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Employment, Education  
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**EMPLOYMENT, EDUCATION AND ENTREPRENEURSHIP**

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The Second international Conference

***ENTREPRENEURSHIP: FACTORS AFFECTING SMALL-SCALE BUSINESS  
PERFORMANCE AND DEVELOPMENT***

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# **THE DIGITALIZATION ERA CHALLENGES FOR THE ORGANIZATION OF XXI CENTURY**

Sasa Trandafilovic, PhD<sup>1</sup>  
Ivana Cvetkovic<sup>2</sup>

## **ABSTRACT**

*In today's business environment, and under the influence of globalization and advances in the field of information technology, organizations are facing increasing demands for information processing. In order to respond to the demands of the current business context, modern organization are finding the solution in creating adequate capacity and infrastructure to support the establishment of harmony between the external and internal factors of the design of organization. The phenomenon of "Big Data" is the most important creation of the modern environment that pervades and influences all the elements of organizational design. That is why the importance of creating a digital business function that represents the core of experts in the field of modern technology is more and more emphasized. These experts affect the company to keep pace with the new environment through finding new ideas, sharing knowledge and experiences and applying them in the organization.*

**Key words:** *Big Data, Digitization, Organizational Processes, Organizational Design, Digital Skills and Knowledge*

**JEL Classification:** *C80, M15*

**UDK:** *005.591.1:004.4*

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# ***THE ROLE OF FREE ZONES, TECHNOLOGY PARKS AND BUSINESS INCUBATORS IN THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES***

Momcilo Zivkovic, PhD<sup>3</sup>  
Vuk Bevanda, PhD<sup>4</sup>

## **ABSTRACT**

*Necessities of contemporary business environment in about past ten years have created sudden expansion of free zones, technology parks, business incubators and other modern forms of running business in the world. They could be differentiated by types and structure, but all have common mission – speeding up of the development of small and medium sized enterprises and improvement of the entire business environment of the country where they exist. Experiences of developed economies, as well as countries in transition, justify the fact that the private entrepreneurship is of great importance for the economic development and that it represents an essential part of the process of economic reform. In our country these forms of running business are still at the beginning, however considering the possibilities they offer in the encouragement of local economic development, their progressive increase will be expected in the following years.*

*Subject of this research are: entrepreneurs, entrepreneurship, SMEs, local economic development.*

*The aim of this research is to analyze the relevant data, processes and relations in the theory and practice of entrepreneurship, understand the role and importance of modern instruments of business support to small and medium-sized enterprises - with special emphasis on the role of free zones, technology parks and business incubators in encouraging entrepreneurship and entrepreneurial initiatives, development of small and medium enterprises and local economic development. In the framework of the work will be considered different modalities to help businesses and entrepreneurs in starting and realization of new business, during the initial period of operations that are critical for the survival and further development of the company.*

**Key words:** *Entrepreneurship, Entrepreneurs, Business Operations, SMEs, Local Economic Development.*

**JEL Classification:** *M 21*

**UDK:** *334.713(497.11) 005.5:[004:007 339.543.624  
332.122:338.45 332.146.2:334.012.64*

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# ***DOWNSIZING AS A MEASURE FOR THE INCREASE OF EFFICIENCY AND FLEXIBILITY OF AN ENTREPRISE***

*Nenad Ravic, MA<sup>5</sup>  
Vlado Radic, PhD<sup>6</sup>*

## **ABSTRACT**

*The growth of an enterprise (size wise) leads to lowering of flexibility, innovations and creativity of an organization because of standardization and introducing the formal organizational structure. The consequences can be seen in the fact that the large enterprises become slow, too large and slowly adjust themselves to changes. One of the possible solutions is downsizing, which represents organizational reconstruction whose result is the decrease of the size of an organization with the purpose of attaining greater flexibility and efficiency. This can be realized through the following methods: narrowing of the management level, programs and output, eliminating specialized functions, decrease in the number of employees etc. In the modern business practice it is often the case that downsizing removes the middle level of management which provides greater flexibility and “flatter“ organizational structure.*

*Hypothesis of this paper is the following: Downsizing represents an effective measure for increase in efficiency and flexibility of an enterprise.*

*This paper applies the method of analysis of contents of documents in printed and electronic form, which deal with this topic. The purpose of the research is to prove or disprove the hypothesis. Based upon the research results, we can conclude that the hypothesis is confirmed, that downsizing does represent an efficient measure for increase in efficiency and flexibility of an enterprise, but only if it is done in a planned and systematic way. The recommendation to the managers is to use this measure very carefully and thoughtfully, because in another case it can cause various counter effects and deepen the crisis in an enterprise.*

**Key words:** *Organization, Efficiency, Flexibility*

**JEL Classification:** *M 21*

**UDK:** *005.591.47 005.336.1*

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# **MARKET ORIENTATION AND BUSINESS PERFORMANCE**

*Vlado Radic, PhD<sup>7</sup>,  
Jovanka Popovic, PhD<sup>8</sup>*

## **ABSTRACT**

*The global market environment is growing in complexity. The recent past has been characterised as technologically turbulent. The accelerated rate of technological innovations is affecting all business activities from the development of new product concepts to marketing communication and the rate of new product introductions has increased. The availability of large quantities of data has made it difficult for a business manager to conveniently convert the data into action-oriented information in order to make appropriate key marketing decisions. The level of corporate failures has increased, time for making decisions has become shorter, and the negative results of wrong business decisions have become more severe. The competition in some industries has become more intense and sophisticated.*

*In this market environment, that can be characterised as growing in uncertainty and risk, organizations that are unprepared to change in reaction to market dynamics will have little opportunity to survive.*

*The importance of market orientation is in its potential contribution in influencing the achievement of organizational objectives. The literature on market orientation reflects findings by many researchers that being market orientation, potentially, improves organizational long-term business performance. The market-orientation firms with concentration on the entire customer experience are better positioned to achieve a higher rate of business success.*

**Key words:** *Market Orientation, Business Performance, Competition, Organizational Objectives*

**JEL Classification:** *D24, L11, L25*

**UDK:** *005.21:339.137.2*

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# ***BUSINESS IMPROVING WITH CLOUD COMPUTING TECHNOLOGY***

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Marija Markovic Blagojevic, MA<sup>10</sup>*

## **ABSTRACT**

*More and more small and medium business managers are thinking seriously about their data protection and storage strategy. They know their businesses are dependent upon the computers and storage that handle customer orders. Sharing and protecting that information is vital. At the same time, the increasing pace of business and the need to speed operations makes sharing information among teams critical to customer satisfaction and efficiency of business. Cloud Computing offers reliable service to its customers at flexible prices. However, as creative and innovative Cloud Computing may be, it doesn't necessarily mean that Cloud Computing is good for all businesses. In most situations, small businesses reap the most benefits of cloud computing. Finally, looking to the future of cloud computing, we will see how Cloud Computing can be used in business in the future. Analyzed parameters and conclusions in the paper were given and based upon the conducted desk research.*

**Key words:** *Cloud Computing, Small and Medium Business, Protection, Sharing, Efficiency*

**JEL Classification:** *M15*

**UDK:** *005.5:004.72*

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# **APPLICATION OF BUSINESS INTELLIGENCE AND OLAP TECHNOLOGY IN BUSINESS DECISION-MAKING**

Jovan Zivadinovic, PhD<sup>11</sup>  
Zorica Medic, PhD<sup>12</sup>

## **ABSTRACT**

*Basic goal of this paper is application of business intelligence and OLAP(On-Line Analytical Processing) technology in development of decision-making process in a way that it should facilitate, as much as possible, decision-making based on the knowledge which is hidden in the transaction systems. Managerial decisions that are made in business systems, determine their competitive advantage, so obvious is the need for decision-making to be free of subjective impressions, and to be based upon knowledge more. Having in mind the area and the goal of the research, the methods that will be used in researches are: inductive and deductive method, as primary logical method, which during research enables drawing of certain conclusions on the research subject and methodology of objectively oriented development of business intelligence system, which includes: defining the demands, analysis, design and implementation of business processes. Analytic processing of data can be done directly over relational data base (ROLAP) or over the prepared data base (MOLAP). OLAP gives the opportunities to users to individually pose questions, which significantly increases the possibilities to do analysis necessary for decision-making. In this paper the authors used exam results as indicators of efficiency of educational process, by analysing them according to the examination period. This paper uses the exam results as indicators of efficiency of educational processes, analysing them according to the exam periods, terms, subjects, grades... The application of instruments of business intelligence and OLAP technologies enables the users to individually set demands, which significantly increases the possibility for executing the necessary analyses in decision-making, providing the conditions for better and faster reactions to spotted problems. The contribution of this paper can be seen in application of business intelligence and OLAP technology, to the following and advancing the teaching processes, improving their standards, developing the scientific and research work, more quality decision-making and management of educational processes. Also, the significance of this paper can be seen in application of very efficient standardized tools like Microsoft programs, MS EXCEL and MS Query for quality and successful business analysis; it makes the decision-making processes shorter and decisions better and more rational.*

**Key words:** Business Intelligence, Data Base, Multi-Dimensional Analysis

**JEL Classification:** D80, I21

**UDK:** 005.94:004.9 005.311.6:004.65

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# **LEAN LEADERSHIP AS A PRECONDITION FOR SUCCESSFUL BUSINESS OPERATIONS OF ENTERPRISES**

*Saveta Vukadinovic, MA<sup>13</sup>  
Jovanka Popovic, PhD<sup>14</sup>*

## **ABSTRACT**

*Lean is a process-focused management concept that seeks to increase customer's value by reducing waste and continuously improving processes. Majority of enterprises, when implementing Lean concept, puts emphasis on tools and methods, although a full commitment of employees to continuous process improvement is crucial for the successful operation of Lean enterprises. This is accomplished through a special management style - Lean leadership, so we can say that leadership is a key success factor for accelerating the adoption of Lean concept and the missing link between theoretical solutions and its application in practice.*

*This paper suggests that enterprises implementing Lean should focus on the leadership behaviors that are crucial for Lean to progress beyond the standard limitations, and have a significant impact on business of enterprises and the whole industry. The paper is based on a systematic literature review that examines how the application of Lean leadership contributes to the creation of value in the organizational processes and achieving operational excellence. The starting point is defining concepts and key features of Lean and Lean leadership, given by the prominent authors. The next step is clarifying the basic principles of Lean leadership, the main objectives of its application and possibilities for further improvement. Further, we have discussed the relationship between traditional and Lean leadership, as well as the process of knowledge management in Lean enterprises. Finally, the aim of the paper is to attempt to offer some original consideration to what Lean leadership is and why it is important for management and business. By doing so, the authors hope to bring more clarity to the subject of Lean leadership, which will be beneficial for people studying Lean, as well as for Lean practitioners and the body of academic knowledge.*

**Key words:** *Lean Concept, Lean Leadership, Continuous Improvement, Employees*

**JEL Classification:** *L21, L23*

**UDK:** *005.346 005.336.1*

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# **THE RESEARCH OF THE ECONOMIC EFFECTS OF STANDARDIZATION**

*Milan Krstic, PhD<sup>15</sup>*

*Ana Skorup, PhD<sup>16</sup>*

## **ABSTRACT**

*Standardization usually represents the way of finding the middle between similar or opposing ideas and their merging into one overall idea. It is a specific instrument for the techno-economic self-regulation of business entities. It applies equally to all participants in the national, regional or global economy, and as such serves the creation of a "public good", embodied in documents called standards. Standards are specific "technical language" that meets a number of important functions, such as: enabling interoperability and compatibility; providing a minimum level of product quality; reduction of diversity; impetus to innovation development and technology exchange; providing information, as well as overcoming cultural and language barriers. Standardization and standards from an economic point of view can produce externalities, or unexpected external (positive or negative) economic effects to a third party. From the standpoint of positive effects, it is of interest to explore the assessment of the economic effects and the impact which standardization and standards have on the microeconomic level (the business system level), as well as the macroeconomic level (the national, regional and global level). Therefore, in this paper we focus on a methodology for assessing the economic effects of standards on a micro level which is based on an analytical approach of the value chain as well as at the macro level which is based on the production and economic function. In conclusion, it is stated how the policies in the development of standardization and standards adoption can contribute to the prosperity at the national level.*

**Key words:** *Standardization, Economy, Externalities, Methodology, Impact*

**JEL Classification:** *A12*

**UDK:** *006:33*

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# **COMPANIES RESTRUCTURING - MYTHS AND MISCONCEPTIONS**

*Slavica Andjelic, PhD<sup>17</sup>  
Nemanja Damnjanovic, PhD<sup>18</sup>*

## **ABSTRACT**

*In the last 30-40 years numerous companies in the world passed through the various forms of restructuring. In the EU each month is registered 90-100 restructuring of large companies. In Serbia, the restructuring process is quite muted. EBRD in 2013. evaluate the situation in this area with modest 2 + and no progress for several years. The aim of this paper is to show how to implement the restructuring process, as it usually involves the loss of jobs and large investments. Some companies made a change in the legal form of joint-stock company and began the process of corporatization. The most common problems in enterprise restructuring are huge budget allocations, frequent protests of workers, lack of interest of potential investors. The restructuring process carries a dilemma whether restructuring is "makeup" and how to attract investors? In the restructuring process of public enterprises were achieved modest results. Some of them carried out a process of organizational restructuring, and some companies made a change in the legal form of joint stock companies and started a question of redundancy. The output is increasingly seeking out through in advanced prepared programs of reorganization that are a wish list or realistic plan of action.*

**Key words:** *Restructuring, Enterprise, Investment, Economic Development*

**JEL Classification:** *G34*

**UDK:** *005.591.4*

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## ***BUSINESS NEGOTIATION***

*Vlajko Petkovic, PhD<sup>19</sup>*

*Zorana Petkovic<sup>20</sup>*

### ***ABSTRACT***

*This paper describes business negotiation, as an essential part of a business process. It deals with the concept and notion, goals, participants, forms, course and phases of negotiation process.*

*Negotiation is defined as a process of discussion between two or more parties, which often have different interests, in order to achieve a commonly acceptable solution.*

*The goal of negotiation is to reach an agreement, acceptable to all participants. This is achieved through cooperation and compromise between parties involved in the negotiation. Negotiation is the art of adapting. It is the art of giving in order to get more in return.*

*There are different forms of negotiation: internal and external; intuitive and rational; positional, principle and opportunistic, and depending on the positions taken by each party in the negotiation process, there are the following forms: win-win, win-lose, lose-win, lose-lose, win and win-win or no deal.*

*The entire negotiation process takes place through two main phases. The first step involves planning and preparation, and the second stage is the negotiation process. In some cases, there is the third phase. This happens only when one of the parties deviates from the agreement reached. Then the negotiation enters a new phase – repetition of negotiation.*

***Key words:*** *Negotiation Process, Participants, Goals, Forms, Concessions*

***JEL Classification:*** *M21*

***UDK:*** *005.574*

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# **AMICABLE FINANCIAL RESTRUCTURING OF COMPANIES IN REPUBLIC OF SERBIA**

*Vladimir Kozar, PhD<sup>21</sup>  
Ana Opacic, PhD<sup>22</sup>*

## **ABSTRACT**

*Legal consequences of an amicable financial restructuring of business companies are important both for the corporate debtor and for its creditors. According to the order of creation, they can be divided into those that act independently of the outcome of the restructuring process and prior to its completion such as debts stand-by (moratorium), and those that are arising from the conclusion of the contract on financial restructuring, following the successful completion of the procedure. An effective protection measure of creditors' claims during the moratorium is limitation of powers of statutory representatives in the form of mandatory countersignature. The consequences arising from the conclusion of the contract are reflected, primarily, in redefining of debtor – creditor relations, foreseeing of repayment in instalments, modifying terms of maturity, interest rates and other terms of the loan or collaterals. An important result is the retention of the order of priority of mortgage.*

*Tax incentives for the banks and other creditors, the participants in the financial restructuring, are provided. Absolute right transfer tax was abrogated on the transfer of shares in legal entity and securities, which refers to the measures of converting receivables into capital of the business company – corporative debtor.*

*Contract on financial restructuring constitutes legal grounds for the reclassification of banks' claims, thereby reducing the mandatory reserves for the potential losses and has a positive effect on capital adequacy of the banks.*

**Key words:** *Financial Restructuring, Sebts Stand-by, Mortgage, Tax Incentives, Reclassification of Claims*

**JEL Classification:** *K12, K34, K41*

**UDK:** *658.16 347.728.1*

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# **THE ADOPTION OF OPEN INNOVATION PRACTICES IN SERBIAN ICT INDUSTRY**

*Jelena Lukic, MA<sup>23</sup>*

## **ABSTRACT**

*The main aim of this paper is to present the adoption of open innovation concept in information and communication technology industry (ICT), and to analyze key practices, strategic motives and concerns with its implementation based on case study of Serbian ICT industry. The main reason for conducting research in ICT industry is that Serbian ICT companies have understood best that competition is no longer based on traditional resources, combining raw materials, labor and capital, but that the competitive advantage is based on knowledge and innovation. Also, many authors argue that knowledge-intensive industries are incubators for innovation, and that open innovation practices are the most advanced in high-technology industries. Our starting research questions were: 1) What are the key practices of open innovation in Serbian ICT companies?, 2) What are the strategic motives for engaging in open innovation practices?, 3) Which partners are shown to be of the most importance in open innovation activities?, and 4) What are the key concerns of companies when engaging in open innovation practices. At first, we used desk-based research to analyze the open innovation literature including academic publications, government reports and news articles, and after that we designed a questionnaire in order to gather qualitative empirical data about open innovation practices in Serbian ICT companies.*

**Key words:** *Open Innovation Concept, Open Innovation Practices, Information and Communication Technology Industry*

**JEL Classification:** *O31, O32, M15*

**UDK:** *005.591.6:[004:007 005.591.6:654*

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***PSYCHOLOGICAL ASPECTS OF***  
***ENTREPRENEURSHIP***







# **ROLE STRESSORS AND ORGANIZATIONAL COMMITMENT: EMPIRICAL RESEARCH**

*Plama Hristova, PhD<sup>24</sup>*

*Albena Krumova, PhD<sup>25</sup>*

*Julika Novkova<sup>26</sup>*

## **ABSTRACT**

*Professional stress is a current research issue in modern psychology due to its direct impact on health and subjective well-being of people all over the world. Professional stress also leads to financial losses for the organizations. On the other hand, organizations can benefit from employees who are committed to them. Such employees contribute to the better quality of work and positive image of their organizations. This paper studies the interrelations between the role stressors in the workplace and organizational commitment of the employees in Bulgaria. The research provides valuable conclusions for the employers and it will be helpful for effective management of organizations.*

**Key words:** *Research, Organizational Commitment, Role Stressors, Employees, Organization*

**JEL Classification:** *I15, J24, J28*

**UDK:** *331.101.3 331.445:159.944.4*

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# ***DEVELOPING BUSINESS CULTURE THROUGH MOTIVATION AND CONFLICT MANAGEMENT***

*Zarko Pavic, PhD*<sup>27</sup>

*Marija Cukanovic Karavidic, PhD*<sup>28</sup>

## **ABSTRACT**

*Business culture, organizational culture and corporate culture are all terms that different authors describe as values and norms held in common within a particular business, whereas the “culture development” is a process of shaping business culture over time. Cultural clashes in any international project or organization have in this day and age greatly enhanced the emphasis on the preparedness for potential conflicts residing in cross-cultural collaboration. Corporate culture, at the same time, plays a significant role in providing a framework in which different motivational issues can act. These issues require an assessment of the influence business culture exerts on motivational practices, and an assessment of probably existing differences in motivation management practices. Our study investigates different influences using the sample comprising 247 education centers’ employees in terms of positive and negative motivation factors and two specific conflict categories, namely: 1) real professional differences, and 2) power struggles and personality issues. Consequently, the objective of this research is to establish the relationship between organizational culture and conflict management styles together with motivation approaches in the workplace. Our main conclusions suggest that approaching conflicts with a positive attitude is the best way to make the most of it and emerge at the end of the tunnel with a more creative solution, and that business culture does influence motivational practices that are further determined by whether the culture is task-orientated or person-orientated.*

**Key words:** *Business Culture Development, Motivation Factors, Conflict Management, Cross-Cultural Collaboration.*

**JEL Classification:** *J53*

**UDK:** *005.32:331.101.3 005.958*

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# **THE TRANSFORMATION OF TRADITIONAL ORGANIZATIONS TOWARDS A MODERN APPROACH BASED ON QUALITY MANAGEMENT AND EMPLOYEE MOTIVATION**

Marina Gasic, MSc<sup>29</sup>

## **ABSTRACT**

*Companies must seek to optimize their business rather due o increasing competition. Profitability is the biggest reason why companies do business, and thus develop new approaches and ways to make operations more efficient.*

*Modern business is different from traditional in several aspects. First, employees are better informed, with better systematically education. Physical work is replaced by the intellectual and service sector dominates the production. Apart from this, there are also changes in the business that are very fast acting, and thus decisions are made at the time the problem occurred.*

*The task of recruiting and retaining quality people in every organization is a part of human resource management. Appropriate human resources are the individuals in the organization who contribute largely achieving the objectives of the management system.*

*The leaders of modern organization are significantly different from those of traditional, because today's economic situation often leads to layoffs to reduce labor costs in order to improve decision-making processes, whereby to be more effective and efficient with the aim of improving the overall quality of the organization's business. It is in these new situations we distinguish new styles of management such as transformational leadership, training, „superleadership“, servant leadership and entrepreneurial leadership. Those who stand out are leadership styles that allow the inclusions of employees to demonstrate their abilities.*

*One of the main tasks of a manager is to fully understand the process of motivation to better influence the behaviour of followers and thus make it more consistent implementation of the organization's objectives.*

*Motivating subordinates is implemented with various strategies such as managerial communication, then the theory of x-y theory, design work place, behaviour change, Likert management systems, in-kind and cash incentives.*

**Key words:** Leadership Style, Employee Motivation, Human Resource Management, Intellectual Capital, The Competitiveness of Enterprises

**JEL Classification:** B50, M54

**UDK:** 005.591.4 005.32:331.101.3 005.336.4 005.336.3

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## ***ENABLING EMOTIONAL INTELLIGENCE: EXPLORING THE SOURCE OF MOTIVATION***

*Vaibhav Birwatkar, PhD<sup>30</sup>*

### **ABSTRACT**

*To optimize organizational performance and ensure their long term competitiveness and sustainability, organizations need to be able to fuel their employees to work at or near their peak level. It is difficult to understand what motivates people without assessing what people need and want from their work. Motivation is commitment and obligation to perform tasks without discouragement or despair in face of failures and as well optimism regarding the future. Decades of interest in better understanding the determinants of and the processes through which employees decide to extend varying levels of work effort has resulted in a proliferation of work motivation theories into the determinants of work related behaviours. Emotions are a significant determinant of an employee's judgement about referents, rewards, and equity. Emotional intelligence is emerging paradigm discussed and researched widely in many organizations to improve businesses and employee performance. It can help an employee to identify his/her emotion and deal with it in a more effective manner. Once employees understand their subtle emotions, they can break the circle of causality and are motivated by the opportunity to develop their skills or capabilities.*

**Key words:** *Emotional Intelligence, Motivation, Emotional Management, Empathy, Interpersonal Skills*

**JEL Classification:** *J28*

**UDK:** *005.32:331.101.3 159.942:159.95*

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# **THE MORAL VALUES OF BUSINESS IN VIRTUAL ORGANIZATIONS**

*Katarina Majstorovic, MA<sup>31</sup>  
Dejan Radulovic, PhD<sup>32</sup>*

## **ABSTRACT**

*The context of stakeholder theory specifies the aim of business in a complex way, taking into account the need to attach importance to the interests of all stakeholders in an optimal way. Thus defined the framework of business leaves room for evaluation in terms of ethical standards. The beginning of this evaluation is the determination of corporate social responsibility. That fact brings researchers in the position to separate economic and moral values of the business. Our focus is on moral values. The aim of this paper is to point out the specific articulation of moral values of business within the virtual organization. First, we'll point out which are the basic moral values of business in general, and then we'll try to determine how they seem in the framework that is defined by the parameters of the virtual organization. The theme that emerges as central in this context is the value of trust and its place in traditional and virtual business concept.*

**Key words:** *Social Responsibility, Moral Values, Virtual Organizations, Trust, Confidence*

**JEL Classification:** *Z19*

**UDK:** *005.71-021.131:174*

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# **ORGANIZATIONAL DIAGNOSIS AND MANAGEMENT OF CHANGE IN ORGANIZATIONAL CULTURE OF BANK INSTITUTION**

*Miryana Stancheva, PhD<sup>33</sup>  
Snezhana Ilieva, PhD<sup>34</sup>*

## **ABSTRACT**

*The identification and comparison of the current state of an organizational culture and the desired future state allow the planning and implementation of subsequent interventions in the ways an organization functions. This article aims to present the results of a study of organizational culture in a bank institution and to outline the main areas in which the necessity of future organizational change is proved. A profile of this organizational culture is established, which represents it as a purposeful, clearly structured, and highly market-oriented one. The good relations, cooperation, and willingness to disclose innovation and development are highly appreciated. Stability and continuity between current and desired organizational culture are established with emphasis on the need of strengthening the orientation of the external environment, on one hand, and on the other, on the need of autonomy and independence of the employees in the working process and also on the importance of good relationships and traditions. The results of the study of the preferred future organizational culture in the banking sector can be obtained in process of change management and in determining the domains where an intervention is needed to achieve an organizational change purposes. They can be combined in the following sectors: providing more independence and flexibility, and improvement of the inter-bank communication channels.*

**Key words:** *Organizational Culture, Organizational Change Management, Types of Organizational Culture, Bank Sector*

**JEL Classification:** *L20, M14*

**UDK:** *005.32:336.71*

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# **STAFF MANAGEMENT AND EVALUATING THE STAFF EFFICACY**

*Borko Somborac, MA*<sup>35</sup>  
*Dejan Ilic, PhD*<sup>36</sup>

## **ABSTRACT**

*Every modern corporation where people are a secondary factor carries a high risk of unfavorable results of work, which leads to inconsistency in the development of the productive forces. Managing modern organizations must be based on the human resources, which allow them to their activities, awareness and enthusiasm to develop and improve work processes and relationships. People are leaders and economic development factors, which determine the development of the productive forces and production relations and the fundamental creators of expanded reproduction and its organization. Of the great importance for personal management is the performance of staff at all levels of management and leadership. In human resources researches there is an area that deals with evaluating the effectiveness of staff, although the practice confirms that this field is not yet been sufficiently examined. The aim of this paper is to establish a balance in the flow of human resources development and material resources and the satisfaction of the principle of "adequate human resources for the proper technology." It's not possibly always to measure the results of staff by using the available instruments, but it can be set a system of evaluation of their performance. Evaluating of staff performance represents characteristics, behaviors and analyzes the results of their work. The value of such evaluations is reflected in the comparative review of individual results and to provide opportunities for the most capable to take the key places in company with an intention to achieve optimum results based on available resources.*

**Key words:** *Management, Staff, Resources, Efficiency*

**JEL Classification:** *L21*

**UDK:** *005.962.131*

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# ***EMPLOYEE PERFORMANCE AND DEVELOPMENT: ALCOHOL AND ITS EFFECT ON ORGANISATIONAL PERFORMANCE***

*Samuel Osei-Nimo, PhD*<sup>37</sup>  
*Imani Silver Kyaruzi, PhD*<sup>38</sup>

## **ABSTRACT**

*It has indeed been recognised at least since the 1940s that alcohol is a ‘problem’ in the workplace although it may seem surprising that serious efforts to cope with the ‘problem’ were initiated as recently as the late 1980s (Pratt, Tucker, 1989). Pratt and Tucker add that, as was with the case of alcohol as problem on the roads, it took about a half a century from the first official recognition of the problem until the Criminal Justice Act of 1925 when prevention became reasonably effective. However, the case of alcohol use or misuse in the workplace is not a straightforward issue, as this paper will identify. In the case of the workplace, the main problem areas that are seen to be of concern as a result of alcohol use or misuse are identified as alcohol-related accidents, reduced work performance and loss of working time.*

*The need to focus the study of this paper on the workplace is based on an understanding that work, and for that matter the workplace, offers a setting and an opportunity where one might conveniently scrutinize some of the most important factors shaping the lives of individuals. Therefore, based on the aims of this paper, emphasis will be particularly placed on multinational companies (MNC) (Interviews for this study were carried out with individuals from MNCs based in the East Midlands, United Kingdom) to address the overall aims of this study.*

**Key words:** *Employee, Work, Organizational Performance, Alcoholism*

**JEL Classification:** *I12, J24*

**UDK:** *005.958:613.81*

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# **REFORM OF THE HUMAN RESOURCES MANAGEMENT FUNCTION IN THE MINISTRY OF INTERIOR OF THE REPUBLIC OF SERBIA - THE STRATEGIC BASIS, KEY ACTIVITIES AND CHALLENGES**

Milan Klisarić, PhD<sup>39</sup>

Sinisa Dostić, PhD<sup>40</sup>

## **ABSTRACT**

*The subject of this research is the reform of the functions of human resources management in the Ministry of Interior of Serbia. The aim of the research is that, in the context of complex transitional changes in Serbian community, to identify, describe and explain the strategic basis, key activities (sub-functions), and the challenges of reforming the functions of human resources management in the MoI. For identifying the current situation of human resources management in the police of the Republic of Serbia, and the predictions of the future state of affairs in this area, among other methods - the methods of content analysis, secondary analysis and examinations (surveys) have been used. Among the strategic bases for reforming the functions of human resources management, the following have been particularly described and explained: the need for de-politicizing and professionalization of human resources management function, the need for improving performance in carrying out police duties, the need for quality personnel, etc. This research briefly describes the key activities (sub-functions) of the human resources management function, such as strategy and human resources management policy, analysis and work design, human resources planning, recruitment and selection, employee training, and development of employees and the organization. Among the challenges in reforming the human resources management function, a special focus has been devoted to the design of the introduction of the prestigious human resources management standard, worldwide known as "Investors In People – IIP". For designing of the future model of human resources management in the Serbian police, foreign experiences and solutions of human resources management in the police and the public sector, especially in the Great Britain, have been used.*

**Key words:** Reform, Human Resources Management Function, Strategic Bases, Key Activities, Challenges.

**JEL Classification:** M12

**UDK:** 005.96:351.74

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**III PART.**  
**CASE STUDIES**





# ***INNOVATIVE GLOBAL COMPANIES – SOME CASE STUDIES***

*Mirjana Radovic Markovic, PhD<sup>41</sup>  
Sladjana Vujicic, MA<sup>42</sup>*

## **ABSTRACT**

*The world economy is becoming increasingly global and the magnitude of the globalization trend is so large that it is creating complexities for the managers and leaders of the organizations. Globalization brings both benefits and challenges for the organizations and striking a right balance between the two is critical for the organizations to succeed in the global marketplace. This paper aims to study and discuss the significance of globalization for organizations. The study is aimed at the complexities of the global environment and the competitiveness of the organizations. The paper elaborates the types of global organizations, followed by the role of managers and leaders in managing global organizations. The study also includes the role of the international business environment in the context of the global strategy of companies. Finally, an attempt has been made to study the importance of managing a culturally diverse workforce in a global organization. The method of study is primarily a literature survey and the websites of some of the organizations. The study proves the point that globalization is inevitable in the present economic scenario. Hence, companies that can adapt faster to this trend of globalization by adopting suitable management techniques will have a competitive advantage. The organizations need to strike a right balance between the challenges and the benefits of globalization and the four basic areas for striking the right balance are cost, strategy, people and risk.*

**Key words:** *Globalization, Global Strategy, Cultural Diversity, International Business Environment.*

**JEL Classification:** *F60, F23*

**UDK:** *005.44 334.726*

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# **PROFESSIONAL EDUCATION AND YOUTH EMPOWERMENT THROUGH ENTREPRENEURSHIP FOR SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA**

*Isaac Elijah Esema, PhD<sup>43</sup>  
Sasa Stefanovic<sup>44</sup>*

## **ABSTRACT**

*Nigeria as a nation is a potentially great economy, which has always lingered on the fringes of economic prosperity. However, swift steps need to be taken to save the ship of state from hitting the rocks due to widespread corruption, insincere leadership and an industrious people disillusioned by abject poverty; occasioned by clueless managers of the polity and the economy. Something positive needs to happen to alleviate the worrisome trend of economic depression pervading the land and retarding the well-being and progress of the people - or the gaseous atmosphere of unease, which is a direct consequence of the people's economic hardship explodes into a conflagration worse than the inferno of terror and crime plaguing many parts of the country today! Without doubt, it is the obligation of any responsible and responsive government to devise practicable ways of providing the basic infrastructures necessary to ease the suffering of its much beleaguered people; especially uninterrupted power supply, potable water, motor able roads, a seamless telecommunications service, etc. Governments at all levels must dynamically and sincerely formulate policies which would engender economic development amongst grassroots people. This paper discusses the urgent need to empower the de facto leaders and futures of Nigeria - the youths - to become seasoned entrepreneurs, who would then develop Nigeria's socio-economic terrain. Entrepreneurship is a crucial force necessary for socio-economic growth in a developing country like Nigeria, which urgently needs to live up to her positive reputation as the Giant of Africa. Nigeria is unarguably the largest economy on the African continent as well as the most populous black nation in the world. The education of the nation's youths has to be purposely tailored towards professionalism in entrepreneurship in order to stimulate the social development process, and to ensure that Nigeria takes her rightful place in the comity of developed nations.*

**Key words:** *Entrepreneurship, Entrepreneur, Professional, Education, SME, Innovation, Socio-economic, Economy, Development, Youth, Empowerment, TVET*

**JEL Classification:** *I25, L26, O10*

**UDK:** *005.961:005.914.3-053.81(669) 374.3(669)*

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# **FEMALE ENTREPRENEURSHIP AND THE WOMEN CHAMBER OF COMMERCE AND INDUSTRY: ECONOMIC EMANCIPATION AND CLOUT FOR PAKISTANI WOMEN**

*Iqbal Khan*<sup>45</sup>

## **ABSTRACT**

*Socio-economics, culture, religious entrepreneurship and taboos have massive impact on societies in South Asia. Pakistan is a Muslim society that has lived aside other cultures also driven by religion. Muslim characteristic is an identity and practical way of life. In defining the entrepreneurial portrait of Muslim female entrepreneur in Pakistan, it has to be borne in mind that culture plays the dominant role. There is so much of complexity in the culture of South Asia that Amartiya Sen raises the question “How much of this can a foreigner with no more than a cursory knowledge of the factors involved – feel and respond to”? And furthermore Roomi (2005) contends women face deep rooted discriminating cultural and social factors that hamper their growth. Yet the empowerment of women entrepreneurs in Pakistan has come about following the example of Prophet Muhammad’s (SAW) wife Khadija (RA). This contradiction in terms and this evolution among Muslim women is a subject of interest to researcher, such as what inhibits the growth of female entrepreneurs in a Muslim society like Pakistan?*

*There is constraint owing to limited literature on Muslim female entrepreneurs of South Asia. Qualitative methodology, in-depth interviews and case studies were adopted. The findings indicate that under the garb of religion, false philosophy is practiced. Women have discovered clout comes from having platform and hence the long down struggle to setup the Women Chamber of Commerce & Industry; this is the contribution of the paper.*

**Key words:** *South Asia Culture, Clout for Women, Women Chamber of Commerce & Industry, Cultural Influence on Muslim Female Entrepreneurs, Women Leadership Styles and Practices, Psychological Advocacy, Forum for Women*

**JEL Classification:** *L26, J15, J16*

**UDK:** *005.961:005.914.3-055.2(549.1)*

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## **IMPORTANCE OF OWNERSHIP TRANSFER PLANNING FOR FAMILY BUSINESS ENTITIES**

*Dragan Milosevic, PhD<sup>46</sup>  
Dragica Jovancevic, PhD<sup>47</sup>*

### **ABSTRACT**

*There are a number of definitions of family enterprises in literature. Depending on the fact which definition is used, the statistical data about their number and results will differ. According to one short definition used by the EU, family enterprises are those enterprises in which the company founder and his family members (including the descendants) have, based on their participation in basic capital, a minimum of 25% voting rights. In such a way, family members become the most significant interest group which influences business activities of the business entity. Family business entities on a global level take up 30% to 90% of the total number of enterprises, with an annual profit level of over a billion dollars. It is a common expectation that family companies can be found in the group of small and medium enterprises (hereinafter: SME), but they are also present in the group of large corporations such are Toyota (Japan), Hilton (USA), Walmart (USA), BMW (Germany), FIAT (Italy), IKEA (Sweden), Lego (Denmark), Tata Group (India), etc. With the aging of one generation of founders and their retirement, there occurs a transfer of ownership to the heirs. In certain cases, after this type of ownership transfer, family business entities are sold to new owners. This is the case when the heirs have chosen other business activities. Each change in ownership structure can cause a series of other significant changes in the way of implementing the business activities of the business entity which leads to larger or smaller crises in business activities. In fact, ownership transfer from one generation to another is something that is repeated in numerous cases. This is the reason why transformation stages are recognizable, so that the entire transformation process can be systematically influenced. Thus, the problems caused by the change of founder can be minimized and the advantages of ownership transfer supported. The aim of this paper is to define the key elements and effects of the long-term ownership transfer process in family business entities. Based on research, the possibilities of increasing efficiency through the process of long-term planning can be reviewed.*

**Key words:** *Family Business Entities (Companies), Ownership Transfer, Planning of Organizational Development.*

**JEL Classification:** *D23, O21*

**UDK:** *334.722.24:347.232.3*

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# **THOUGHTS ON ENTREPRENEURSHIP AND ITS LINKAGE WITH INTRAPRENEURSHIP: IMPLICATIONS FOR ECONOMIC DEVELOPMENT**

Muhammad Omolaja, PhD<sup>48</sup>  
Ana Aleksic<sup>49</sup>

## **ABSTRACT**

*An entrepreneur is someone who is willing to bear the risk of a business venture where there is a significant chance for making profit (Chell, Ozkan, 2010). This is particularly where the opportunity comes from outside of the enterprise. Entrepreneurship is basically the practice of starting a business in order to earn profit on new found opportunities (Ercan Ekmekcioglu). Generally, “entrepreneurship represents a wide area for various business moves where the entrepreneurial activities take place. How entrepreneurial activities would develop and whether their result would be positive or negative depends on many factors that determine the development of those activities” (M. Radović-Marković, Muhammad Omolaja, 2010). Alternatively, new businesses that are developed within a company under the influence of permanent efforts of entrepreneurs for changes in existing organizational structures are called intrapreneurship. In other words, intrapreneurship represents restructuring of existing enterprises. Accordingly, it can be said that there are two ways of developing entrepreneurship; that is, establishing a new one and restructuring an existing enterprise in a process known as intrapreneurship. However, what are the alternative views on the theory of entrepreneurship? Is there a linkage between entrepreneurship and intrapreneurship? How does this linkage affect economic development? Provision of answers to this kind of questions is the core of this paper.*

**Key words:** *Entrepreneurship, Intrapreneurship, Economic Development, Innovation, Business Ideas*

**JEL Classification:** *L26, G34, O31*

**UDK:** *005.591.1 005.346 005.961:005.914.3*

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# ***JOURNEY OF A SMALL TOWN ENTREPRENEUR : AN INDIAN CASE STUDY***

*Reena Agrawal, PhD<sup>50</sup>*

## **ABSTRACT**

*This case study showcases the vision and initiative of a small town entrepreneur who belonged to a business family and who inherited the legacy of entrepreneurial traits from his father. He always had a passion to establish and operate a business of his own and generate employment opportunities for others in the society. This case study showcases his exemplary work and discusses in detail the education acquired by the entrepreneur, his vision, how he became an entrepreneur, his entrepreneurial endeavours, the milestones achieved by him, major challenges faced by him, the growth enjoyed by him and his plans for future expansion and growth.*

**Key words:** *entrepreneurial traits, revival of sick unit, entrepreneurial initiatives, future growth*

**JEL Classification:** *L26, F43*

**UDK:** *005.961:005.914.3(540-77)*

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# **THE APPLICATION OF THE EU PUBLIC SERVICES GUIDELINES IN SERBIAN PUBLIC ENTERPRISES**

*Daliborka Petrovic, PhD<sup>51</sup>*

*Tihomir Gligoric, PhD<sup>52</sup>*

## **ABSTRACT**

*The subject of the paper refers to the unique concept of public services at the level of European Union. The main principles of the management of these services are outlined and issued by the European Commission within the White paper of Services of General Economic Interest (SGEI) in the year 2004. The aim of this paper is to analyze the level at which the management of public enterprises in the Republic of Serbia is aligned with the new European Union's public services concept and management principles defined in the White Paper of SGEI. In order to achieve the aim of the paper, empirical research and collection of the primary data were necessary. The research method applied is qualitative by nature. The interview with in advanced prepared section of questions was used as the research instrument. Based on the results of the empirical research it could be concluded that there is enough place for making the adequate changes that would improve the market and consumer orientation of Serbian public enterprises, which would substantially contribute to alignment with the EU guide principles in this field.*

**Key words:** *Services of General Economic Interest, European Union, Public Service Management, Republic of Serbia*

**JEL classification:** *M20*

**UDK:** *005:351.076(497.11) 005:351.076(4-672EU)*

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## **NEW SYSTEM OF ASSOCIATION CORNER SHOP'S IN SERBIA**

*Nemanja Damnjanovic, PhD<sup>53</sup>,  
Slavica Andjelic, PhD<sup>54</sup>*

### **ABSTRACT**

*Retail space has become a set of resource around which a number of entities are fighting to provide a position for their items on the shelves of Retail Alliances. Also, the retail space is becoming a new marketing ground with a very strong effect of advertising on consumers decisions during the buying process. Creating and maintaining competitive advantage requires that Retail Alliance has advantages that its rivals do not have on the target markets. Of particular importance is competitive advantage based on knowledge. Retail stores gathered in the alliance have the opportunity to make sure that "the competition by working" in association with providing benefits to all members. The work traces the future activities of Retail Alliances, the way in organizing, survival in the market in order to competition and efficient response to consumer demands. The main objective of this paper is to present a focus on the demands of final consumers, which represents a general approach to explore the new role of retail in overcoming the gap between procurement market and sales market. Finally, the goal of the paper is derived from the object itself, and refers to the tendency to establish a theoretical framework and adequate empirical platform on which will be generated opportunities for defining new strategies for positioning retailing subjects, valid for achieving business success. Method in the study will be consist in the fact that on the basis of theoretical assumptions and the available published data to construct a model that future alliance should operate on the basis of the author's practical experience.*

**Key words:** Retail Alliance, A Partnership, Efficient Consumer Response, Flexibility, Suppliers.

**JELClassification:** L81, D71

**UDK:** 334.728(497.11)

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# **THE EVALUATION OF SUSTAINABLE COMPETITIVENESS OF THE WESTERN BALKANS COMPARED WITH THE EU**

Vladimir Knezevic, PhD<sup>55</sup>  
Dragan Ivkovic, PhD<sup>56</sup>

## **ABSTRACT**

*This paper deals with the sustainable competitiveness of the Western Balkans in comparison with the countries of the European Union. One of the aims which is preceded this side view, and a brief introduction of our experts with the relatively new concept of the World Economic Forum - the sustainable competitiveness. The relationship and mutual dependence between environmental sustainability and social sustainability is shown, as well as two equally important elements of long-term competitiveness. Thus, by calculating the SCI, we get a kind of correction GCI to 20% up or down. The first major research results, and the application of these concepts in practice, we get a chance to look at sustainable competitiveness even 121 of the world economy. Given that almost all EU Members and the entire Western Balkans are covered, we have the opportunity to apply the methods of comparative look at long-term perspective of economic competitiveness of these two groups. A very big gap between Serbia and her neighboring countries, which also apply to admission to euro integration, is worrisome. For this reason, and because of the long-term prospects of their economies in terms of globalization, it is essential that in these countries awareness of the importance of sustainable competitiveness is expanded, and to conceptualize and implement measures to improve environmental sustainability and social sustainability in the direction suggested by the World Economic Forum.*

**Key words:** Western Balkans, The European Union, Sustainable Competitiveness, Environmental Sustainability, Social Sustainability

**JEL Classification:** A10, A13

**UDK:** 338:339.137.2(497) 338:339.137.2(4-672EU)

502.131.1(497) 502.131.1(4-672EU)

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# **COMPETITIVENESS AS THE SYSTEM OF PROPERTIES AND CHARACTERISTICS OF THE MARKET ECONOMY ENTITIES**

*Milos Lucic, MSc<sup>57</sup>  
Slavko Karavidic, PhD<sup>58</sup>*

## **ABSTRACT**

*The aim of this paper is to highlight the fact that in times of increasing economic instability, strengthening the competitive business environment, as a system of properties and characteristics of market economy entities, means a high level of organizational performance and capacity for efficient market, technological and competitive response to the challenges of times. Growth and development include creating a quality business environment through the development of innovation and competence for decision making by identifying the individual factors of capacity and resources usage of the organization and the increase of business entrepreneurial capacity - manufacturing and technology portfolio and new ways and possibilities of market positioning. According to the research, there is a general conclusion that competitiveness, being a process of bidding and competitive pressure of other entities, is a strong differentiating factor of economic entities in the competition, which makes some of the companies more successful and profitable in comparison to others.*

**Key words:** *Competitiveness, Growth, Development, Positioning, Profitability.*

**JEL Classification:** *A11*

**UDK:** *005.21:339.137 339.9 339.13(100)*

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# **THE FACTORS OF THE COMPETITIVENESS OF THE NATIONAL ECONOMY IN CONDITION OF GLOBALIZATION**

Zoran Karavelic, PhD<sup>59</sup>  
Dejan Karavelic, MA<sup>60</sup>

## **ABSTRACT**

*Globalization as a concept of integration into the world economy depends on five interconnected factors. These are the following: international trade, financial flows, telecommunication, technological advantages in transportation, electronics and population mobility, that is, the work force. The development of international trade of the Republic of Serbia and other Balkan countries in the conditions of globalization is linked with numerous problems of an economic and non-economic nature, among which is the competitiveness of the country and the foreign trade companies. The experience of the majority of countries points to the fact that there is no economic growth and development without a considerable degree of the internationalization of the economy, that is, an export orientation and the improvement of its export performances. Thereby, competitiveness is one of the most important factors which determine the results in trade and consequently its developmental aims. The Republic of Serbia along with the other Balkan countries takes up a relatively poor position in international trade, and thus has the intention to resolve the issue of competitiveness in foreign trade more efficiently, as it is faced with numerous problems on the path to realizing its developmental aims. Beginning from this, the authors have directed their attention towards the analysis of the Serbian global competitiveness index, especially the problem of foreign trade of the Republic of Serbia in the conditions of globalization, with the aim to point to the fact that low competitiveness is the main economic problem and the limiting factor for the development of the national economy.*

**Key words:** Globalization, Competitiveness, Export, Development Strategy, Economic Integration

**JEL Classification:** P33

**UDK:** 338:339.137.2 339.9

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# ***INNOVATIVE PROPENSITY OF THE WESTERN BALKANS***

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Vladimir Knezevic, PhD<sup>62</sup>*

## **ABSTRACT**

*In the modern world, innovations are a key factor in the development of the economy. Innovations are important for any nation's economy because of the impact that innovations generate on competitiveness, economic growth and development. Innovative tendencies are particularly important for countries lagging behind in the development, or countries that have not yet built their position in the globalized world. This group of countries, along with other Western Balkan countries, includes Serbia.*

*Therefore, the focus of this paper are questions: What is the innovative propensity of Serbia, and other countries in the Western Balkans?; Which key factors influence the innovations in Serbia?; What is the position of Serbia and other Western Balkan countries in terms of innovations in relation to the most innovative countries in the world, and what in relation to the countries of the European Union?*

*This paper seeks answers to these questions through analysis of reports and studies on global innovativeness from the following sources: INSEAD&WIPO, World Economic Forum (WEF), World bank and the European Union.*

**Key words:** *Innovation, Competitiveness, Economy, Globalization*

**JEL Classification:** *O31, F02*

**UDK:** *330.341.1(497)"2006/2013"(047.1)*

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# ***STRATEGIC IMPORTANCE OF OPEN INNOVATION FOR SMEs***

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Radmila Grozdanic, PhD<sup>64</sup>*

## **ABSTRACT**

*The concept of Open Innovation requires extensive empirical investigation, testing and development. This paper analyzes the aspects of SMEs innovation activities, working on new ideas in a system of open innovation within the major organizational and technological changes associated with the open innovation. The paper is based on research of 44 innovative enterprises in Serbia, realized in 2014, as well as on the results of the innovative activities of the SMEs in previous period. The main findings are showing that: phenomena is well known among SMEs which base their information about OI on inner and other sources, among which the highest score received consultation with customers, followed by cooperation with universities and institutes in the country and collaboration with experts in the country. The biggest share of innovation in business entities in total was 31.27%. The biggest share among innovators belongs to business entities in the manufacturing industry 36.46%. Most of innovative companies export more than 50% of their production/services mainly as a result of their innovative activities. Innovative companies concern membership of business infrastructure important for their innovative activities. In the paper is presented theoretical framework for open innovation process using relevant references. The contribution of this research is in support the positive practice of innovative enterprises and their activities on the basis of open innovation, as well as in emphasizing the further development of inner and outside conditions for better understanding these activities.*

**Key words:** *Open Innovation, SMEs, Research, Business Infrastructure*

**JEL Classification:** *030, 031,032, 033, 034*

**UDK:** *005.591.6:334.713(497.11)*

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# **DELEVERAGING OF THE PUBLIC SECTOR AND THE OUTLOOK FOR ECONOMIC GROWTH IN SERBIA**

*Slavoljub Sljivic, PhD<sup>65</sup>  
Dragana Vojteski-Kljenak, PhD<sup>66</sup>*

## **ABSTRACT**

*Every significant financial crisis in the post-Second World War period was followed by a lengthy and painful period of reducing debt. Reducing debt is comprehensive; it relates to public sector, banks, firms and households. From an economic growth perspective, it is very important for policy makers to correctly determine phases in which these particular subjects will start to reduce debt.*

*This paper deals with the theoretical and empirical aspects of reducing public debt, with special turn to Serbia. Serbia is in an economic-financial crisis and need to reduce budget deficits and public debt in the following period. Serbian budget deficit is among the largest deficits in Europe, and public debt has an exponential growth tendency.*

*A hypothesis is represented in the paper that Serbia enters unprepared in the process of reducing public debt. Because of that, its economic growth will be very modest in the following period. The paper's goal is to offer solutions for "navigating" through the process of reducing public debt, which are less expensive and less damaging for Serbian economic growth. The conclusion is that phased model of reduction of debt that was successfully implemented in Sweden and Finland (for resolving their own fiscal problems during 1990.), could be implemented in Serbia too-with necessary adjustments.*

**Key words:** *Deleveraging, Public Debt, Economic Growth*

**JEL Classification:** *H63, 023*

**UDK:** *336.143(497.11) 336.143.232(497.11)*

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# ***TOURISM AS A RESOURCE FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN THE REPUBLIC OF SERBIA***

*Filip Radotic, MSc<sup>67</sup>  
Zoran Masic, PhD<sup>68</sup>*

## **ABSTRACT**

*The aim of the work is the determination of the importance of tourism as an economic sector, through a comprehensive review and analysis of tourism in Serbia. The paper demonstrates the importance and value of tourism in the world and in Serbia, with a special focus on Serbia. By using descriptive analysis, there was a significant correlation between tourism and sustainable economic development through the adoption and implementation of sustainable tourism in the Republic of Serbia. Research work was conducted using standard methodological procedure. Methodological procedure contains the basic component i.e. desk research. Also searched and selected were foreign and domestic professional literature in the field of contemporary trends in tourism, sustainable development, tourism economics and other fields. This work was performed determining specific problems using the methods of case studies. We used specific case studies from the practice of tourism entities. These cases were determined on the basis of the citations in the relevant scientific literature.*

**Key words:** *Tourism, Tourism in Serbia, Sustainable Development, Regional Economic Activity, Ecological economics*

**JEL Classification:** *R11, Q01, Q57*

**UDK:** *338.484:502.131.1(497.11)*

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## **THE LEGAL NATURE OF EUROPEAN UNION**

Aleksandar Minkov<sup>69</sup>

Ana Opacic, PhD<sup>70</sup>

### **ABSTRACT**

*For determining the legal nature of a community, its legal and business capacity, i.e. property of the legal entity is not what decides. Much more important are the authorisation of the community, especially the foundation from which these powers derive. After the signing of the Lisbon Treaty, the EU has acquired a personality based on which arises a dilemma if the EU is some kind of an international organization or some sort of complex state. It is certain that the EU is not a classic unitary or composite state. What it still lacks is the source authority. All powers the EU has, have been assigned to her by the member states. A vague legal nature of the EU can be confirmed on the basis of the so-called "Four freedoms". Even during the establishment of the first community, the member states as targets of association determined a high level of employment, population, steady economic growth and raising the living standards of the population. These objectives are achieved through the establishment of a single market, which includes the possibility that persons, goods, services and capital circulate freely inside such a market. In this paper, we try to emphasize the complex legal nature of the European Union and the dilemma as to which direction will the process of its legal nature move. Particular attention is paid to the basic characteristics of the common market of the European Union, because it is key to the overall success of the European Union, and is the very foundation of the project of European economic integration. In this sense, we pointed out to the positive characteristics of the formation of a single market, but also to specific challenges that the enlargement of the EU brings in the implementation of the principle of free movement and work.*

**Key words:** *Federation, Confederation, International Organizations, The Single Market, Free Movement of Workers*

**JEL Classification:** K33

**UDK:** 341.17(4-672EU) 331.556.42/.43(4-672EU)

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# ***A COMPARATIVE ANALYSIS OF MACROECONOMIC FORECASTS ACCURACY IN SPAIN AND ROMANIA***

*Mihaela Simionescu, PhD<sup>71</sup>  
Elena Jovicic<sup>72</sup>*

## **ABSTRACT**

*In this study a comparative analysis of the forecasts accuracy for Spain (developed country) and Romania (developing country) was developed for the crisis period (2009-2013). The providers are national forecasters: Bank of Spain and FUNCAS (**Spanish Savings Banks Foundation**) for Spain and Center of Macroeconomic Forecasting that uses Dobrescu model and National Commission for Prognosis (NCP) for Romania. Only for the unemployment rate the Spanish institutes provided more accurate forecasts, for the rest of the variables (inflation rate, private consumption and GDP growth) the Romanian institutes giving more accurate predictions. However, the results are contradictory for the accuracy assessment in each country, the UI Theil's statistic and the accuracy tests (Diebold-Mariano test and Wilcoxon's signed rank test) indicating different hierarchies. All in all, for inflation rate, unemployment rate and GDP growth in Romania, NCP provided more accurate forecasts. In Spain, FUNCAS offered better forecasts for GDP growth and private consumption during 2009-2013.*

**Key words:** *Directional Accuracy, Forecasts, Predictions, Diebold-Mariano Test*

**JEL Classification:** *C52, C53, E27, E37*

**UDK:** *338.12.017:330.43(460) 338.12.017:330.43(498)*

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# **THE IMPACT OF GLOBALIZATION ON THE SOVEREIGNTY OF THE REPUBLIC OF SERBIA AND NEIGHBORING COUNTRIES**

*Borislav Galic*<sup>73</sup>, MA

## **ABSTRACT**

*The author, in his work, suggests that globalization bothers insistence of some countries at the national, ie. state sovereignty. In fact, globalization is not reconciled with nationalism, precisely because nationalism is the main obstacle to globalization and time of postsovereignty in which the state would be deprived of the right to be the guardian of their religion and nation. With regard that nationalism and the nation-state are governed primarily by national interests (not by universal) seeking closeness of their nation in its borders, globalism sees them as its main opponent, primarily due to the fact that nation-states have their own regulations, customs, borders and more. All this, according to the globalists, hampers movement of goods, services, people and capital and, thus reducing the profit of big multinational companies for which profit is more important than anything else. The globalists argue that the „care“ of preserving national elements of individual states should get into the hands of the international community by time. Therefore, fear of small and weak countries from losing their identity and their uniqueness is reasonable.*

**Key words:** globalization, sovereignty, desovereignty, the Republic of Serbia, new world order, internationalisation, national identity, education, employment, transition, Balkan

**JEL classification:** F63, F52, I25, J21

**UDK:** 341.211(497) 316.32(497) 339.9

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***II PART.***  
***CREATING AND GROWING A***  
***SUSTAINABLE AGRIBUSINESS***





# ***ENVIRONMENTAL ASPECTS OF SUSTAINABLE DEVELOPMENT OF COMPANIES***

*Katarina Kanjevac Milovanovic, PhD<sup>74</sup>  
Aleksandra Kokić Arsić, PhD<sup>75</sup>*

## ***APSTRACT***

*Sustainable development is based on the model in a qualitative way meet the socio-economic needs and interests of citizens at the same time eliminate or significantly reduce the impacts that threaten or damage the environment and natural resources. According to this model, the paper analyzes the current state of development strategies and regions in Central Serbia, especially in terms of environment and natural resources and ensure the survival and quality of life of future generations.*

***Key words:*** *sustainable development, enterprise, environment*

***JEL classification:*** *Q56*

***UDK:*** *005.35 502.131.1*

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## ***RURAL DEVELOPMENT STRATEGY IN THE LIGHT OF SERBIA JOINING EUROPEAN UNION***

*Marko Protic, MSc<sup>76</sup>*

*Goran Dimic, MSc<sup>77</sup>*

### ***ABSTRACT***

*Agriculture influences rural community, rural economy and the environment.*

*However, agricultural production is not the only function of rural areas, as that could be a whole range of other activities that favor the growth of rural economy, the decrease of gap between urban and rural areas and improvement of standard of living for rural area populations. That reduces farmers' dependence on agricultural production as a source of income. Activities needed to be done in order to carry out this program are: creation of opportunities for employment outside of the farms through smaller processing units, centers for services in rural area and adequate improvements in infrastructure. Diversification stimulates entrepreneurship. Advantages of diversification of rural economy are: reduction of unemployment, taking advantage of rural areas' competitive advantages, speeding up economic development of rural areas, improving quality of life in rural areas. Diversified activities are constantly growing in developed countries.*

**Key words:** Rural Economy, Rural Development, Diversification of Activities, Rural Tourism, Virtual Village

**JEL Classification:** O13, O18, Q13

**UDK:** 341.217.02(4-672EU:497.11) 338.43(497.11)

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## **PUBLIC WAREHOUSE SYSTEM IN SERBIA**

*Aleksandar Todorovic, MSc<sup>78</sup>  
Vladimir Varadjanin, MSc<sup>79</sup>*

### **ABSTRACT**

*The Law on Contracts and Torts defines property relations related to the storage of goods. The specified Law defines the warehouse receipt as document by virtue of which the warehouseman confirms the receipt of goods. The warehouse does not need any special permits for the aforesaid operations. Therefore, the issued warehouse receipt has a limited use. In practice, in terms of trade and pledge, the warehouse receipt has a limited use only if its beneficiaries trust each other.*

*However, the need to provide a higher level of legal security as well as develop the sales and distribution of agricultural products through «the exchange of securities» resulted in the necessity to establish the system of public warehousing and warehouse receipts for which purposes it was vital to pass the separate law by virtue of which the public warehouse shall issue the warehouse receipt to the owner of agricultural products as a certificate of storage of agricultural products. The warehouse receipt consists of two elements: Receipt and Warrant. Given the specific characteristics of agricultural products, experience from other countries (Poland) instructed to distinguish this type of products from other industrial products as the overall system arrangement did not yield positive results.*

**Key words:** *Public Warehouse, Warehouse Receipt, Pledge, Agricultural Products, Agricultural Loan*

**JEL Classification:** *Q19*

**UDK:** *347.767(497.11) 339.173(497.11)*

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## ***THE GREAT INSTITUTIONAL STRATEGIST IN MEXICO: AN EVIDENCE OF MONSATO***

*José Vargas-Hernández, PhD<sup>80</sup>  
Hugo Cesar Enriquez García<sup>81</sup>*

### ***ABSTRACT***

*This research is based on the relationships between organizations and governments in order to establish common agreements for the good of the society, but all the most to reach a corporate welfare. On this paper we wanted to demonstrate the influence of the coercive power of the law for the more profitable companies. The point of view of the institutions and the theory of the property rights are part of the theoretical frame work that has been taken as a reference to describe the relationship they has had with "Monsanto Corporation" and the Mexican government, for entry of transgenic corn in our country. It tries to generate a hypothesis based on data and information gathered to bring in this, that in a general sense, proving the strategy taken by Monsanto Co. to achieve this maize market in Mexico.*

***Key words:*** *Transgenic corn, property rights, the point of view of the institutions.*

***JEL Classification:*** *K11, O13, O31, O34, Q16*

***UDK:*** *351.77:[604.6:633.15(72)]*

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# ***ECONOMICAL ASPECTS OF ORGANIC FOOD PRODUCTION***

*Mirela Tomas Simin, MSc*<sup>82</sup>

*Radovan Pejanovic, PhD*<sup>83</sup>

## ***ABSTARCT***

*Organic farming is an integrated production system of high-quality food that is based on best environmental practices, which is both socially acceptable and economically viable, and therefore important for the sustainable development of the whole society. For a farmer to switch from conventional to organic production, benefits that this production system bring must be known. In the modern market economy and consumerism profitability of organic farming is the main criterion on which each farmer makes a decision.*

*For this reason, the aim of the paper was to determine whether and under which conditions organic farming can be economically viable and competitive in relation to conventional production. This paper analyzes the importance and procedure of calculation and indicators of economic efficiency (production value and profit) and efficiency (cost-effectiveness, productivity and profitability of production). In conclusion it is stated that organic production in the long term, may be economically attractive alternative to conventional agricultural production for many farmers.*

**Key words:** *Organic Farming, Efficiency, Profitability*

**JEL Classification:** *Q01, Q57*

**UDK:** *631.147:33*

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# **SUSTAINABLE LIVELIHOOD ASSETS AND WOMEN AGRICULTURAL ENTREPRENEURSHIP**

*Mohammad Shajahan Kabir, PhD<sup>84</sup>  
Mohammad Musfequs Salehin, PhD<sup>85</sup>*

## **ABSTRACT**

*The study focuses on research themes related to sustainable livelihood assets of rural women entrepreneurs. The sample size for this study was 150. The selected women members were concentrated on poultry rearing, vegetable cultivating, and plant nursing entrepreneurship activities. The survey method was used in the present study. The Tobit regression estimations shows the age, deposits, collateral facilities are positive and significant (1%) associated with financial capital. The amount of credit and shared labor are both positive and has a significant (5%) coefficient with financial capital. It implies that microcredit from NGOs has great impact on entrepreneurship profitability and that profit tends to increase the amount of financial capital.*

*The Probit estimation demonstrates that organic fertilizer, cultivated land, and sufficient rainfall of the area are all highly significant (1%) and positively associated with natural capital. Vegetable entrepreneurship is significant and positively associated with natural capital, because land size, fertilizer, rainfall and vegetation of the area are highly significant in the model. Study shows that entrepreneurship experience, health status, credit and input availability are significant and positively coefficient with physical capital. The study reveals that three variables: group training, food nutrition and sanitation, knowledge on agricultural practices are highly (1%) significant and positively associated with human capital. For social capital, ordered Probit estimation reveals that communication with others entrepreneurs, leadership, social gatherings, political awareness and family support are significant and positively associated with social capital. Poultry entrepreneurship is significant and positively associated with social capital. The study reveals that the financial and physical capital are also positively associated with poultry entrepreneurship, so we can say that financial and physical capital has a significant role in increasing social capital for poultry entrepreneurs in rural area of Bangladesh.*

*Respondent women noticed some major problems of entrepreneurship which can be included as a vulnerability context such as lack of credit and training, price instability, insufficient irrigation facilities, shortage of seed/feed, and lack of technical knowledge etc. Change in income, increased well being, reduced vulnerability, improved food security, sustainable use of natural resources and women empowerment are sustainable livelihood outcome of this study.*

**Key words:** *Women Agricultural Entrepreneurship, livelihood Assets. Tobit and Ordered Probit Estimation*

**JEL Classification:** *Q12, Q14, Q18*

**UDK:** *005.961:005.914.3-055.2]:631 005.961:005.914.3]:330.14*

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# ***CRISIS COMMUNICATION IN AGRIBUSINESS, MEDIA AND CONSUMERS***

*Dragana Jovanovic, PhD<sup>86</sup>*

*Vesna Baltezarevic, PhD<sup>87</sup>*

## ***ABSTRACT***

*Food safety became media question par excellence considering seriousness of this question and how many people are interested in it. Unfortunately, in lack of trustworthy information, consumers rely on media stories which, by its nature, going out of information frame towards sensationalism and disinformation.*

*This paper consider different paths in agro-communication and possibilities to overcome information gap between food producers, media and consumers, considering information laxity within first ones, communication methods of media and growing fear for health by third part.*

*In a word, we analyze communication weakness of agro-companies in crisis, unseriousness of mass media in these vital questions (including incompetent sources and politicization of health issues)and consumer who (overwhelmed with different information) can't select trustworthy sources.*

*We will, also, briefly consider methodology of creating panic among public, but also a methodology that can help agro-companies to influence on their own public image (and food producing too).*

***Key words:*** *Agribusiness, Agro-Communication, Media, Sensationalism, Consumers*

***JEL Classification:*** *M31, Q13*

***UDK:*** *316.776:631 659.3:614.31*

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## ***NEW CRITERIA FOR SUCCESS OF AGRARIAN FIRMS***

*Goran Maksimovic, PhD<sup>88</sup>  
Radovan Pejanovic, PhD<sup>89</sup>*

### ***ABSTRACT***

*The authors discuss about the new criteria of success of firms (firms, companies, farms). Without minimizing the importance of the classic criteria (which are reduced on the efficiency and effectiveness) the authors suggest new criteria in the "new economy" and which are becoming more significant. The role of the intangible, immaterial capital, namely, is increased. The key resource of the 21st century ("knowledge society") becomes, in fact, intellectual capital. The structure of this capital includes: human capital, structural capital and customer capital.*

*For the development of knowledge as a key resource of a new society and a new age, we need research and development, the authors pay particular attention to the further analysis.*

***Key words:*** *The Success of The Company, Criteria, Knowledge, Intellectual Capital and Research and Development.*

***JEL Classification:*** *Q19*

***UDK:*** *005.52:005.336.1*

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# **DIAGNOSTIC STUDY OF AGRICULTURAL POTENTIAL OF THE MUNICIPALITY OF BUJANOVAC, IDENTIFYING STRATEGIC VALUES AND STRATEGIC DEVELOPMENT OBJECTIVES IN THE FIELD OF AGRICULTURE**

*Edita Kastratovic, PhD<sup>90</sup>  
Milan Dragic, PhD<sup>91</sup>*

## **ABSTRACT**

*This paper is based on studies that were conducted during the development strategy of the municipality of Bujanovac.<sup>3</sup> The paper presents results of research related to the diagnosis of the agricultural potential of the municipality of Bujanovac. Strategic value and strategic development objectives in the field of agriculture were identified. It explains the priorities and profiles related to the improvement of existing and the introduction of more profitable agricultural production, organizational and market performance, infrastructure, quality and safety in agricultural production.*

**Key words:** *Agricultural, Bujanovac, Strategic*

**JEL Classification:** *Q13, Q15*

**UDK:** *352:631.164(497.11) 005.52:631*

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# ***SUSTAINABLE DEVELOPMENT AND HIGHER EDUCATION SYSTEM***

*Radovan Pejanovic, PhD<sup>92</sup>  
Gordana Radovic, MA<sup>93</sup>*

## ***ABSTRACT***

*The authors consider the relationship between the concepts of sustainable development and higher education system. The concept of sustainable development is the response to a multifaceted and widespread crisis faced by the modern society. Higher education systems should be framed precisely in such a way as to support sustainable development. This is increasingly emphasized both in the theory and practices of the European Union, particularly in its strategic documents. The authors suggest that this is the roadmap for the Republic of Serbia.*

**Key words:** *Sustainable Development, Higher Education, University, Strategy, Reforms, European Union, Republic of Serbia*

**JEL Classification:** *I25*

**UDK:** *378.014.3(4) 378.014.3(497.11)*

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## ***YOUR COURSE SYLLABUS: A SCHOLARLY TOOL FOR THE 21ST CENTURY***

*LaWanna Lease Blount, PhD<sup>94</sup>*

### **ABSTRACT**

*This paper provides an instructor of higher education with a scholarly tool for the back ground to develop a syllabus, to aid a student to begin the process of developing the capacity to create and become an interactive, creative self learner of the 21<sup>st</sup> century. As quality assurance will dominate the educational scene higher educational institutions are committed to develop output objectives. A focus must be placed on developing the creative and synthesis abilities of the student. These cognitive skills must become the undergirding philosophy of higher education instruction. The planning of the syllabus must focus on such questions as to what extent has the student already developed creative and innovating projects? What can an instructor do to help the student move forward with creative and self learning development.*

**Key words:** *New Paradigm, Assessments, Levels of Cognitive Development, Output, Quality Assurance*

**JEL Classification:** *I20, I21, I23*

**UDK:** *378.147 371.3 371.12*

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# ***IMPROVING THE PROCESS OF EDUCATION USING PRACTICE: FROM THE TEACHING PERSPECTIVE***

*Alekandar Savic*<sup>95</sup>  
*Zorana Nikitovic, PhD*<sup>96</sup>

## **ABSTRACT**

*The purpose of this article is to improve the effectiveness of classroom teaching by proposing a specific program for continuous improvement of education, and to import students into classroom teaching by using the approach of practical learning at university. In that way students can express their suggestions and solutions about real problems in the business world, an approach which puts them into a managerial position. The idea is to apply a systematic approach which utilizes four main elements: quality as defined by the students, management responsibility for improvement, increased quality of work processes, and improvement by continuous effort. A strategy for continuous classroom improvement is to provide a practical example of a virtual company with real life problems, and make it the topic of teaching, which aims to inspire and give direction by introducing students into the company's business and troubles. Also, it is suggested that universities connect with companies which would present their actual business problems for students to solve. That would be a big step in improving student knowledge and preparing them for the business world. In the past 6 months, an economic survey was carried out at the Faculty of business economics and entrepreneurship with very interesting results.*

**Key words:** Management, Education, Improvement

**JEL Classification:** M54, I25, J28

**UDK:** 371.147 371:005-051 371.12

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## ***DEMING REVISITED: AN OLD PARADIGM WITH NEW MEANING***

*Carl Edwin Lindgren, PhD<sup>97</sup>*

### ***ABSTRACT***

*This paper provides the reader with insight into new paradigms or mental models of 21st century education. Importance is placed on open access forum and free quality higher educational opportunities. Educational interconnectivity is also noted. The writer discusses student marginalization or social exclusion from a historical standpoint and also how it still impacts student values and teacher opinions. Finally, emphasis is placed on W. Edwards Deming's educational paradigm of the 1980s and how new meaning can be derived from this model.*

**Key words:** *new paradigm, information revolution, humanism, tertiary education, social exclusion*

**JEL Classification:** *I23, D83*

**UDK:** *378(100) 37.018.43(100)*

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# **ANALYSIS OF THE COMPETENCIES OF STUDENTS BASED ON THE SUCCESS IN FOLLOWING CLASS: TECHNICAL AND INFORMATICS EDUCATION, MATHEMATICS AND SERBIAN LANGUAGE, DEPENDING ON THE PROFESSIONAL SKILLS OF TEACHERS**

*Bosiljka Markuc, MSc<sup>98</sup>*

## **ABSTRACT**

*This study investigated the influence of teachers' professional skills on students', more precisely on students' achievements in following class: Technical and informatics education, Mathematics and Serbian language. A random sampling technique was used to select 5 classes of one Belgrade elementary school that differ in the level of qualifications of the teaching staff. Data were analyzed using statistical methods and results revealed that there is a significant relationship between teachers' professional skills and students' achievements in the abovementioned three classes. There is the fact that highly educated teachers promote students with better success rate compared to students who were promoted by lower educated teachers. In addition to the three examined classes, it was concluded condition applies also to the total average grade of each class. The advantage of this work compared to other works in literature is that the conclusion was based on actual data generated in a primary school. Recommendations were made for engagement of more qualified staff in primary schools in Serbia.*

**Key words:** *Learning, The Level of Qualification of Teachers, Students' Competences*

**JEL Classification:** *C13*

**UDK:** *371.3(497.11) 371.13(497.11) 373.3/.4(497.11)*

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## **THE SCHOOL VIOLENCE PROBLEM**

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*Milos Stanojevic, MA<sup>100</sup>*

### **ABSTRACT**

*The school violence is an issue which draws more and more attention of researchers in the world but also in our country. It is a serious and negative phenomenon which shows growing tendency and causes series of negative consequences. In our wish to point out the seriousness of this problem, and having in mind the fact that researches on this phenomenon are very significant, not only for determination of its etiology and phenomenology but above all for conceiving preventive programs which can contribute to stopping and reducing the phenomenon of the school violence, in our paper we have demonstrated results of a research conducted in 19 elementary schools in Belgrade, which included 914 examinees, students from the third to the eighth grade. The research includes only students' attitudes about violence and shows that there is violence among students, mostly in the form of the verbal violence. We think the fact that there is clear awareness among students about the significance of this problem and their wish to participate in its solving process is very important. Unfortunately, big number of students think that their school didn't undertake or they are not familiar with whether any measure for reduction, suppression or eradication of violence have been undertaken. The above mentioned implies that for stopping this phenomenon, preventive measures which include raising awareness about the significance of this problem should be pointed out, along with developing skills of non-violent communication, tolerance, peace, moral behavior, with thorougher and more efficient cooperation of school staff, students, parents and wider community.*

**Key words:** *Violence, School, Students, Prevention, Bullying*

**JEL Classification:** *I24, I25*

**UDK:** *316.624-057.874 159.922.8*

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***II PART.***  
***ENTREPRENEURSHIP EDUCATION AND***  
***ENTREPRENEURIAL SKILLS***





# **ENTREPRENEURSHIP, EDUCATION AND ORGANIZATIONAL CULTURE**

*Edita Kastratovic, PhD<sup>101</sup>*

*Vesna Cilerdzic, PhD<sup>102</sup>*

## **ABSTRACT**

*This paper explains entrepreneurship and entrepreneur as synonyms and symbols of economic, technological and social progress of a country. We presented a role of education system, as an inevitable and endless source of possibilities for new knowledge of a modern entrepreneur. We explained the programs of trainings especially designed for entrepreneurs, owners and managers of small and medium enterprises. We pointed out to the possibilities of developing market relations in education and establishing the education services market, for limiting the monopoly of the state and public education, increase in freedom in choosing the higher education institution, raising the quality and efficiency of education, as well as for hiring various sources for education financing. The results of a research, which was done by the Chamber of commerce of Serbia, are given, and they relate to the needs of economy for adequate knowledge and skills. The role of organizational culture was defined, causes that influenced the significance of organizational culture, as well as the elements and kinds of organizational culture.*

**Key words:** *Entrepreneurship, Education, Skills, Organizational Culture*

**JEL Classification:** *L26, I21, I23, I25*

**UDK:** *005.961:005.914.3 37 005.32*

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# **KNOWLEDGE MANAGEMENT TECHNOLOGIES AS RESOURCES OF INTELLIGENT BUSINESS**

*Zorica Medic, PhD<sup>103</sup>  
Jovan Zivadinovic, PhD<sup>104</sup>*

## **ABSTRACT**

*The subject of this paper is the knowledge that is recognisable and identified as a key organizational resource and technological bases for knowledge management that provides competitive advantage, creates flexible and dynamic work environment and improves the performances of the business system. The purpose of process of knowledge management is to make business system intelligent and find alternative ways of acquiring and using the knowledge in order to secure a long-term competitiveness in a global and turbulent environment. Considering that knowledge management is a new discipline, the future of process of knowledge management demands understanding the trends in technologies of knowledge management. In that sense, this paper has a goal to represent the systems for creating and discovering knowledge, systems for keeping and formalization of knowledge, systems for organization and distribution of knowledge and systems for knowledge application. Having in mind the area of research, this paper uses: descriptive method, inductive and deductive methods, as well as basics of logic method that enabled this research to draw certain conclusions on the subject of research, and we also studied professional, domestic and foreign literature. Knowledge management system which has these mentioned technologies implemented in the paper enables the technical solution to gather, store, analyse and disseminate knowledge. The contribution of the suggested solution is seen in identifying of strategically critical knowledge for the business system, organizing efficient data flow which would provide competitiveness at the market, possibility of solving managerial issues, efficient gathering of necessary information which can be of significant strategic importance in business decision-making and expertise of high level which presents the best thoughts of top experts in certain area.*

**Key words:** *Knowledge, Knowledge Management System, Information and Communication Support, Intelligent Business*

**JEL Classification:** *D83, M21, A10, O32*

**UDK:** *005.94*

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# **KNOWLEDGE AND IMPROVEMENT OF DOMESTIC ENTERPRISE BUSINESSES**

*Milenko Ceha, PhD<sup>105</sup>*

## **ABSTRACT**

*Successful business actions of one organization will in the new century depend on the attitude of the organization toward the growing need for knowledge and for the appliance of the newest technological achievements in organization managing. The main task of the modern organization is to improve the knowledge of its employees, as this improves productivity and business quality. The main task of modern business activities is achieving business excellence, which is a basic precondition of growth and the development of an enterprise, and the result of the coordinated actions of all functions in a company. The organization which wishes to achieve business excellence and a world class of products has to accomplish a symbiosis of its own development goals, customer requests, as well as feedback to the demands of the community. One of the leading problems of the domestic economy is an inadequate usage of knowledge. The reason for this is in the effect of the negative consequences of transitory recession, but also the inability of the domestic enterprises to adequately accept changes in the environment and react to them.*

**Key words:** Management, Knowledge, Productivity, Quality, Business

**JEL Classification:** I25, M11

**UDK:** 005.94 658

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## **RESEARCH BY SATISFACTION WITH KNOWLEDGE AND SKILLS IN REAL BUSINESS SYSTEMS**

*Snezana Kirin, PhD<sup>106</sup>  
Tatjana Janovac, MA<sup>107</sup>*

### **ABSTRACT**

*The application of modern business and new technological developments require educated people who constantly learn, who are innovative and creative, and improving own competence in accordance with technological developments and global developments. In today's information society, duration of knowledge is shorter than ever and it is necessary to continuously adjust educational curricula to the needs of a modern economy and society. The aim of the research presented in this paper is to analyze the problems faced by employees in the workplace, concerning the lack of specific skills and knowledge in order to find the mechanisms to overcome that problem.*

**Key words:** Knowledge, Education, Satisfaction

**JEL Classification:** M12

**UDK:** 331.101.32(083.41)

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# ***FACING THE FUTURE WITH NEW KNOWLEDGE AND ENTREPRENEURIAL SKILLS***

*Marija Cukanovic-Karavidic, PhD<sup>108</sup>  
Slavko Karavidic, PhD<sup>109</sup>*

## **ABSTRACT**

*The aim of this paper is, by means of theoretical-empirical research, to reveal the need of the Serbian economy for knowledge and skills, encourage the identification and mapping of an organization's intellectual potentials and generate new knowledge and skills.*

*Different types of formal and informal education, which encourage fresh thinking and a new knowledge of scientific importance as well as entrepreneurial skills, help to create a value chain and business intelligence for the future.*

*The creative potential of human resources is the only growth potential and basis determinant of economic and economic development at an age marked by many changes, innovations, technological advances, telecommunications equipment, complicated and accelerated business processes, followed by a lack of social power, etc.*

*According to research, the general conclusion is that the Serbian economy needs the following: transferable skills and knowledge and a new vision of multidisciplinary, transdisciplinary competencies largely as a result of participation in the forms of non-formal education.*

*Thus, the future belongs to those who are willing to learn.*

**Key words:** Knowledge, Skills, Education, Development, Innovations

**JEL Classification:** I 21

**UDK:** 005.94 331.363 331.41(497.11)(083.41)

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***III PART.***  
***EMPLOYMENT, UNEMPLOYMENT AND***  
***POVERTY***





# **EMPLOYEE EMPOWERMENT IN ORDER TO ACHIEVE BENEFITS FOR THE INDIVIDUAL AND THE ORGANIZATION**

Gordana Gavric, MA<sup>110</sup>  
Snezana Kirin, PhD<sup>111</sup>

## **ABSTRACT**

*Employee empowerment is process which gives employees powers and abilities to think, express their creativity, take actions, control their work and make decisions autonomously. In this way, they take full participation in functioning of organization. Increases their sense of value to the organization for which they work and also have the opportunity for personal and career development. That one could activate and express their full potential, it is necessary to treat the individual as a comprehensive, mature personality, carrier of ideas and creativity, productivity and quality. Therefore, it is necessary organization ambience that respects person and treats employees as associate and partner of management. Employee empowerment increase their individual power, but also increase total organisation's power.*

*The research conducted for this paper is based on the premise that man don't employ to remain still in the same position and level, but seeking advancement opportunities, personal development, change for the better. He wants to develop his career, as the business improves his quality of life, social status, meets the need for respect, self-actualization and finally manage his own career. Workers of the future are the so-called „portfolio“ workers, whose „portfolio“ includes all their professional knowledge and abilities to work a variety of jobs, which are acquired during the life and career and which gives them the opportunity to change jobs. The aim of the research was to determine how many are now employees in the private sector involved in making decisions process and conduct certain business activities to an extent that goes beyond the normal requirements of their job.*

**Key words:** *Employee Empowerment, Career Development, Employee Portfolio*

**JEL Classification:** *J24*

**UDK:** *331.101.3(083.41) 331.101.38(083.41)*

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# **REFORM OF THE PENSION SYSTEM IN SERBIA AND ANALYSIS OF GROWTH IN THE NUMBER OF PENSIONERS**

*Mirjana Stevanovic, PhD<sup>112</sup>  
Marija Markovic-Blagojevic, MSc<sup>113</sup>*

## **ABSTRACT**

*This paper analyzes the necessity of full (not partial) reform of the pension system in Serbia, amendments to the Law on Pension and Disability Insurance (prerequisite being the adoption of a law and its regulations that would be obeyed for decades, unlike our previous experience), with one important condition – it should respect the interests and citizens of Serbia. The aim is to predict the movements of pensions until year 2025, using the fact that in 2011, the number of pensions was 1,638,645 in all categories and types. Our paper also provides concrete proposals and measures which Serbian government should take in order to ensure their pensions and their height, with respect to social, economic and financial interests of all stakeholders in the implementation of the reform of the pension system. Particular emphasis is placed on: the conditions of retirement (age and years of service), which was taken for the calculation of pensions.*

**Key words:** *Reform, Pensions, Categories of Beneficiaries, Types of Pensions*

**JEL Classification:** *H55*

**UDK:** *364.35(497.11)“1997/2025”(083.41)*

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## ***PROSPECTS OF THE RIGHT TO STRIKE IN SERBIA***

*Zoran Radulovic, PhD<sup>114</sup>  
Dejan Kostic<sup>115</sup>*

### ***ABSTRACT***

*This paper includes analyses of prospects of right to strike in Serbia, from the theoretical and practical point of view, through the more detailed introduction to the national legal sources on right to strike: laws and by-laws, autonomous sources (collective agreement) and jurisprudence. Also, the subject of analysis includes restrictions on right to strike in Serbia.*

***Key words:*** *Strike, Union, Social Dialogue, Collective Agreement*

***JEL Classification:*** *J52, K31*

***UDK:*** *342.729:331.109.3(497.11)*

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# **THE CALCULATION AND QUANTITATIVE CHARACTERISTICS OF CONSTRUCTION OF MULTIDIMENSIONAL POVERTY INDEX**

*Svetlana Tasic, PhD<sup>116</sup>*

## **ABSTRACT**

*Multidimensional poverty index represents one of the important statistical composite indices and at the same time it is a valid economic quantitative indicator of degree of development and growth of world countries. The calculation of this index is based on encompassing 3 basic components of development which are equally weighted: health, education and living standard and the measurement of these components includes 10 different indicators. 2 of these 10 indicators refer to health, 2 to education and 6 to living standard. Multidimensional poverty index is a product of a multiplication of percentage proportion of those that are multidimensionally poor and average percentage proportion of particular indicators of multidimensional poverty index. The important characteristics of multidimensional poverty index is that it allows decomposition into different subgroups of population such as regions or ethnical groups which depends on the sampling design. The other important characteristics of this index is in the fact that it can also be decomposed into individual components which allows measuring of the contribution of each of the components. Methodology of calculation of multidimensional poverty index also allows a cross time as well as cross nations comparative analysis. The calculation of multidimensional poverty index is a result of application of complex statistical procedure which encompasses several different dimensions, indicators and weights and that is why it represents important aspect in methodology of construction of composite indices.*

**Key words:** *Multidimensionality, Indicators, Weights, Methodology, Poverty*

**JEL Classification:** *C40*

**UDK:** *364.662:519.2*

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# **RESEARCH RESULTS: INTEREST IN WORK REINTEGRATION IN THE MINISTRY OF DEFENCE AND SERBIAN ARMED FORCES**

*Nebojsa Dragovic, PhD<sup>117</sup>  
Zoran Djordjevic<sup>118</sup>*

## **ABSTRACT**

*Experiences of developed countries clearly indicate the close relationship of the national economy and the military system.*

*The aim of the present study was to identify directions for possible solution to the issue of redundant military and civilian personnel in the military system of the Republic of Serbia.*

*In modern terms, organizations are constantly adapting to current changes, seeking for the selection of those solutions that provide the opportunity for further successful operation and future development. The military organization is no exception.*

*Professionalisation of the Serbian Army constantly requires qualitative changes of the existing personnel through engagement of the military personnel of a certain profile and relevant skills, and therefore the termination of professional military service for the members of the Serbian Armed Forces, since the need for their engagement will cease to exist.*

*In order to identify potential content and create useful basis for making appropriate decisions by the military decision maker, in 2012 the Ministry of Defence and Serbian Armed Forces conducted the research on interest of the military members to continue their working career in the Ministry of Defence.*

**Key words:** *Professional Military Personnel, Modalities of Responses, Research Results*

**JEL Classification:** *M14, M54*

**UDK:** *658.310.8:355.1(497.11) 331.101.262(083.41)*

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***I PART.***  
***MANAGEMENT***





# **CHANGES IN THE MANAGEMENT SYSTEM AS A BASIS FOR CORPORATE RESTRUCTURING**

*Slavica Mitrovic, PhD<sup>119</sup>  
Leposava Grubic Nestic, PhD<sup>120</sup>*

## **ABSTRACT**

*Economic and social developments in the organizations in Serbia require serious restructuring design. Changes in the organization cannot be implemented without changes in the governance system. Leadership as new management approach represents a different treatment of employees and work, which includes competence that creates new value and environment in which it can be created on the most efficient way. The function of leadership is the one of the leading management functions which contributes business growth and development. Its importance is reflected primarily by human resources management and therefore, also in the management of working processes. In nowadays turbulent business environment characterized by constant change and uncertainty leaders are needed more than ever in companies.*

**Key words:** *Leadership, Restructuring, Changes in Management System*

**JEL Classification:** L29

**UDK:** 005.591.4 005.322:316.46

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# **INFLUENCE OF APPLICATION OF INTEGRATED MANAGEMENT SYSTEMS ON COMPETITIVENESS AND CUSTOMER SATISFACTION IN SMEs**

*Saveta Vukadinovic, MA<sup>121</sup>  
Rade Stankovic, PhD<sup>122</sup>*

## **ABSTRACT**

*Small and medium enterprises (SMEs) often stand out achieving business excellence as an imperative of their business, which obliges them to work constantly on improving the quality of operations and the introduction of Integrated Management Systems (IMS). Integrated management system commonly includes a management system developed by integrating the demands of standard management systems: ISO 9001 - Quality Management System, ISO 14001 - Environmental Management System, OHSAS 18001 - Occupational Health and Safety Assessment System, HACCP - Hazard analysis and critical control points, ISO/IEC 17025 - General requirements for the competence of testing and calibration laboratories, ISO/IEC 27001 - Information security management, and others.*

*In order to meet in more details the issue of application of integrated management systems in small and medium enterprises in the Republic of Serbia, a research, whose results will be presented in this paper, was carried out. The research was conducted on a sample of 52 enterprises in the period May-December 2013th throughout the collection of data, and their processing and analysis. Survey method was used, by forming questionnaire with 20 issues. Questions from the questionnaire refer to general information about the enterprises and management systems that have been applied, as well as the method of implementation, motives, benefits and limitations, application effects and further trends of establishing IMS. The aim was to reach the current data on the implementation of IMS in small and medium enterprises in Serbia, and the following hypotheses were set: H1: The application of IMS increases the competitiveness of SMEs and H2: The application of IMS leads to increased customer satisfaction.*

**Key words:** *Integrated Management Systems, Small and Medium Enterprises, Standards, Competitiveness, Customer Satisfaction*

**JEL Classification:** *L15*

**UDK:** *005:334.71*

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# **THE EFFECTIVENESS OF MANAGEMENT MEETINGS IN BUSINESS SYSTEMS – RESEARCH RESULTS**

*Milan Krstic, PhD<sup>123</sup>*

*Ana Skorup, PhD<sup>124</sup>*

## **ABSTRACT**

*Sustainable competitiveness of modern business systems in terms of global environment depends less on traditional elements of competition, such as price, quality and width of the range of products or services, and more on the rate at which business systems can introduce new and superior products or services to the market. All this is largely conditioned by the effectiveness and efficiency of business processes in business systems, particularly by managerial processes of subjective support - communication, leadership, motivation and decision making. During the process of communicating, managers apply various forms of communication including the meeting, which is based on group work. However, not all meetings are meaningful, as indicated by studies carried out in this area. Poor management of meetings by managers in the business system can have negative connotations on business decision-making, time management, level of organization, interpersonal relationships, and thus the overall business results. Clearly the successful management will finally depend on the manner in which management of meetings is conducted in a business system. Therefore, in this paper we present the results of an empirical study of the effectiveness of management of meetings in business system. The study was based on a survey of managers and its goal was to create a guideline for improving the management of meetings in business systems, based on the opinions and attitudes of managers. The questionnaire consisted of six relevant research dimensions, which were operationalized with 56 variables. The survey was conducted on a population of 51 randomly selected managers from 32 business systems. The survey results were analyzed by statistical analysis, which included the calculation of the frequency of items and dimensions, factor analysis, reducing the number of factors, the calculation of the index of performance of meeting management, and based on that, creating a tool for evaluation of individual performance of meeting management in business system, in Excel format. The presented methodology can significantly facilitate future studies in this area, providing fast and efficient data collection and implementation of the index of meeting success.*

**Keywords:** *Research, Communication, Meeting, Business Systems, Statistics*

**JEL classification:** *M12*

**UDK:** *005.745 005.573*

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# **MANAGEMENT IN THE SCHOOL SPORT DEVELOPMENT STRATEGY**

Marija Grbovic<sup>125</sup>  
Aleksandra Golubovic-Stojanovic<sup>126</sup>

## **ABSTRACT**

*Within the project “Modern management in the function of revitalization of school sport in Belgrade” the research on the relations between the following was done: documents that determine the position of sport in Serbia (Law on sport, Strategy of sports development and Action plan for conducting the Sport development strategy in the republic of Serbia from 2009. until 2013, as well as the current document of School sport development strategy in Vojvodina 2013-2017), organizational structures responsible for realization of school sport (Association for school sport in Serbia and local sport associations, that deal with forms of realization of various sports programs for students and children) and the existing way of management of school sport. The aim of this paper is to establish the extent to which, in the mentioned documents and practice as well, modern management is applied, as a foundation for rational and as wide as possible realization of the projected programs, having in mind: planning, organizing, staff, management and control. We considered the connection between the current state of functions in sports system and education system, i.e. the role of school in further development of school sport. We came to a conclusion that there are numerous forms of work organization that could imply sport in schools and schools of sport, but there is no unique database on them although there are numerous information on government and non-government institutions’ sites and the means of informing. There is a significant fund of experience and written materials with the suggestions for solutions which have not been used so far and which can serve as a foundation for implementation of new ways of schools’ sport management.*

**Key words:** Sports Strategy, School Sport, The role of School, Management

**JEL Classification:** M54

**UDK:** 37.011.3-052:796]:005

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# **STRATEGIC APPROACH TO INTERNALLY GENERATED REVENUE (IGR) AND FUND MANAGEMENT IN STRATEGIC MANAGEMENT**

Ime Eyo<sup>127</sup>

## **ABSTRACT**

*The paper is dedicated to the government financial reforms in Nigeria. The author presented overview of all financial reforms in the country since 1976. He did a critical approach to the topic and suggested strategies. In addition, the paper attempts to illuminate the path to answering questions as: what is meant by Planning, Strategy, Revenue, Internally Generated Revenue (IGR) and Fund Management? What tasks are involved in fund management? What are the implications of fund management?*

**Key words:** *Financial Reforms, Planning, Strategy, Fund Management, Revenue, Nigeria*

**JEL Classification:** *G00*

**UDK:** *005:336]:352(669) 005.5:352(669)*

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# **INNOVATION MANAGEMENT AS A FACTOR OF COMPETITIVENESS-WALMART STORES INC. - CASE STUDY**

*Marija Desivojevic, MSc<sup>128</sup>  
Dunja Demirovic, MSc<sup>129</sup>*

## **ABSTRACT**

*This paper analyzes how the retailer Walmart Stores Inc. gained a competitive advantage by applying the strategy of low prices and applying innovation in business which is itself secure for customer loyalty. The analysis was conducted based on the concept of competitive advantage, strategic positioning, and five basic forces that affect the competitiveness of the industry according to Porter. It was concluded that Walmart will be able to maintain its edge in the market only if, beside the current strategy, company invest in employees. That will bring to Walmart competence for continuous innovation.*

**Key words:** *Innovation, Strategy of Low Prices, Competition, Walmart Stores Inc.*

**JEL Classification:** *D41, 031*

**UDK:** *005.591.6 005.21:339.137*

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# ***INTERNAL AUDIT AS A SERVICE MANAGEMENT TO IMPROVE THE ECONOMIC EFFICIENCY OF ENTERPRISES***

*Pece Nikolovski, PhD<sup>130</sup>  
Marina Blazekovic, PhD<sup>131</sup>*

## **ABSTRACT**

*Internal audit is a dynamic profession, which today is experiencing a kind of twist, and because of its relevance and vitality is essential to research of this paper. In modern market conditions globally connecting between businesses, among other things, revision is a significant and take place as complex and vital activity in business. Internal audit is an independent function and service management, aimed at testing and evaluation of its activities, and its purpose is to help members of management in the effective execution of business activities and the establishment of responsibilities. In this context, internal audit demonstrates analyzes, recommendations, estimates and provides information regarding the operations of the business entity. The objectives also include efficiency and control with acceptable costs. Internal auditors contribute to the efficiency of the company. Thanks to the expertise and status, internal audit has an important role in overseeing the overall operations of the company. Given the fact that the operation of market economies is different, the interest of management is to organize internal audit will help in guiding the activities to set goals and proposing possible corrections to these activities and goals. Therefore, the developed market economies require adhering to rigorous standards for selecting and educating future auditors.*

**Key words:** *Enterprises, Management, Internal Audit*

**JEL Classification:** *L20, L29, M42*

**UDK:** *657.6 005.336.1*

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## ***THE ADVANTAGES OF USING R IN PORTFOLIO MANAGEMENT – OPPORTUNITIES FOR SERBIA***

*Jovan Njegic, MA<sup>132</sup>  
Jovan Petronijevic<sup>133</sup>*

### **ABSTRACT**

*The main aim of the paper is to present the possibilities of using R programming language in portfolio management, and possible advantages of its application in investment funds industry in Serbia. After the presentation of the significance of investment fund industry in countries with developed financial markets and its comparison to the industries in Croatia and Serbia, we addressed models that are usually applied in portfolio management. Also, we summarized the features of statistical software packages commonly used in finance. The paper concludes with the presentation of the example of R application in portfolio optimization and portfolio rebalancing on the example of four asset portfolio composed of the stocks listed on Belgrade Stock Exchange.*

**Key words:** *Statistical Software Packages, Programming Language R, Portfolio Management, Investment Funds*

**JEL Classification:** *C58, C63, G11*

**UDK:** *005:336.763]:004.4 336.07(497.11)*

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***II PART.***

***MARKETING AND COMMUNICATION***





# **CHALLENGES OF MARKETING - CHANCES OF ECONOMICS**

*Ljiljana Dimitrijevic, PhD<sup>134</sup>  
Maja Cogoljevic, PhD<sup>135</sup>*

## **ABSTRACT**

*Management company, today, allocated by the process of making business decisions, which are essential to the functioning and performance of the business system, which directs current operations and long-term development of enterprises. The aim is not only profit, but also survival in the long run. Character economic conditions in the present moment, dictating new challenges to businesses that are marketing oriented must respond. New challenges are looking for new ideas, and new ideas, means of adjustment, but also impose requirements for other participants in the market and have long-term consequences for all businesses stakeholders. The changing face of the company, arising as a consequence of the tendency to improve communication technologies. Rapid changes in all forms of technology allows access to numerous modes of communication, at low cost, which leads to the opening of markets to consumers worldwide.*

*New forms of business organizations, have become prominent phenomena in the economy, and wear a new trend towards more flexible organizational structures. Corporate social responsibility provides a wider dimension to the business orientation of the company purely economic. Over area of social responsibility, wrap the simultaneous and mutual personal and social values and cultural norms and values.*

**Key words:** Management, Change, Globalization, Marketing

**JEL Classification:** M31

**UDK:** 658.8

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## COMPETITIVE MARKETING STRATEGIES

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Djordje Minkov, PhD<sup>137</sup>

### ABSTRACT

*Creating and maintaining the competitive advantage represents the essence of competitive marketing strategies. The competitive marketing strategies are the following: segmentation of the market, differentiation and positioning. All of them are significant and have their application in business. In modern business environment it is almost impossible to service the entire market successfully (under the assumption that the market is large), so it is necessary to define the target group of consumers based on the segmentation of the market and to create an offer adjusted to the preferences of the consumers, which will satisfy their needs and demands in the best possible way. Management of an enterprise should build a clear and positive image of a product in the minds of consumers, through application of some of strategies of product positioning. The position of the product at the market should be recognizable, i.e. different in relation to numerous competitive products, which can be achieved by application of the strategy of differentiation. These strategies are interrelated and have a complementary influence on business activities of an enterprise.*

*The hypothesis of the research is: competitive marketing strategies represent effective means for satisfying the consumers' needs.*

*This paper applies the method of analysis of the relevant professional literature in printed and electronic form. The purpose of the research is to prove or deny the set hypothesis. Based on the results of the research, we can conclude that the hypothesis is confirmed, that the competitive marketing strategies really do represent effective means for satisfying consumers' needs, but only under the condition that these marketing strategies are connected and synced.*

**Key words:** Market, Marketing Strategies, Positioning, Segmentation, Differentiation.

**JEL Classification:** M31

**UDK:** 658.8 005.21:339.137

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## **MARKET NICHE FOR MICROFINANCING**

*Radmila Grozdanic, PhD<sup>138</sup>*

*Vladimir Vukotic, MA<sup>139</sup>*

### **ABSTRACT**

*Microfinance worldwide is growing of age. It has long gone beyond the reprieve of the do-gooders, piloted by foundations, or offspring of Non Government Organisations (NGOs). As Small and medium sized enterprises (SMEs), solo trades, female businesses, and other social groups make the major part of active economy population, the ability of a financial system to reach these small entities is crucial for the achievement of general socio-economic improvement. Based on data of reports from EU Commission, Small Business Act (SBA), national statistical offices, in the paper are discussed issues of the market niche of micro financing in Western Balkan countries. In the paper is explored market niche for micro loans market, analyzing aspects of market demand and supply and market gaps. In the extremely fragmented West Balkan countries economy and in the absence of a commonly accepted microfinance business model, the findings confirm the positive impact of microfinance on SMEs and economy development. Key findings further support the need for availability of financial instruments with a balanced focus on social impact objective and financial sustainability of the intermediaries; non financial technical assistance as well as financial capacity building support to bring the smaller MFIs onto the growth curve; financial education and mentoring of final beneficiaries and entrepreneurs especially in their start-up phase for reducing default rates for Microfinancing Institutions (MFIs).*

**Key words:** *Microfinancing, Social Inclusion, Institutions, SME*

**JEL Classification:** *E44, G32, G00, G20, I38*

**UDK:** *334.713:336.77(497)*

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## **MOBILE MARKETING COMMUNICATION IN SCIENTIFIC ENVIRONMENT**

*Berislav Andric, PhD<sup>140</sup>  
Mario Hak, MSc<sup>141</sup>*

### **ABSTRACT**

*Mobile marketing is the process of marketing to the people via their mobile devices in scientific environment. This is really just an extension of internet marketing, as more and more professors and students are starting to spend more time on their mobile devices and less time on their computers it was inevitable that the internet marketers would move into this form of marketing. With the increasingly widespread use of smartphones, app usage has also greatly increased. Therefore, mobile marketers have increasingly taken advantage of smartphone apps as a marketing resource. That allows direct engagement, payment, and targeted advertising. This paper will give an theoretical and practical overview of marketing functionality of most used apps in Croatian scientific environment such as: LinkedIn, Dropbox, Edmodo, Evernote, Meebo Mobile, etc., compared with satisfaction of users in Croatian scientific environment. Case study is done on author research of Metel Win app in library marketing.*

**Key words:** Marketing, Mobile, Internet

**JEL Classification:** K12

**UDK:** 001:658.8 658.8:659.2

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## **PERSONAL BRANDING**

*Radoslav Baltezarevic, PhD*<sup>142</sup>

*Svetislav Milovanovic, MA*<sup>143</sup>

### **ABSTRACT**

*Exploration of market leader' personal branding is growing in the field of management, marketing and organizational behavior research market. The popularity of the personal brand among practitioners and marketing professionals, as well as scientists, shows the need for a better, deeper understanding of personal branding and its use of practical and academic perspective. This paper is an overview of the relevant scientific literature in a personal branding area, with the aim of already published information summarizing, analyzing, evaluating and synthesizing. Paper should contribute to a better understanding of the new approach to marketing - concentrating on personal branding. Based on the conclusions that have been reached authors suggest that building a recognizable and positive images of particular personal brand can be an important lever for successful positioning of a new product on the market.*

**Key words:** *Personal Branding, Market, Successful Positioning*

**JEL Classification:** *M31, J24*

**UDK:** *658.8 003.65*

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## **NEUROMARKETING - A NEW APPROACH TO THEORY OF COMMUNICATION**

*Radoslav Baltezarevic, PhD<sup>144</sup>  
Vesna Baltezarevic, PhD<sup>145</sup>*

### **ABSTRACT**

*Instead of analyzing the traditional marketing approach, this paper will attempt to present the future directions of evolving marketing communications in the real world, through the study and application of neuroscience. Neuromarketing is becoming mainstream, announcing innovations in the study of mass markets, product development, advertising, sales, service, loyalty programs, etc.*

*Neuromarketing focuses on understanding consumer behavior related to its conscious, unconscious and emotional aspects, as well the related “in between” factors. However, the world's leading brands have only just started to “scratch the surface” of the marketing power capacity of neuroscience.*

*At least 85 % of human decisions is governed by the unconscious structures and content (instincts, intuition, emotions , desires , memories and values). Over eighty billion dollars are spent each year on studying the mechanisms partaking in bringing the 15% of consciously made decisions, while all corresponding research is entirely focused on this area. Exploring the relevant unconscious mechanisms and better understanding of their dynamics will enable companies to improve and evolve their knowledge of the decision making mechanisms, informing efficient and effective connection with both current and potential customers. The study of unconscious behavior mechanisms potentially provides companies with a huge competitive advantage, which, under the current market circumstances, represent a genuine exclusivity.*

**Key words:** Marketing, Neuromarketing, Consumers, Markets

**JEL Classification:** A12, D11, M31

**UDK:** 658.8.013

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# **THE POTENTIAL OF THE INTERNET AS MARKETING MEDIA IN SERBIA**

*Maja Cogoljevic, PhD<sup>146</sup>*

*Ljiljana Dimitrijevic, PhD<sup>147</sup>*

## **ABSTRACT**

*The greatest influence of the technological and information revolution is reflected in the field of marketing communication. The development of new media has created new forms of communication that have been defined as interactive communication. Interactive communication is characterized by companies turning away from mass media and standardized messages and towards new media with personalized messages.*

*The Internet is the oldest and the most widely spread interactive media today. The appearance of the Internet has influenced a change in the significance of certain instruments of marketing communication and their roles in an integrated marketing communications (hereinafter: IMC) mix of a company. The Internet has brought revolutionary progress in the communication process and has become an irreplaceable instrument while, at the same time, pushing aside the previously leading classical communication forms.*

*Therefore, this paper is aimed at determining the role and influence of the Internet as marketing media in the business process of domestic enterprises.*

**Key words:** *Marketing Communication, The Internet, Interactive Media*

**JEL Classification:** *M31*

**UDK:** *004.738.5:658.8*

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# ***INTERCULTURAL AND INTEGRATIVE COMMUNICATION IN SPACE: DEPRESSED URBANIZATION***

*Nikola Cekic*<sup>148</sup>

## ***ABSTRACT***

*Ecourbarchitecture of the past and the new century is marked by a large number of constructed structures and agglomerations which did not have an integrative approach in the creation of space, and in which the urban life has negative characteristics. The paper emphasizes the strategic importance of function and understanding of culture and cultural diversity in an urban design, as well as the importance of preservation of a healthy identity and historicity of macro ambient entities.*

**Key words:** *Depressed Urbanization, Ecourbarchitecture, Apathetic Space, City Building, Conflicts, Cultural Diversity*

**JEL Classification:** *O18*

**UDK:** *711.4.01 72.01*

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# ***IMPACT OF GLOBAL FINANCIAL CRISIS ON EXCHANGE RATE VOLATILITY: A COMPARISON BETWEEN DEVELOPED AND CEEC COUNTRIES***

*Sinisa Miletic, PhD<sup>149</sup>  
Marijana Ziravac-Mladenovic, PhD<sup>150</sup>*

## **ABSTRACT**

*The aim of this study is to envisage the impact of global financial crisis (GFC) on foreign exchange markets of selected developed (EU, Japan and Great Britain) and emerging countries in Central and Eastern Europe (Czech Republic, Hungary, Romania, Poland and Serbia). The daily returns of exchange rates on EU euro (EUR), Japonica yen (JPY), Great Britannia pound (GBP), Check Republic koruna (CZK), Hungarian forint (HUF), Romanian lei (ROL), Polish zloty (PLZ) and Serbian dinar (RSD), all against the US dollar are analyzed during the period 03. January 2000 to 15. April 2013 in respect. To examine the impact of global financial crisis dummy variable were adopted. Estimated obtained by our calculation imply that global financial crisis increased enhanced volatility on exchange rate returns of GBP and JPY in case of developed countries and PLZ and HUF in case of CEEC countries and that this impact is stronger in CEEC countries.*

**Keywords:** *Exchange Rate Volatility, Global Financial Crisis, GARCH models, Developed Countries, CEEC Countries*

**JEL Classification:** *F31, F37, C14, C22, C52*

**UDK:** *339.72(4-672EU) 339.72(4)*

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# **SYNERGY CENTRAL BANK OF SERBIAN AND MACROPRUDENTIAL POLICY IN ENSURING FINANCIAL STABILITY**

*Momirovic Dragan, PhD<sup>151</sup>  
Mrdak Gordana, PhD<sup>152</sup>*

## **ABSTRACT**

*The failures of the adopted consensus, before and during the recent crisis, have launched a new “post - consensus” that the central bank should expand its mandate and policies of financial stability. Expanding the mandate includes the joint application of central bank policy and macroprudential policy and greater responsibility for ensuring financial stability. In practice, it has established a new framework for the integration of financial stability. Institutionally, the partial integration has been established under the same roof, the Bank of England, with a particular branch of separate macroprudential policy integration within the EU, the establishment of an independent body to ensure financial stability. Serbia's central bank, despite implicitly accepted goal of ensuring financial stability should accept partial integration under one roof, similar to the Bank of England, with a particular branch of macroprudential policy. Central bank would receive an explicit role in ensuring financial stability. Communication and coordination between monetary and macroprudential policy would provide the joint operation of both policy and lead to the harmonization of goals and setting instruments. At the same time the behavior of both policies would have a positive effect on the elimination of conflicts between the objectives and activities of the central bank in implementing its key objective of price stability and financial stability of the assigned target.*

**Keywords:** *Macroprudential Policy, The Central Bank, Integration, Coordination, Communication, Financial Stability*

**JEL Classification:** *E32, M58, G01, E61*

**UDK:** *336.711:338.2(497.11)*

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# **INTERDEPENDENT CORRELATION BETWEEN DEBT SECURITIES AND TOTAL PUBLIC DEBT IN THE REPUBLIC OF SERBIA**

Ljiljana Zipovski, MSc<sup>153</sup>  
Goran Kvrđić, PhD<sup>154</sup>

## **ABSTRACT**

*The development of debt securities of the Republic of Serbia has seen a strong trend of growth since 2009. The expansive growth of public debt demanded diversification and issue of securities with a wide range of maturity, followed the policy rate of the local currency, which has a significant impact, particularly for foreign investors whose presence in selected capital markets requires a positive carry trade.*

*This paper will point out potential threats of two-way market impact of debt securities on the exchange rate of the local currency i.e. inter-bank foreign exchange market of the Republic of Serbia. On the other hand, it will point to conclusions resulting from empirical analysis of the Serbian market of debt securities, interbank foreign exchange market, and the impact of cheap money from the U.S. market, whose main source is driven by Fed policy through quantitative easing. One focus of the work will be the impact of the policy of quantitative easing on the local currencies of the CEE and their sensitivity to changes arising from the policies of the US central bank and inferences and projections that could be related to the Republic of Serbia. Furthermore, the paper will examine advantages and disadvantages of the policy of controlled floating exchange rate of local currencies, such as applied in the Republic of Serbia, pointing out the potential dangers and opportunities of the government borrowing in the local market and alternative sources of financing in international markets.*

**Keywords:** Debt Securities, Yield, Primary and Secondary Trade Market, Exchange Rate Policy of the Local Currency, Carry Trade

**JEL Classification:** G10, F31, H63

**UDK:** 339.72.053.1(497.11)

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## **MANAGEMENT OF GOVERNMENT BUDGET DEFICIT AND PAYMENTS CURRENT ACCOUNT**

*Jovan Savic, PhD<sup>155</sup>  
Marina Bugarcic, MA<sup>156</sup>*

### **ABSTRACT**

*The purpose of this report is to spotlight the significant matters of the budget shortfall and balance of payments deficit and its impact on economic development. This report looks at the twin deficit hypothesis, which indicates that there is a causal connection between the two deficits, and proposes that the decline in current account deficit could lead to a decrease in the fiscal deficit, provided that the relation between savings and investment remain constant. Serbia for years has a twin deficit problem, whose chief feature is that it greatly cuts back the potential for sustainable economic growth. To research the effects of budget deficits and balance of payments deficit on macroeconomic relations and aggregates were used official data relevant national and international institutions in the period from 2000 to 2013th, and evaluated for the complex cause-effect relationship has been applied the intertemporal model. Our results suggest that in the long run these deficits are not connected and hence diluting the current account deficit will cause an impingement on the fiscal deficit. This implies that the government will sustain to make every effort towards sustainability of financial deficits, the revitalisation of the investment climate in the nation, controlling subsidies, and other non-insured expenses. Nevertheless, the growth of gross domestic product and the adulthood of the debt obligation, indicate that the debt load increases, the weak development of the economy and the debt, and the ability of the land and threatened to open debt crisis, the issue of foreign insolvency.*

**Keywords:** *The Gross Domestic Product, The Budget Deficit, Public Debt, Balance of Payments, Economic Growth.*

**JEL Classification:** *E62, H63*

**UDK:** *336.143.232*

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# ***INTEREST RATE AS AN INSTRUMENT OF RATIONAL DIRECTING AND DISTRIBUTION***

*Danijela Vukosavljevic, PhD<sup>157</sup>*

*Dejan Vukosavljevic, PhD<sup>158</sup>*

## ***ABSTRACT***

*Question of interest rate is the question of economic power and political reign. In line with that, interest rate is economic and political issue. Interest rate is one of the most significant and one of most observed variables in economic system. Interest rates are interesting to issuers of market instruments, as well as to investors. The main importance of interest rate comes from the fact that its height directly affects the cost of capital. So the interest rate is the cost of capital in financial markets. Interest rate is a very complex category because it is affected by numerous specific factors that determine the interest rate. Nowadays determination of interest rate related to loans and deposits is influenced by many factors, such as the state through central bank, country risk and risk that the borrower carries himself, the world economic crisis etc.*

***Key words:*** *Interest Rate, Interest Rate Factors, Genuine Market Economy*

***JEL Classification:*** *G11, G12, G24, G29*

***UDK:*** *336.781*

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# **APPLICATION OF CURRENCY FORWARDS AS FINANCIAL INSTRUMENTS FOR HEDGING IN THE IMPORT-EXPORT BUSINESS IN SERBIA**

*Natasa Vujadin, PhD<sup>159</sup>  
Radomir Vujadin, PhD<sup>160</sup>*

## **ABSTRACT**

*Forwards are extremely useful financial instruments for currency hedging. Serbia is a small, open economy which is increasingly turning to other markets, which in turn requires the use of specific financial instruments in business in order to reduce the risk of market unpredictability. The subject of this paper is to analyze and monitor the volume of forward transactions concluded in domestic financial markets and their compliance with the exchange rate. The results have showed that domestic importers and exporters use the mentioned financial derivatives in managing currency risk inefficiently. Also, no dependency between the volume of closed forward transactions and the exchange rate can be found. The aim of this paper is to highlight the importance and potential of forwards in the protection of exchange risks in Serbian export/import companies.*

**Key words:** *Forward, Financial Derivative, Foreign Exchange Rate, Commercial Banks*

**JEL Classification:** *G19, G23*

**UDK:** *336.764.2; 330.322:336.763; 339.5(497.11)*

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# **SECURITIZATION AS A FUNDING SOURCE OF COMPANIES**

*Dejan Vukosavljevic, PhD<sup>161</sup>  
Danijela Vukosavljevic, PhD<sup>162</sup>*

## **ABSTRACT**

*Securitization is in wide use and a component of many risk transfer mechanisms between various parties. It is based on selling risky assets in absolute form, as well as synthetic transfer of specific risk aspects. The aim of this paper is to define securitization, various contexts of its use, transaction participants and their motivation. Securitization in practice is a process in which loans, receivables and other assets are gathered into pools (packages). Money flows in connection with them are employed as well as economic value as a support to securities settlements.*

*Securitization is turning illiquid securities and illiquid assets into liquid securities and liquid assets. Final result of securitization is providing funding for activities of companies by selling their assets gathered into pools (packages), instead of using loans. Methods used in this paper are desk researches, as well as the method of analysis, practical application worldwide etc.*

*This paper proves that securitization can practically be based on any asset the relative value of which can be determined, or which generates relatively predictable future income flow, which does contribute to providing funding of current business activities of a company.*

**Key words:** *Securitization, Pool, Assets, Risks*

**JEL Classification:** *M21*

**UDK:** *347.27:336.763*

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## ***THE INVESTMENT FUNDS AS AN INCENTIVE FOR ECONOMIC ACTIVITY IN REPUBLIC OF SERBIA***

*Danijela Maksimovic, PhD<sup>163</sup>*  
*Marija Marcetic, PhD<sup>164</sup>*

### **ABSTRACT**

*Investment funds may become an important instrument for the collection and marketing of surplus capital that exist in Serbia. Accumulated capital can be cheaper and more accessible through the allocation of securities. The economy would thus deal with the continuing problem of securing the necessary funds and banks would finally lost the primary role in financing the economy. Perspectives of investment funds in countries in transition and in our country are great. Mobilizing domestic savings and accumulation and their efficient allocation to those who have the resources required and who perform well will solve the problem of financing. At the same time, investors are going to compensate for the risk to achieve high returns with high liquidity. Survival, growth and development of small and medium-sized enterprises are primarily determined by funding opportunities from favorable source. The establishment of a number of investment funds in Serbia would lead to the development and deepening of capital markets, increased competition among financiers, increased economic activity and strengthen the overall economic development*

**Keywords:** *Investment Funds, Economic Development, Small and Medium Enterprises*

**JEL Classification:** *G23, O10*

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## ***ECONOMIC COOPERATION FUNDS IN CROATIA: PURPOSE AND EFFECTS ON CROATIAN ECONOMY***

*Lucija Udovicic, mag. oec.<sup>165</sup>*

*Damjan Poljak, mag. oec.<sup>166</sup>*

### ***ABSTRACT***

*The main purpose of this paper is to closely examine an economic policy instituted by the Croatian government in order to increase the GDP growth rates. The focus of the policy was manifested in the creation of Economic cooperation funds. The paper will use analysis of the legal framework for the cooperation funds, purpose, economic goals and effects up to this point in order to demonstrate what are the effects of the Funds on Croatian economy. Using statistical analysis of the data relevant to the changes in GDP and the Fund's investments during the time period of 2004 – 20012 the paper will show existence or lack of existence of causality between the two data sets. The paper will try to approximate the expected effects of the funds on the growth rates of GDP. Further, the paper will present what is needed for the maximum effects of the Fund's investments on GDP. In order to achieve maximum possible effect from the Economic cooperation funds it is needed to optimize two important parameters which are not necessarily relevant to the Fund's investments or Fund's prospectus. Those two parameters are: increase the overall dynamic of investments in the economy and increase the velocity of money in the economy. This perspective of analysis will present a need for improvement of bureaucratic processes in Croatian economy as well as the need for increase of investment in fixed capital from companies which are connected with the Economic cooperation funds.*

**Keywords:** *Growth Rate, Economic Cooperation Funds, Employment, Investments in Fixed Capital*

**JEL Classification:** *E22, G24, O16, O43*

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## ***CURRENT AND POSSIBLE RISK MANAGEMENT STRATEGIES FOR INVESTMENT FUNDS - CASE OF MACEDONIA***

*Vera Karadjova, PhD<sup>167</sup>  
Katerina Angelevska Najdeska, PhD<sup>168</sup>*

### ***ABSTRACT***

*Performing mediation between individual investors and securities issuers Investment Funds as non-bank financial institutions take up an important position in countries with developed financial structure. Risks diversification as a fundamental principle of investment policy requires a need for investments in a full range of securities, versus investing only in a few of them. Investment Funds provide just that, which means collection of financial funds from individual investors and invest them in the potential range of securities or other assets. Thus, Investment Funds provide a mechanism of “teamwork association” of small investors in order to gain the benefits of large-scale investment. In this sense, Investment Funds can play an important role in the investment activity of small and medium-sized businesses.*

*Republic of Macedonia as a country with bank-centric financial structure despite the stimulation of non-bank financial institutions such as insurance companies and pension funds, stimulate the development of Investment Funds too. Having in mind their relatively recent occurrence and the small participation in the financial system, risk management in Investment Funds have no experiential elements. The process of risks management must rely on theoretical knowledge, as well as on the experience of countries with many years of tradition. In this sense, the paper explored current and potential strategies for managing risks in Investment Funds.*

**Key words:** *Investment Funds, Risk Management Strategies, Risk Diversification, Republic of Macedonia, Financial Structure*

**JEL Classification:** *G23*

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# **FINANCING OF LOCAL GOVERNMENT PROJECTS VIA MUNICIPAL BONDS**

Milan Gavrilovic, MA<sup>169</sup>

Jelena Gavrilovic<sup>170</sup>

## **ABSTRACT**

*Financing of local development is most problematic in the area of complex, developmental infrastructure projects, where the municipal budget funds and local knowledge are insufficient for their financing, starting and successful implementation.*

*Municipality so-so can cope with the demands for implementation of simpler projects and infrastructural interventions, whose conducting is their traditional concern, implementation of complex and expensive developmental projects often exceed their organizational and financial capacity. For these projects, there are no locally available resources, so they can not be financed from budgetary resources, as well as the range of their implementation can not be based solely on locally available management and technical capacities. In this paper we will show that for the financing of capital projects to the municipal authorities successful alternative to raising taxes or borrowing from banks, may be issuing of municipal bonds. Municipal bonds can be issued by the state, cities, counties or different districts to raise money to finance certain operations or projects. Projects that are financed in this way are hospitals, schools, power plants, office buildings, airports, etc.. Municipality in the financing of such projects firstly on its ability to collect taxes, but if they need additional financial assets they issue municipal bonds. Generally accepted notion, that the practice has proved, is reflected through an active preference by investors for municipal bonds. Despite the fact that are valid for one of the safest investments, municipal bonds are not risk-free.*

**Key words:** *Financing of Local Development, Municipal Bonds, Risk-Free*

**JEL Classification:** *D53, G20, H54*

**UDK:** *336.1:352 336.763.33*

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# **REPO TRANSACTIONS – THEORETICAL ASPECTS AND PREREQUISITES FOR THEIR REVIVAL IN REPUBLIC OF MACEDONIA**

*Snezana Dicevska, PhD<sup>171</sup>  
Vera Karadjova, PhD<sup>172</sup>*

## **ABSTRACT**

*Repo market is one of the largest and most active sectors of developed money markets, and in time of crisis of financial markets, play a key role in providing liquidity to the financial system.*

*Today, repo transactions represent an important instrument for many central banks, commercial banks and financial institutions.*

*Many market participants begin repo transactions because of their simplicity and ability to adapt to different market conditions. The existence of the repo market increase significantly affect the market liquidity of bonds and stocks, reducing costs and enabling issuers better protection against risks.*

*The purpose of the paper is a contribution to a better understanding of the role of the repo market, the importance of efficient repo market for financial markets and market participants. The paper gives a brief elaboration of the main features of repo transactions and the manner of repo transactions.*

*This paper covers an overview of repo markets in some of the countries in transition in order to understand which conditions need to be fulfilled to enable the development of financial markets, and thus the financial repo transactions.*

*Finally, the paper will cover the current level of development of the repo market in Republic of Macedonia, as well as preconditions for its rapid development.*

**Key words:** *Repo Transaction, Financial Markets, Securities, Bonds, Banks*

**JEL Classification:** *G19*

**UDK:** *336.763.33(497.7)*

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# **THE ROLE AND THE IMPORTANCE OF THE NATIONAL BANK OF SERBIA FOR THE DOMESTIC INSURANCE MARKET**

*Dusan Cogoljevic, PhD<sup>173</sup>  
Ivan Piljan, PhD<sup>174</sup>*

## **ABSTRACT**

*Insurance companies, as institutional investors, are important participants on the financial market, but primarily on the capital market. Their importance and the consequent activities are reflected in the ensuring of financial stability as well as in the strengthening of competitiveness on the financial market. Insurance companies in the future could easily take on the position of leading financial investors, as they dispose with large capital (which is no longer measured in millions but rather, billions of euros) which they invest in various financial market segments. Observing the dynamic of the developing of world insurance in the last ten years, a growth of the share of insurance on the word market compared to the other financial institutions is evident.*

*According to the provisions of the Law on Insurance and National Bank Law, supervision over insurance activities is entrusted to the National Bank of Serbia, which is the first step to establishing an integrated supervision of the financial sector as a whole. Independence and the autonomy of the central bank, infrastructure and personnel qualifications for supervisory actions and connections between banks and insurance companies are the most important advantages of delegating this jurisdiction to the National Bank of Serbia.*

*By adopting the Law on Insurance, the National Bank of Serbia has established a sector for supervising insurance activities in order to successfully protect the interests of policyholders and clients. The National Bank of Serbia works on integrating the Republic of Serbia into the European Union by adapting the legislation in the insurance area to relevant EU directives.*

*The adoption of the Law on Insurance has set off big changes on the domestic insurance market area.*

**Key words:** *Insurance Market, Institutional Investors, Insurance Activity, Supervision*

**JEL Classification:** *I13*

**UDK:** *336.711(497.11) 347.764(497.11)*

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# **THE CONSUMER PROTECTION IN INSURANCE CONTRACTS IN SERBIA**

*Ljupka Petrevska, PhD<sup>175</sup>  
Miroslava Petrevska, PhD<sup>176</sup>*

## **ABSTRACT**

*The main legal source regulating the matter of insurance is the Insurance Act. This law in a comprehensive manner regulates the issues of importance of the establishment, management, operation and termination of the insurance company. This is the result of the need to prevent the insurance carried out in the interests of the insurer as stronger contracting party but also to preserve the basic principles of the business.*

*The growth of the insurance market in Serbia continues as a result of action taken by the National Bank of Serbia. In accordance with the prescribed authority, the National Bank of Serbia has its direct monitoring function focused on insurance business control, intermediates and dealer network. The objective is to establish order and discipline in the financial entities engaged in brokerage and insurance. The most common irregularities observed in the controls are accounting and financial statements problems, unauthorized transfer of agency operations to other persons, record-keeping and conclusions of the insurance contract.*

*National Bank of Serbia in 2007, in order to develop the insurance market, compiled two laws that control the insurance market in Serbia. As part of the stabilization of the insurance plans is a continuation of the new control cycle with necessary measures of controlling the elimination of illegalities and irregularities, as well as monitoring the implementation of these measures by the controlled entities.*

*Providing conditions for the development of the insurance sector is reflected in the work on changes and amendments to the Insurance Act and regulations.*

**Keywords:** *Insurance Law, The Insured, Insurance Company, Abuse, Insurance Contract*

**JEL Classification:** *G22*

**UDK:** *347.764(497.11) 366.5:368.022(497.11)*

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# **THE SIGNIFICANCE OF INFORMATION AND COMMUNICATION TECHNOLOGIES FOR INSURANCE COMPANIES' BUSINESS DEVELOPMENT**

Ivan Piljan, PhD<sup>177</sup>  
Dusan Cogoljevic, PhD<sup>178</sup>

## **ABSTRACT**

*This paper attempts to show the importance of information and communication technologies for insurance companies business development, with special reference to the former development and potentials for further marketing development, and especially to the distribution of insurance products, which relies on information and communication technologies, primarily on the Internet. Internet marketing as the most common form of internet usage between insurance companies takes a special place in this paper.*

*The coordinating of business processes with the principles of e-banking will be the usual practice even with small companies, and when classical financial institutions, which insurance companies have always been, turn more and more to e-insurance from which, in the near future, regardless of the initial problems and large costs for its introduction, much is expected, and in many countries is becoming more accepted.*

*Mobile communication brings the biggest changes in the area of e-banking. Today its prevalence among users offers various possibilities for the providers. For now, insurance companies do not offer their services through such a special communication channel, but in the near future a change is expected in this area, as there are conditions for such a change today in Serbia. There is information that insurance companies from surrounding countries have already activated their first smart phone applications, while similar applications in the banking area already function in Serbia.*

**Keywords:** *Insurance, Marketing, Distribution, E-banking, Internet Marketing, Mobile Communications.*

**JEL Classification:** *I13*

**UDK:** *368:[007:004*

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## **CREATION OF THE POLICY FOR DISTRIBUTION OF THE INSURANCE SERVICES**

*Katerina Angelevska Najdeska, PhD<sup>179</sup>  
Snezana Dicevska, PhD<sup>180</sup>*

### **ABSTRACT**

*The policy of services distribution in the area of property insurance and personal insurance, or their organization within the marketing instruments wider, occupies a special place. Business decisions for distribution of insurance services basically are strategic decisions that determine the placing holders. They are in general long-term variables, but with extremely high costs, which means a large engagement of capital and human labor. The great importance of the distribution policy for insurance services (in property insurance and personal insurance too) arises from the specifics of the insurance “products” (services) and also from the different characteristics of the insurance subject/object.*

*The placement of insurance services is always correlated with the creation of the services (or usually the distribution of the services precedes theirs creation), which is one of the characteristics of insurance services. Considering that insurance operates on the principles of reciprocity and solidarity and by using the law of large numbers, it gives special impetus for intensifying the placing of the insurance services.*

*One of the important aspects of the distribution of insurance services is to equalize the calculative risk, so the policy of services distribution in insurance companies takes a very important place. At the center of attention of the policy of services distribution in insurance and reinsurance of property and persons are the following key questions: which structure of the placing is best to be operationalized? and By which organizational units for insurance and reinsurance services (for property and persons) the placement would be most efficient available for the insured?*

*This paper elaborates the basic concepts and practical aspects of the policy creation for the distribution of the insurance services.*

**Key words:** *Policy of Distribution, Insurance, Insurance Services, Insurance Services*

**JEL Classification:** *G22*

**UDK:** *005:368*

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