet and the potential of this new media in regards of employment.

The aim of this paper is to point on the potential of the Internet and specialized Internet services which may, when used properly, significantly reduce the problem of unemployment in Serbia in the future. At this moment, this problem is not given significant attention considering its potential. Many things needs to be done in order to exploit all the possibilities Internet has to offer in regards to employment among which the rising of awareness, further development of infrastructure, development of the adequate payment options and further improvements of the system of formal education are the crucial.

This paper represents brief overview of the potential of the Internet and specialized Internet services in terms of employment as well as the problems associated with an underdeveloped business usage of Internet in Serbia.

KEY FACTS ABOUT THE INTERNET

The Internet (also called cyberspace, the information superhighway or simply the Net) is a global network of computers that can exchange information back and forth. Among the capabilities of the Internet are the World Wide Web, which can provide information (text, photographs, sound) on any

1 PhD, Assistant Professor, Institute of Economic Sciences, Belgrade, Serbia
This paper is a part of research projects numbers III47009 (European integrations and social and economic changes in Serbian economy on the way to the EU) and OI179015 (Challenges and prospects of structural changes in Serbia: Strategic directions for economic development and harmonization with EU requirements), financed by the Ministry of Science and Technological Development of the Republic of Serbia.
subject imaginable, electronic mail (e-mail), information retrieval, bulletin boards, newsgroups, or mailing lists, and electronic commerce (US Department of State, 2011).

The fact which is usually known to many people is that the Internet was formed as the project of the US Army during the 60s. Primary purpose of the Internet was to enable communication infrastructure which would continue its operations even in the case of the nuclear war.

The academic institution were among the first who recognized the true potential of the Internet in regards to communication and collaboration. The commercial use of the Internet started in the late 80s and the early 90s of the 20th century. This period is also considered as the time when the modern electronic business was established and also the e-commerce, and many other services as its integral parts. This is the period when many of todays Internet giants such as eBay, PayPal, Google and many others were founded.

In those times the possibilities of conducting a business over Internet were limited. The fact that led to the revolution in business usage of the Internet is that thanks to its popularity and increasing number of users worldwide the huge virtual market was formed. Latest statistical data of the Internet World Stats shows that more that one third of the world's population use Internet (approximately 2.4 billion of people).

Naturally, the increasing number of users that use Internet for conducting everyday activities attracted a large number of existing and new companies willing to expand their business activities in global terms. Consequently, the large number of companies were forced to modify their business models in order to adjust those models to the new business environment. The Internet itself led to the creation of totally new business models which were unthinkable few decades before. Who would possibly think that the companies would be able to organize their business activities on a 24/7 model, that the company can organize its presence on a global market from one location, that companies could hire workforce from all round the world without the need of a physical presence, etc.

The last element is one of the possible solutions for solving the problems of unemployment in Serbia but this element as well as all others will be carefully examined in another section of this paper.

![Figure 1. Number of Internet users worldwide](source: Internet World Stats)

As it is shown on Figure 1. at this moment, approximately 2.4 billion of people worldwide use Internet which is around one third of the total population on planet Earth. This fact points out that this is a huge virtual market which could be successfully used for conducting a business or finding an employment in just a few clicks.
Every online business needs a website. One of the major distinctions made in website classification is the level of functionality inherent in the site:

- An informational website does little more than provide information about the business and its products and services. For many brick-and-mortar businesses, an informational website is perfectly satisfactory. The major purpose is to have a presence on the Web.
- An interactive website. A website that provides opportunities for the customers and the business to communicate and share information. An interactive website will strongly encourage feedback by including contact e-mail addresses; providing feedback forms, wikis, and blogs; and promoting completion of online surveys.
- At a higher level of interactivity are attractors—website features that attract and interact with site visitors. Attractors such as games, puzzles, prize giveaways, contests, and electronic postcards (e-cards) encourage customers to find the website, visit again, and recommend the site to their friends.
- A transactional website sells products and services. These websites typically include information and interactivity features but also have sell-side features, such as e-shopping cart, a product catalog, a shipping calculation, and the ability to accept credit cards to complete the sale.
- A collaborative website is a site that allows business partners to collaborate (i.e., it includes many supportive tools. B2B exchanges may also provide collaboration capabilities.
- A social-oriented website is a site that provides users online tools for communication and sharing information on common interests. It empowers consumers to utilize their productive and leisure time around the converged media experience, within a social context of participation (Ariguzo et al. 2006)

THE POTENTIAL OF THE INTERNET IN TERMS OF EMPLOYMENT

The Internet may be used in different ways in terms of finding an employment online. There are many stories on people who successfully started their own business online or managed to find a good employment using Internet.

Besides many legitimate ways and offerings for online jobs, there are many scams related to job offerings over Internet so that users must be extremely alert while considering some of those offerings.

According to a survey released by SBC Internet Services, 82 percent of college graduates will use the Internet to search for job openings or information on careers, and 66 percent will actually e-mail a résumé to prospective employers. The Internet is a valuable recruiting tool, especially for reaching prospective employees in their twenties and thirties (HR Focus, 2000).

As stated in OECD study, there is the continuing growth of ICT specialists as a share of the total labour force (OECD, 2009).

In general, the ways for finding an employment online can be systematized in the following way:

- E-commerce jobs
- Jobs related to social networks
- Professional blogger jobs
- Domain brokerage jobs
- Researching jobs
- Virtual assistant jobs

The potential of e-commerce in terms of employment
E-commerce is often defined as the process of selling, buying, transferring or exchanging products, services or information by means of computer networks e.g. Internet. The reasons of enormous popularity of the e-commerce in modern world are numerous and diverse:

- **Global reach**: Compared to traditional commerce, e-commerce enables global presence for the company organised in a simple manner. It is extremely simple to organize and administrate global online business from one location.
- **Significantly lower costs**: The fact that online business is organized and administrated from one location reduces the rent costs as well as the costs of additional sales force thus reducing the total costs of conducting a business.
- **Competitiveness**: Lower costs of conducting an online business enables lower prices of products and services offered by online trader compared to classic competition.
- **Organizing business activities on a 24/7 model**: Compared to classic competitors limited by the working hours, online trade can easily operate 24 hours a day, 7 days a week, with no limitations.
- **Convenience**: Looking from the perspective of an end buyer it is far more convenient to conduct shopping online using tools for an easy search and prices comparison than in the classic (offline) shop.

E-commerce can be partial and complete. If an Internet entrepreneur is selling physical goods and is using Internet shop as the selling channel, than it is a partial e-commerce. On the other side, if the goods are in digital form (e.g. information, games, books) and are distributed by means of Internet shop, than it is a complete e-commerce.

Depending on the participants in the trading process there are several different models of e-commerce:

**Business to Business model (B2B)** in which one business is selling goods to the other businesses. The representative of this model of e-commerce is the service called Alibaba (www.alibaba.com).

**Business to Consumer model (B2C)** in which one business is selling goods to the end consumers. The representative of this model of e-commerce is the service called Amazon (www.amazon.com).

**Consumer to Consumer model (C2C)** is the model which is usually conducted by means of online auctions. The services which are specialized for this model of e-commerce are gathering sellers and buyers which are placing their bids for the goods offered. The representative of this model of e-commerce is a service called eBay (www.ebay.com).

In business practices, besides aforementioned models there are many other derived models such as B2B2C, C2B2C and similar models.

There are two forms of the electronic shops:

1. The shops which are actually the extension of the shops which operate in offline mode. The representative of this type of shops is Maxi. (www.maxi.rs)
2. The shops which are exclusively operating in virtual environment. The representative of this type of shops is service called Sve za kucu (www.svezakucu.rs)

Significant part of the electronic commerce are various services specialized in delivering different types of e-services. Some of those services are as follows:

- FX services such as Forex (www.forex.com)
- Online labour market Freelancer (www.freelancer.com)
- Online booking services such as Booking (www.booking.com)

Business models in use by individuals and companies are changing on a daily basis and there are new hybrid models constantly evolving. Depending on the level of innovativity of those models some of them are facing market success and the others are not.
In general, the e-commerce has great potential in terms of employment. The statistical data shows that in Europe around 40% of the total trade is conducted online while in the USA this percent is over 70%. The total turnover in e-commerce in 2012, in the European Union was estimated on 300 billions of euros. On average, every inhabitant of the European Union is spending online around 860 euros per annum. Those data show that there is a great potential in e-commerce when it comes to starting an own Internet business or finding an employment with some of the established Internet businesses.

One of the significant aspects of the e-commerce is mobile e-commerce which is developing fast in accordance with the advances in mobile technologies. The Internet marketing research firm comScore reports that 35 percent of the roughly 80 million smartphone subscribers in the United States, or 28 million people, already have made purchases on their cell phones (ABI research, 2010).

**Jobs related to the social networks**

The social networks play a significant role in the life of the modern man. They have become the way people are socializing, learning, amusing and even applying for the jobs. The most popular of them (Facebook, Twitter, LinkedIn, YouTube..) have a multimillion users base thus creating a huge virtual marketing which is, naturally, attracting companies of all sizes to take a part on this market.

*Figure 2. Various social networks on Internet*

As of January 2009, social network Facebook registered more than 175 million active users. To put this number in perspective, this is only slightly less than the population of Brazil (190 million) and over twice the population of Germany (80 million) (Kaplan et al. 2010). Today, this data are even more favourable for the Facebook.

According to the study by the Neilsen Company, 53% of adults who use social networks follow particular brands and four in five active Internet users visit blogs and other social platforms. It also reveals that social media for business is predicted to take up a significant amount of digital media budgets for SMEs by the end of 2014 (Hiscox, 2013).

Having in mind the significance of the social networks the companies of all sizes are trying to use the potential of this market, using the social networks for promoting their business activities, advertising, creating brand awareness, selling goods and services, etc. Also, modern customers are using social networks to inform themselves on the products and services of the certain company. The results of some studies are suggesting that the companies which are actively participating on the social networks achieve better business results especially when it comes to the sales for about 20 to 40%, then the companies which are not active on this segment.
The direct consequence of this orientation by the companies is the increased need for the skilled individuals who are able to effectively organize and manage aforementioned activities. The consultants for the social media are helping the companies to develop their brand. The corpus of their activities include leaving the posts related to the company, interaction with followers of the company pages, managing posts and commentaries of the followers, replying the customers posts etc.

Recent surveys have indicated 26% of hiring managers have used internet search engines to research prospective employees, while 12% say they have used social networking sites (Witham, 2007).

**Professional blogger jobs**

The blog represents personalized web page or a web diary. There are many different types of the blogs. Blogs may be operated by an individual, but also there is a significant increase in the number of the company blogs in the past few years.

The sole purpose of the blog is to gather people with similar interests thus creating a specific type of the virtual community in which visitors of the blog are sending their comments on the posts published on the blog and interacting with each other and with the author of the blog.

The main question about the blog is how it can be used in increasing the level of employment. As for many other web locations, the key presumption for the blog to be successful is to be visited. In order to be visited, the subject of the blog as well as the content of the postings on the blog needs to be interested to the certain group of people, blog followers. When the author of the blog has the blog which is frequently visited by many visitors then the possibilities for making the profit are practically unlimited (e.g. commercials).

On the other side, the person may be engaged by the owners of the company blog or even personal blog in order to write posts which are to be published on the blog.

**Domain brokerage jobs**

The domain is a distinct subset of the Internet with addresses sharing a common suffix or under the control of a particular organization or individual. There are two general types of domains:

1. Top level domains such as .com .net .gov .biz .edu
2. Country code domains such as .rs .us .uk .ro

Having in mind the fact that in online world key words are very important in terms of good positioning in search engine organic results, domain brokerage jobs evolve as a very interesting option for finding a self employment online.

There are individuals who are specialized in registering domains for as little as 5 USD and resseling them when they become popular and interesting for some Internet business owners. The key presumption for this type of business is the skill to recognize key words of the domain names which are to become popular in the future. Some domain brokers even conduct Search Engine Optimization techniques and other Internet marketing techniques in order to increase the user base and eventually the value of the domain for the prospective buyer.

**Researching jobs**

The fact that we live in a world overloaded with information and that information are available from many different sources enabled the category of researching jobs over Internet to become very popular
in the recent years. The companies from all around the world are having the need to carefully research as many information as possible on their customers, competitors, market, etc.

Very often these companies recruit individuals over Internet who are willing to spend their time and efforts in order to search for information from different sources and to systematize those information in some previously defined format. The examples of this type of jobs are numerous and may include research on information of the potential market, comparison of prices on different markets, research on business strategies in use by competitors, etc.

**Virtual assistant jobs**

As stated earlier, the rise of the Internet led to the creation of the new business models in many companies. As a result, among other things, the new forms of organization were formed known as the virtual organizations. One of the main characteristics of this type of organization is flexibility and their potential to hire workforce from all around the world over the Internet. Besides virtual companies, a growing number of traditional companies are hiring workforce known as virtual assistants. The overall conclusion is that this market is in constant growth.

According to some studies in Netherlands, around 20% of active population is conducting their business activities from their home. It is expected that the rising trend of virtual assistant jobs will, continue to grow in the future.

*Figure 3. An example of the Internet service specialized in employment*

![Freelancer](https://www.freelancer.com)

Depending on their skills and qualifications the employees from all around the world have the opportunity to apply for the jobs offered by many international companies via Internet. One of the most popular service of this type of engagement over Internet is Freelancer ([www.freelancer.com](http://www.freelancer.com)).

This service gathers companies in search for workforce on one side, and job seekers willing to work on different projects over Internet on the other side.

**BUSINESS USAGE OF THE INTERNET IN SERBIA - PROBLEMS AND PERSPECTIVES**

Although the number of Internet users in Serbia is relatively high (around 55.9% of the total population) the fact is that the business usage of the Internet as well as the usage of the Internet as a tool for finding an employment is underdeveloped in this country.

Still, there are some positive trends when it comes to the growth of Internet usage for business purposes. Statistical data shows that in 2012, around 600,000 people in Serbia have used Internet for some kind of electronic commerce: hotels booking, plane tickets, insurance policies, cosmetics, hardware, etc.
The average inhabitant of Serbia is spending online around 60 euros per annum which is significantly lower than in the European Union.

The enterprises in Serbia are having an Internet access in 94% of cases but only 23.3% of them are conducting some form of e-commerce. According to the data of RNIDS in 2012, there were 64,000 registered .rs domains.

The data shows that the average Internet user in Serbia is spending five hours a day online and that around 64% of Internet users in Serbia have conducted some sort of electronic transaction online. Also, the users between 25 and 29 years old are most active when it comes to conducting online electronic transactions. The estimated value of online advertising market in Serbia in 2012 is between 15 and 20 million of euros which is significantly higher than in the past.

All of the mentioned arguments are suggesting that the e-commerce in Serbia is slowly developing but still there are many obstacles in this process.

The pioneers of the electronic commerce in Serbia are facing many obstacles among which regulatory issues are dominant. The legislative acts regulating the area of the electronic commerce are in the process of harmonization with the European laws.

Also, one of the major obstacles of further development of e-commerce in Serbia are inadequate payment options which would enable domestic traders to efficiently sell their goods and services on a domestic market as well as overseas. The fact that PayPal recently commenced its operations in Serbia could significantly push forward the development of e-commerce in Serbia in a years to come.

In general, the factors which disable the expansion of e-business and consequently the employment based on new technologies are as follows:

1. Factors related to inadequate payment options
2. The lack of awareness on the potential of the Internet
3. Inadequate system of formal education providing the students with uncompetitive knowledge on the modern labour market

Factors related to inadequate payment options

One of the obstacles in further development of e-commerce and business usage of the Internet in Serbia is also the fact that, until now, there is not adequate payment option available for the Internet entrepreneurs in this country.

The fact that PayPal started its business operations on this market means a lot in regards to the development of e-commerce and other forms of e-business, but the limitations of the aforementioned service are also restricting the Serbian entrepreneurs to conduct serious business online. Namely, the PayPal account holders in Serbia, for now, can only pay for goods and services online, but can not receive payments for the goods and services sold online. This circumstance seriously restricts the possibilities to conduct a business online. The representatives of the PayPal are announcing that soon this option will be available to the Serbian account holders as for the holders of PayPal accounts in many other countries. The fact that PayPal is fully operable in Serbia is very important due to great popularity and wide spread of this service among many users around the world.

Until PayPal spreads its offer to aforementioned service, the people in Serbia who wish to do business online are using alternative, and no so popular methods to do so. One of the online payment methods in use by Serbian Internet business owners is Skrill (former Moneybookers). This payment option enables sending and receiving payments from abroad but is not very popular as PayPal is with Internet users.
The usage of payment cards for conducting online payments is underdeveloped in Serbia due to absence of adequate payment processing services which would enable domestic business owners to receive payments by payment cards made by the customers. On the other side, Internet users in Serbia are using payment cards for online payments with foreign services accepting payment cards. The most popular type of the payment cards for online payments in Serbia, due to security reasons, are prepaid payment cards.

Besides the services mentioned earlier, there are some domestic payment options designed for online payments in Serbian online market. Some examples of such a services are QVoucher and PlatiMo service.

**The lack of awareness on the potential of the Internet**

The lack of awareness among Serbian population on the potentials of starting own business over Internet or finding an employment using specialized Internet services is also a significant factor. Although, according to relevant statistics, significant part of the Serbian population is using Internet, the fact is that people usually use it for amusing purposes, for informative purposes or for education. Generally, people, and especially young population, is not informed enough on the business potential of the Internet.

The main reason for this is the absence of the organized campaign in different media aiming to inform the people in Serbia on the potential of the Internet. Also, the problem lies in inadequate system of formal education which is not informative enough when it comes to this subject.

Even when the person is aware of the potential of starting an own business online or using the Internet as a tool for finding an employment, very often the problem is the lack of knowledge and necessary information. For example, when a person wishes to start own Internet company he/she is not informed enough about all the necessary steps that need to be undertaken in that process. People often believe that good business idea is all that it takes to run a successful online business, but that is only one piece of the puzzle. The necessary steps are as follows:

1. **Business plan.** This crucial element of the business success is often neglected by the potential Internet entrepreneur. A business plan is a written document that identifies a company’s goals and outlines how the company intends to achieve those goals and at what cost. It includes both strategic elements (e.g., mission statement, business model, value proposition, and competitive positioning statement) and operational elements (e.g., operations plan, financial statements) of how a new business intends to do business. The fact is that the good business plan should serve for applying for the funds with the financial institutions as well as with some government agencies, but it also represents the key element in planning the future activities of the Internet business.

2. **Registration of the company with Serbian Business Registers Agency.** The problem, potential Internet entrepreneurs are facing is the necessary documentation that needs to be filed during the process of registration. Internet company is being registered as any other company so that in this stage the help of the professional accountant is more than welcomed.

3. **Domain registration and hosting.** In order for the Internet company to start operating, this is the crucial step. The adequate domain should be registered and the hosting should be paid for. This can easily be done with the Internet service provider.

4. **The construction of the e-commerce web site.** In this phase, Internet entrepreneur has two choices. E-commerce web site can be constructed by the owner of the Internet company if he/she poses necessary skills or it can be outsourced to the skilled individuals or businesses.

5. **Internet marketing.** What is the use of the best product/service in the world when nobody has ever heard of it. The point of Internet marketing is to inform potential customers on the services or goods the Internet company is offering. There are many Internet techniques in use
by today companies ut some of the crucial are Search Engine Optimisation, paid advertisements, email marketing, viral marketing, etc.

6. The selection of the payment option. When the company is selling online, the selection of the adequate payment option is a sine qua non. Payment cards are still dominant payment option on the Internet but in the past years new payment options evolved making the payment online more convenient and secure and in some cases even cheaper than the payment cards. Among them, especially significant are P2P systems and the PayPal as the main representative of this category of payment systems (Simovic et al. 2009).

7. The selection of the distribution channels. The selection of the distribution channels is preconditioned by the nature of the goods sold online. If the goods are in digital form then the distribution is conducted using Internet. In the case of the physical goods distribution can be organized through personal distribution channels or by using the distribution channels of the courier services.

This was one example of the problems which are potential Internet entrepreneurs facing when even thinking of starting an own Internet company in Serbia. The overall conclusion is that in the future special attention should be paid to informing wide audience on the potential of the Internet and also on the obstacles in the process of establishing an Internet company. Mass media as well as presentations, workshops and system of formal education must be used in promoting the aforementioned activities.

**Inadequate system of formal education providing the students with uncompetitive knowledge on the modern labour market**

One of the significant structural problems in Serbia when it comes to formal education are inadequate skills and knowledge the students are acquiring during their formal education making them uncompetitive on the modern labour market. Frequently, formal education programs are out of date and not specialized enough resulting in graduates who are not prepared for the demands of the modern labour market. For example, simple analysis of the job listings on the aforementioned service Freelancer or similar Internet services could significantly contribute to the improvement of the formal education programmes on the Serbian universities.

As a direct consequence of this fact, the programmes of informal education in the form of courses and workshops are flourishing in Serbia in the past few decades. These programmes are much better harmonized with the real needs of the modern companies and work positions. The problem is that often they are not recognized and accepted as the programmes of the formal education by the employers in Serbia.

**CONCLUSION**

Serbia is having a great problem with the unemployment which needs to be solved in the coming years. Many different measures can be taken in order to achieve that goal, but the potential of the Internet in that process must not be neglected.

This paper presented some chosen options for finding an employment over Internet. It is expected that the choice of options for finding an employment online will continue to grow in the future. Having in mind the current trend in the developed countries in terms of conducting business activities from home over Internet and the fact that this trend will continue to grow, it is realistic to expect that Internet will have more and more significant role in terms of employment in the future.

Currently, there are several problems connected with the insufficiently developed business usage of the Internet in Serbia. First of all, people are unaware that they can use Internet to conduct business online and that they can participate and compete on the global labour market shoulder to shoulder with
the workforce from all around the world. On the other side, for those who wish to start online business there are many legislative and infrastructural problems associated with that activity. Last but not the least important, Serbian system of formal education is not competitive enough in terms of the demands of the modern labour market. All of the issues mentioned above must be solved in the responsible manner in the coming years if the proper results are to be achieved in this segment.

LITERATURE

9) US Department of State, Using the Internet in the job search,
10) http://www.state.gov/documents/organization/2094.pdf
12) V.Simovic, Osnovni teorijski modeli P2P sistema plaćanja, Časopis za informacione tehnologije i multimedijalne sisteme Info M, vol.8, br.32, 2009