NOVI SAD SCHOOL OF BUSINESS
Republic of Serbia

BOOK OF ABSTRACTS

International Scientific and Expert Conference
Economic Development and Competitiveness of European Countries: Challenges of Economic Integration

EDITORS
Jelena Damnjanović
Biljana Stankov

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Jelena Damnjanović, PhD

Editors:
Jelena Damnjanović
Biljana Stankov

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ECONOMIC GROWTH, COMPETITIVENESS AND TRADE

ECONOMIC POLICY, FINANCE AND INVESTMENTS

EDUCATION, ENTREPRENEURSHIP AND EMPLOYMENT

PREFACE

Novi Sad School of Business organizes, for the second time, the International Scientific and Expert Conference "*Economic Development and Competitiveness of European Countries: Challenges of Economic Integrations*". The conference is held on a biennial basis and organized with the support of the Provincial Secretariat for Higher Education and Scientific Research, AP Vojvodina.

The conference intends to bring together representatives of the scientific and professional public from European countries who will be able to present their own scientific and research achievements, get acquainted with the achievements of other authors, establish different forms of mutual cooperation and jointly create proposals for measures and recommendations for improving the economic development and competitiveness of European countries.

This is an opportunity for scientists, researchers, businessmen, economic policymakers and government officials to exchange experiences so far, to gain new insights on past achievements and discuss future approaches and challenges in the field of economic development and competitiveness of the European countries in the context of economic integrations. The conference will be attended by scientists from Russia, Switzerland, Germany, Slovenia, Croatia, Montenegro, North Macedonia and Serbia.

The goal of organizing the conference is to provide researchers with the opportunity to present current scientific research papers, discuss theoretical and empirical questions on the relationship with the European Union, economic growth and competitiveness, economic policy and finance, education and entrepreneurship but also trade, investment and employment in European countries.

The aim of organizing the conference is to provide researchers with the opportunity to present current scientific research papers, discuss theoretical and empirical issues on macroeconomic and microeconomic aspects of economic development and competitiveness of European countries, with special emphasis on current and future challenges of European integrations.

Editors

Jelena Damnjanović

Biljana Stankov

Part I.

EUROPEAN UNION RELATIONS AND ECONOMIC INTEGRATIONS

THE INTEGRATION LABYRINTH: THE CASE FOR THE UK

Zeynep Kaplan, PhD
Yildiz Technical University, Istanbul, Turkey

RESEARCH PROBLEM

Over the last decade, the EU has faced its most considerable challenges such as Eurozone debt crisis, migration and refugee influx, influence of Eurosceptic parties, terrorism threat, and the withdrawal of the UK from the EU (Brexit). Such challenges are considered as the factors that may slowdown the integration process among the EU member states. Moreover, these challenges may negatively affect the EU member states' willingness to further integrate with each other which would lead to disintegration at the European level and the re-emergence of differentiated integration debate.

OBJECTIVES

Existing literature on the theories of economic integration provides limited number of research on the process of economic disintegration. Both international integration and disintegration has economic implications. Thus, the issues of economic integration and disintegration requires special attention especially after the UK's decision to leave the EU. The UK, as a senior EU member, always had a controversial relationship with the EU. An assessment of the economics of disintegration requires the clarification of the reasons why the UK voted to leave the EU and which future arrangements will shape the economic relations between the parties.

zkaplan@yildiz.edu.tr

HYPOTHESIS

UK's decision to leave the EU marks an important milestone in the process of international economic disintegration. Indeed, Brexit would have positive or negative effects on the future development of the EU. In this framework, an assessment of the economics of international disintegration requires the clarification of the reasons why the UK preferred to leave the EU. Additionally, Brexit may lead to the emergence of a new debate of differentiated integration that would govern the future EU-UK relations. The degree and form of differentiation that would shape the post-Brexit environment is likely to have crucial implications.

METHODOLOGY

Long decades of full membership into an economic integration initiative make member countries to comply with the common regulatory and institutional framework where both public and private economic actors operate. In some cases, such common regulatory and institutional frameworks may become an indispensable part of a nation's domestic policy. Thus, the exit process from an economic integration may require lengthy negotiations. It is clear that Brexit process is difficult and time consuming. During this process, it is seen that after almost a half century of membership, the EU acquis has become an important and indispensable part of UK's economic and political life. Taking such facts into consideration, the article is based on the theories of international disintegration and differentiated integration. In this framework, the future pattern of the UK-EU relations will be discussed by focusing on two concepts – namely, the economic disintegration and differentiated integration.

RESULTS

Since its establishment, the EU integration process experienced several successful enlargement waves. However, Brexit marked a turning point in the process of European (dis)integration process. Brexit is likely to result in the return of the differentiated integration agenda at the EU level. At the time of writing, negotiations concerning the UK's future relationship are still in progress and the UK still faces uncertainties about its future relations with the EU.

IMPLICATIONS AND CONTRIBUTIONS

The UK's decision on exiting the EU also sparked fears whether other members will follow and trigger an economic disintegration process. Although it is still early to mention that Brexit would lead to the further disintegration of the EU, it would lead to undesirable consequences such as negatively affecting the credibility or the importance of the EU at the global level. Moreover, along with the several aspects of Brexit, the implications of the various degrees of differentiation in the post-Brexit era is also crucial both at the regional and global level.

KEY RECOMMENDATIONS

Brexit may negatively affect the EU member states willingness to further integrate with each other at the European level and this may lead member states not to participate in all aspects of EU integration. Although the potential economic impact of Brexit is still ambiguous, it needs further assessment by taking into account various potential scenarios of the UK-EU future relations.

KEY WORDS

Economic Integration, Economic Disintegration, Differentiated Integration, Brexit, UK, EU

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE RUSSIAN FEDERATION AS A DEFENDANT IN THE WTO DISPUTE SETTLEMENT

Olga Y. Trofimenko, PhD
Saint Petersburg State University, Saint Petersburg, Russian Federation

RESEARCH PROBLEM

The paper presents an analysis of Russia's participation in the WTO dispute settlement system as a defendant in cases initiated by the European Union. Even though Russian Federation is a relatively new WTO member, the country already took part in several trade disputes, both as a complainant and as a respondent (the EU initiated 4 out of 9).

OBJECTIVES

The goal of the paper is to figure out key driving forces behind these two members that force the governments to use the WTO as a platform for settling trade concerns between them. In order to achieve the goal, the paper assesses key stakeholders and their economic and political interests in the issues under investigation. The special attention is made to the cases initiated by the EU against Russia and Russian response to them.

HYPOTHESIS

The author is trying to figure out how the challenged Russian trade policy measures were designed and to determine whether there were mistakes of an inexperienced member or a conscious chosen strategy.

olgatrofimenko@yandex.ru
The paper was prepared within the Russian Foundation for Basic Research (RFBR) project 19-510-93009 The trade policy of Russia and China in the context of the transformation of the international trading system.

METHODOLOGY

In order to achieve the goal, the paper uses the two-level game-theory approach introduced by Robert Putnam (1988), which regards international negotiations between states as simultaneous negotiations at both the intranational level (i.e. domestic) and the international level (i.e. between governments). At the national level, governments address various societal and business concerns and, at the same time, reach international deals.

On the basis of a case-study approach the paper figures out key stakeholders and their interests, and distinguishes how these interests influence decisions on dispute initiations in the EU towards Russia. WTO law, while formally a domain of *public* international law, profits and prejudices *private* parties who attempt to use the WTO legal system to advance their commercial ambitions.

The approach has some limitations: not all information is publicly available. The paper is not giving a legal analysis of the panels and Appellate body decisions. Instead, it is trying find rationality in different strategical approaches of the Russian government to the disputes under investigation.

RESULTS

Many governments are trying to create artificial competitive advantages for certain domestic producers. One could figure out three different strategies of behavior, demonstrated by Russia: (1) to keep the challenged measure as long as possible and remove it under the threat of a juridical process; (2) to participate in the WTO dispute settlement until the adoption of the panel report, knowing well that the challenged measures violate the WTO law; (3) to try to prove that the measures under investigation are in line with the county's obligations and to keep fighting till the adoption of the Appellate body report.

IMPLICATIONS AND CONTRIBUTIONS

Analyzing the behavior of the Russian side in the disputes in all four cases one can clearly see attempts to provide higher level of protection for domestic producers, which is quite obvious. The choice of a strategy depends on the measure itself, activities of stakeholders affected, achievements and failures of internal regulation, and an external political conditions. All in all, Russia does not use the "one size fits all" approach as a defendant in the WTO dispute settlement process.

KEY RECOMMENDATIONS

In order to prevent possible complaints, domestic regulators should analyze the existing decisions in WTO dispute settlement and demonstrate creativity in imposing new measures. National companies while lobbying their interests should be ready to support the government in WTO litigation. They should understand that the bigger are the economic interests at stake, the more organized is the potentially affected industry, the higher are risks of initiations. Domestic industry should evaluate benefits of an additional protection and costs of supporting disputes, as well as changes in competitive environment that might create additional problems.

KEY WORDS

European Union, Russia, World Trade Organization, WTO dispute settlement mechanism

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THE CHALLENGES OF THE REPUBLIC OF SERBIA EU ACCESSION – YOUTH PERSPECTIVES

Jelena Damnjanović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Ana Jovičić Vuković, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Despite the strategic orientation of the Republic of Serbia to EU membership, the support for European integration has been varying for years, as previous research has shown (European movement in Serbia (2017), European Policy Centre (2019), Institute for European Affairs (2020), Ministry of European Integration (2019)). In addition, youth generally have a neutral attitude, and there is an increasing tendency of negative attitudes towards the EU (KOMS, 2018).

OBJECTIVES

The research of the Student Association BEUM (2014) indicates a noticeable increase in Euroscepticism among youth. Encouraged by the fact that secondary school students will be an essential age category that will decide on Serbia's entry into the EU in the future referendum, the need for further research is imposed.

The survey will provide answers on how young people see the EU, the extent to which they support EU membership, what they think about the quality of life after accession, and how they would vote in a referendum on Serbia's EU accession.

jdamnjanovic5@gmail.com
ana.jovicic@gmail.com

The research is a part of the project Introduction to EU Education for Secondary Schools-INEES, funded by the EACEA, EU, 610767-EPP-1-2019-1-RS-EPPJMO-PROJECT.

HYPOTHESIS

The research's primary goal is to examine the attitudes of the secondary school population about the EU. The research results will provide information on the current attitudes and awareness of secondary school students, which can serve as a basis for defining future activities in terms of better informing young people about the EU and the process of Serbia's accession to the EU.

METHODOLOGY

Data were collected using a survey that was distributed to secondary school students during classes. Before filling out the anonymous questionnaire, the students received information about the research, and the INEES project within research is conducted.

The first part of the questionnaire referred to the respondents' socio-demographic data, while the second part consisted of questions related to Serbia accession to the EU. The research was conducted in the period from November 2019 to February 2020 in 6 cities in Serbia.

The sample consisted of 387 secondary school students aged from 15 to 20. The sample consisted of 33.5% male and 66.5% female respondents. Most of the respondents live in the city, 60.8% and 39.2% live in the countryside.

RESULTS

The results have shown that respondents mostly have a negative attitude (41%) about Serbia's accession to the EU, followed by respondents who have a positive attitude (30.7%) and those who are neutral (28.2%). The largest number of respondents, 34%, do not know if the quality of life will change after joining the EU, 30.9% think that they will live the same as today, 20% believe that they will live better, and 15.1% worse. On the question of how they would vote in the referendum on Serbia's accession to the EU, most of the respondents (34.6%) would not vote, 25.7% would vote for, 21.7% said they did not know, while the least number of respondents would vote against 18%.

IMPLICATIONS AND CONTRIBUTIONS

The research results have shown that the secondary school population generally has a neutral attitude towards the EU (57.3%), 15.6% stated that they do not know their attitude towards this issue. In comparison, 13.7% have a positive and 13.5% negative attitude.

The results have shown the prevail of neutral and negative attitudes towards the EU, so it is important to educate secondary school students about the EU continuously. Relevant information and education could shape young people's attitudes and reduce the level of Euroscepticism and prejudice towards the EU.

KEY RECOMMENDATIONS

The results have shown that secondary school students do not have a clear awareness of the EU nor the accession process. It is necessary to ensure the improvement of the EU's knowledge through education and involvement of all relevant stakeholders (schools, government, NGOs) in that process. This could contribute to a better understanding of the importance of Serbia's EU accession process, as well as the opportunities that EU membership will provide to Serbia, but also to youth as a particular category.

KEY WORDS

European Union, Youth, Secondary school students, EU accession process, Serbia, INEES project

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE RENEWABLE ENERGY SOURCES UTILIZATION, AS A PART OF OBLIGATIONS SERBIA SHOULD FULFILL IN THE PROCESS OF JOINING THE EUROPEAN UNION

Slaviša Đukanović, PhD

Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The increase of loses and pollution costs, make Serbian energy sector as one of the most neglected and the least promising in the region of South-Eastern Europe. The annual consumption for all types of energy in Serbia is greater than domestic production. Total dependence from imported oil and natural gas is about 40%.Import dependency in the gas sector is very high (around 85%) with only one supply route and mostly one source of supply (Russia). This represents a high risk to the security of the domestic energy market. Starting from the goals proclaimed by the EU Long-term Energy Strategy by 2050, as well as through the new package of EU Directives - Clean Energy for all Europeans, three serious energetic-environmental problem statements in Serbia in this research paper, are: the requirements for reducing of fossil energy consumption and green-house gases (GHG) emissions, then ameliorating the energy efficiency of the Serbian economy, and increasing the share of renewable energy sources (RES) in final energy consumption. But, just in the immediate neighborhood of EU, Serbia is lagging behind in energy transition. Populism, as chronic problem of economic and energy policies is the logical consequence of incompetent political party’s management and weak economizing with energy potentials.

slavisad63@gmail.com

OBJECTIVES

In response to above-mentioned challenges, is presenting of the current state of the Serbian energy sector development: the projects and the main goals defined by the Strategy for the Development of the Energy sector from the Republic of Serbia until 2025 are presented. Strategic goal is increase of energy production from RES for the purpose of reduction of import and improving energy security.

The main objective of this paper is presenting and analyzing the possible ways to fulfil long-term energetic-environmental goals in the process of joining the EU. Secondary objective is the review of current renewable energy sources application in Serbia.

HYPOTHESIS

Sustainability of the process in energy is long-term task that starts with gradual and difficult economic steps.

Consideration of the future of energy sector which seeks “green economy“, investments in RES should be a priority.

The use of domestic renewable energy sources can satisfy the main part of energy needs, and significantly reduce oil/gas import dependency, air pollution and global warming.

At the same time, employment in the Serbian economy can be increased up to many thousands new jobs.

METHODOLOGY

The research is based on different Scenarios of comparative analysis.

RESULTS

The Republic of Serbia adopted the National Action Plan for RES as a framework for promotion of energy generated from renewable energy sources and set mandatory national goals for share of renewable energy in gross final consumption of energy (27%) as well as the share of energy from renewable sources in transport (10%) by 2020. Unfortunately, targeted values are not achieved yet. For example, Wind farms: targeted 500 – achieved 398 MW; Hydro power plants: targeted 458 – achieved 76 MW; Biomass fired plants: targeted 100 – achieved 2 MW; Biogas fired plant: targeted 43 – achieved 27 MW; Solar photovoltaic plants: targeted 10 – achieved 8 MW. Nevertheless, installation of photovoltaic systems on the school building roofs brings the production and consumption of electricity closest possible and produces an educational effect as well. Also, following the implementation of several wind farms into Serbia's power system, at the beginning of 2019, various changes in operation of PE Electric Power Industry of Serbia (EPS) have occurred. The synchronization of a large number of wind turbines to the grid means the purchase of a certain amounts of electricity at preferential prices.

IMPLICATIONS AND CONTRIBUTIONS

The main instruments in the fight against climate change are: decarbonisation, improving energy efficiency and increasing the use of renewable energy sources. Renewable technologies for power generation, heating, cooling and transport, are key tools for boosting national energy security, creating new jobs, and reducing harmful emissions and local environmental pollution. Electrification of transport through the introduction of electric vehicles is essential for decarbonisation. For the decarbonisation of transport, it is necessary to charge electric vehicles using electricity produced from renewable energy sources.

KEY RECOMMENDATIONS

Limited resources, accompanied by rising prices of conventional forms of energy, have shaped the European Union's energy policy, which is currently based entirely on renewable energy. It is, at the same time, one of the most important conditions that Serbian economy must fulfill in the process of joining the EU.

In this sense, an essential strategic action is: implementation of National Action Plan for renewable energy sources (using RES for electricity generation, then using RES in traffic, and change of use of fossil fuels for heating).

System depoliticization, technology modernization and strategic greening of the whole energy system of Serbia are expected in the next period.

More expensive, clearer, and socially available energy is in direct correlation to higher income and better life quality, but requires new respect to energy culture by citizens and new economic and state systems.

KEY WORDS

European Union, Serbia, Environment, Renewable energy sources

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REGIONAL COHESION IN TIMES ECONOMIC DEVELOPMENT: CASE STUDY OF THE REPUBLIC OF NORTH MACEDONIA

Jorde Jakimovski, PhD
Institute for Sociological, Political and Juridical Research, Skopje, Republic of North Macedonia

RESEARCH PROBLEM

The current economic and political situation of the Republic of North Macedonia, in addition to many other problems, is characterized by the presence of large differences in the level of development between the regions. The effects of the transition are far weaker in the underdeveloped regions, due to underdeveloped utility infrastructure, the emigration of human capital and low level of development of the social activities. In conditions of profound economic, political and social changes, the results lagged behind and caused an increase in inequality, a decline in production, the abandonment of rural areas with large migration in the city, the metropolis of Skopje and abroad.

OBJECTIVES

This paper should give certain elements that can serve in the creation of individual measures, directions and paths for improving the economic, social and demographic structure in the regions in the Republic of North Macedonia. Privatization has led to a major polarization of income and wealth among the population, manifested at local, regional and national levels. Such a policy has an implication on the regional development: a high share of investments in major cities, the situation on the labour market shows negative tendencies, the problems of the underdeveloped regions are neglected, the metropolisation process is strengthened, which widens the gap between the big and the small cities, the devastated areas continue to expand, because many industrial

jakjor@isppi.ukim.edu.mk

enterprises are disbanded, the migration village-city is continuously rising, which causes a large part of the territory to remain without population able to work.

HYPOTHESIS

Regional development is in principle a structural problem, which is primarily of economic significance, but it is also very important for demographic trends. Regional development is a long-term and persistent problem for every society, because regional problems arise in the form of large differences between the developed and the underdeveloped, and appear as a problem of overpopulation, super-concentration and a pronounced problem of infrastructural nature. The deepening of the difference between the developed and the underdeveloped regions, has a chronic character, and the problem of regional underdevelopment becomes serious and sensitive in economic terms.

METHODOLOGY

The essence of the paper is the methodological consideration of the general economic indicators of the development of the regions: the dynamics of the share of the gross added value, the gross domestic product per capita and the dynamics of the share of investments by regions. In the paper presents the changes in the labour force and the dynamics of salary, as the main source of income.

In fact, all indicators are assessed mainly on the basis of available data from secondary sources (State Statistical Office).

RESULTS

The Skopje Region takes the leading place in the structure of gross added value in the Republic of North Macedonia with 43%, and with the lowest participation the Northeast Region with 4.9%. About 52.3% of the total investments in fixed assets in the Republic of North Macedonia belong to the Skopje Region, whereas the Northeast Region participates less than 3% in the total investments (state in 2018).The Republic of North Macedonia with an unemployment rate of 17,3% certainly does not give good prospects for **social** integration of the labour force, especially if we take into account the unemployment rate of the young population (15-24 years) which is 44.0%. It means that nearly half at the age of 15-24 years is prevented from earning a salary and creating work experience. The Northeast Region still has the highest unemployment rate (33.0%). This rate is 15.7% above the national unemployment rate (state in 2019).

IMPLICATIONS AND CONTRIBUTIONS

If this dynamics of the percentage of investments in fixed assets continues, it can be detrimental to many regions, that is micro-regions and will directly contribute to their demographic discharge. Generally speaking, the demographic contraction is directed towards Skopje. This creates two types of problems. On the one hand, it will make the unemployment problem more serious, and on the other hand it will cause demographic devastation of the less developed regions. Except, small incomes, the great dissatisfaction of the population in those areas is in the opening of new jobs, underdeveloped utility infrastructure - roads, water supply, sewerage and the like. Namely, “in average 52.4% of the village population is dissatisfied with the work of the local self-government in finding solutions for job creation, 43% in finding solutions for transportation, construction and maintenance of roads, and 38% in solutions for water supply and sewerage (Jakimovski, 2017).

KEY RECOMMENDATIONS

By the regional policy, through investments and stimulating capital inflows, the state should strive to remove and mitigate the constraints faced by underdeveloped areas, that is, to enable them to accelerate their development. Assistance in these areas should be accomplished with financial measures (non-repayable funds or no interest loans, tax incentives) for development of additional activities of rural households (tourism, domestic workshops), state financing of communal infrastructure and necessary facilities for social standards, free assistance in education, obtaining building permits, introducing into entrepreneurship and the like.

KEY WORDS

Regional cohesion, Economic development, Regional imbalances, Social cohesion.

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EURO AND SERBIA

Miroslav N. Jovanović, PhD
University of Geneva, Switzerland

RESEARCH PROBLEM

The EU is and will be the principal economic partner of Serbia. The euro is the key currency in Europe and in a wider area. Serbia as a small open economy has to keep an eye on the developments in the eurozone and make the necessary adjustments. Should Serbia shadow the developments in the eurozone and, eventually, join the eurozone?

OBJECTIVES

Serbia, as a small open economy, is influenced by the developments in the eurozone. Hence, the issue is in the size of the (relative) autonomy in the operation of the national monetary policy. Can Serbia be autonomous in its monetary policy in or outside the EU?

HYPOTHESIS

Eurozone is the greatest achievement in the EU integration. No common currency circulated as widely in Europe since the time of the ancient Roman Empire. At the same time the eurozone is the weakest link in the EU integration. This monetary integration is a vanity project put together by the politicians. It is not created neither on suggestions by economic theory, nor on rich experience in European monetary integration (and disintegration). No wonder that the eurozone is in deep trouble. Its future is uncertain. Europe has a rich history related to failed monetary unions.

miroslavjovanovic@hotmail.com

METHODOLOGY

Presentation of theoretical aspects on monetary integration. Analysis of macroeconomic statistical data.

RESULTS

Instead of bright future, prosperity and economic growth, as was promised at its creation, the eurozone created economic disaster through its members (Italy did not have real positive growth for 20 years) and even catastrophe in certain countries (Greece). Eurozone works only in favour of Germany and perhaps the Netherlands and Austria. The Eurozone was on the verge of collapse a couple of times. The reason is that it did not have the background instruments for its successful operation as was suggested by economic theory. It still does not have them. The eurozone is sealed by ad hoc political and financial “Scotch tape” which may not withstand the hit by looming economic tsunamis.

IMPLICATIONS AND CONTRIBUTIONS

Eurozone failed to produce economic growth throughout its zone of influence apart from Germany and one or two other countries. As such, it has failed. Tinkering with various adjustments just extend the agony (no growth, no employment). The politicians now have a handy scapegoat – the corona virus crisis. Still, the fundamental flaws of the eurozone are beyond reparation as too much damage has been done and too much time has passed away without great improvements. Europe and the world need to prepare for the post-eurozone period of national currencies.

KEY RECOMMENDATIONS

Serbia as a country, it is clear for a long time, shall never join the EU. On the one hand, the entry conditions that are imposed on Serbia are impossible for a country that has dignity, while on the other hand, the whole EU integration process is in trouble with highly uncertain outcome. An important and developed country left the EU in 2020. In addition to the disintegration tendencies, the EU countries cannot agree on almost anything of substance for already two decades.

What Serbia needs to do is to handle its domestic currency on its own as much as possible, rather that to pass it on to someone outside the country. For this, Serbia needs an independent and competent central bank that needs to fluctuate down (devalue) the dinar by at least 20 per cent.

NOVI SAD SCHOOL OF BUSINESS
AP Vojvodina, Republic of Serbia

KEY WORDS

Eurozone, EU, Serbia, growth

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE EFFECTS OF THE COMMON INDRUSTRIAL POLICY ON THE ECONOMIC DEVELOPMENT OF THE EUROPEAN UNION

Milijana Roganović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Biljana Stankov, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The research problem of the work is the common industrial policy per se, and its effects on the economic development of the European Union. The term industrial policy implies a strategic approach to economic development, designed and initiated by the state, and which includes a mechanism that coordinates, monitors and evaluates decisions related to resource allocation in the economy, and can directly and indirectly influence the static allocation of resources within and between economic sectors.

OBJECTIVES

The aim of the paper is the effectiveness of the common industrial policy, which, in turn, depends on the design, implementation and evaluation of policy makers and the scope of instruments used to achieve the proposed goals formulated by consensus of government, industry and trade unions. Also, the aim of the paper is to research digital industrial technology brought by the Fourth Industrial Revolution, which, in turn, represents a challenge for the European Union in terms of their implementation.

milijanadjordjevic@gmail.com
bilja.l.stankov@gmail.com

HYPOTHESIS

One of the aim of these research is primarily to verify the validity of general, specific and individual research hypotheses whose verification of truthfulness will be carried out using the appropriate research methodology.

General research hypotheses: Industrial policy is any type of government policy or intervention that aims to contribute to the competitiveness of the economy, the common industrial policy represents the overall efforts of the European Union with the aim of achieving sustainable and stable development, improving competitiveness and living standards of the European population.

Several special and individual hypotheses were derived from the stated general research hypothesis.

METHODOLOGY

During the collection of research data, the authors have used desk method and secondary sources of data. A combination of several scientific methods was applied in the data analysis: comparative method, descriptive method, content analysis method and compilation method, induction and deduction.

RESULTS

Obtained results have confirmed the general research hypothesis and therefor it can be concluded that the scientific justification of this research lies in the knowledge of the very concept of industrial policy and its place and importance in the system of economic sciences, as well as its implications for economic development.

IMPLICATIONS AND CONTRIBUTIONS

The significance of the work has both theoretical and practical dimensions. Theoretically, the scientific contribution of the paper is reflected in supplementing the picture that explains the necessity and importance of implementing industrial policy at the supranational level, all with the aim of achieving sustainable development and competitiveness of the European Union economy. In practical terms, the paper contributes to the research domain through the analysis of the performance of the European Union industry, and in that context, by pointing out the correlation between the development trend of the common industrial policy and economic development.

KEY RECOMMENDATIONS

In line with the attention and financial support it has enjoyed over the years, the emphasis in this research work has been placed on the inviolable relevance and function of a single, common industrial policy of the European Union at the supranational level.
Industry as a valuable part of the European Union, and investments in material production have a key role in stimulating economic development and growth of social welfare of the European population. European Union policy makers, industrial companies and other actors in European production must continue their efforts to ensure that Europe's leadership in industrial production is not further diminished. To this end, further, intensive investment in competencies, education, research and innovation is needed, as well as an efficient labor market, capital investment and a common industrial policy framework that will support this growth.

KEY WORDS

European Union, Common industrial policy, Economic development, Digital transformation of industry

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

UNITED INDIVIDUAL MANUFACTURERS ON THE ROAD TO THE EU MARKET

Veronika Boškov, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

We often hear that agriculture is our "development opportunity". Serbian agriculture has a significant part in generating GDP (by 9.8% according to published results), but this is certainly not the total potential of agriculture. Our country has many products (especially much wanted fruits and vegetables) that deserve the label “bio” or “eco”, but their production is mostly on private farms and it is not in quantity that could be interesting or profitable to buyers from abroad where these products are in high demand and well payed. These small producers could offer enough ammount of products for demanding and picky markets only assembled and united under one brand. Without grouping, they are condemned to local markets.

OBJECTIVES

The aim of this research is to point out significance of association of individual producers which will bring in the possibility of penetrating the EU market. An example is the company "Carska Bašta" doo, which gathers all individual producers of fruits and vegetables from several surrounding villages and sells all of their products under one logo that is recognizable by quality. High standards, traditional product quality since 2008. and respecting buyers trough moderate price, builds mutual trust and provides a development strategy. Clearly defined relationships with suppliers in compliance with ISO standards, continuous education and professional development of personnel, as well as focus on customer needs and satisfaction, are the conditions to maintaining constant quality of products.

veronikaboskov1@gmail.com

Assembled like that, under the "umbrella"of one recognizable trademark and integrated marketing, along with enduring quality of products, individual producers can export their products to EU market, and not only to local markets like now, and to achieve significant financial effects. In company "Carska Bašta" doo, there is a team in charge of quality monitoring, shipping and marketing and that coordinates work with individual manufacturers. A recogniyable brand easily finds its way to the domestic and foreign markets. It is a proven model that can be followed without risk by many individual manufacturers as it ensures export security and financial stability.

HYPOTHESIS

By bringing together “small” individual manufacturers under one name or brand, based on partnerships, a contingent of quality agricultural products can be offered to the market and penetrate the EU market. At the global level, this would contribute to an increase of agricultural exports to GDP and its growth, and at the individual level this would contribute to greater financial effects and would be motivating for expanding the production (resulting in the revival of private farms).

METHODOLOGY

Based on results achieved so far by existing associations and enterprises, it is possible to analyze trends over a period of time. Based on number of interested, potentially new companies, it is possible to predict the effects. Prior to the survey, active field work should be undertaken in order to educate using marketing tools and techniques. With field survey, it is possible to determine the number of potentially interested companies and by analyzing the data we can establish number of manufacturers, the structure and the potential volume of exports. Survey results enable descriptive and comparative analysis.

RESULTS

Key results could be expected and, more accurately measure and analyze their contribution, when partners relationships establish more widely and agricultural manufacturers unite and appear on market together. For now, it is possible to approximate the effects of these activities on the basis of experience and results achieved so far:

- cooperation between manufacturers to achieve the benefits of association in more efficient way,

- coordinated cooperation with institutions to provide a certificate that guarantees an export of health correct and standard quality products,
- up-to-date information and education,
- application of adequate technologies and innovations in proccess of production in order to get permanent improvement of standard system,
- organized, adequate transportation and storage with minimal unit costs,
- modern packaging of products under a unique brand,
- adequate disposal of waste materials with maximum environmental protection,
- unique appearance on the market,
- making affirmative profit for society and for themselves.

IMPLICATIONS AND CONTRIBUTIONS

Minister of Agriculture of the Republic of Serbia Branislav Nedimovic, on 12th of February 2020., has announced the transformation of the existing wholesale market in Belgrade into a national wholesale market, as well as the adoption of a law on the national wholesale market with the statement: "The national wholesale market should be a window of the Serbian agriculture in the future." He said that on national wholesale market will be presented agriculture products of manufacturers within 100 kilometers around Belgrade. "All these people have a hard time selling their goods. A new law on the national wholesale market would allow goods to be collected and repackaged in this place in accordance with the standards of the market we are exporting to.", says the Minister of Agriculture. He explained that the national wholesale market, as a platform for the distribution of goods around the world, would enable the further development of Serbian agriculture. He also mentioned the good position of the wholesale market, because all the highways are nearby, agricultural production in Serbia is the largest within 100 kilometers around Belgrade, and close to the airport. (www.politika.rs)

In such conditions, all products of "Carska Bašta" doo will be automatically at the wholesale market, as the company is about 50 km from Belgrade. This will allow penetration into distant markets and into those within the EU. Of course, if the quality of the product allows it. Future consolidated manufacturers will have the same opportunity to realize their products.

KEY RECOMMENDATIONS

Association and uniting individual agricultural producers would bring benefits at many levels. Manufacturers would place goods in markets they could never reach on their own. In order to sell goods there, it must be of high quality and within the standards required by those markets. In terms of quality and health safety, products must satisfy the tastes of a wide range of customers and meet all requirements of standards and legal regulations on health safety. Potential financial effects motivate manufacturers to educate, update, apply HCCP and ISO standards. The financial effects also motivate young people to return to the villages (where agricultural production takes place), leading to the revival of villages, the reduction of unemployment and the unburdening cities. It is a spiral that leads to positive effects and affirmative gain on an individual and global scale.

KEY WORDS

Association, Individual agricultural producers, New markets

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Pravilnik o uslovima i načinu korišćenja podsticaja za unapređenje konkurentnosti i dostizanje standarda kvaliteta kroz podršku investicijama u preradu i marketing u sektoru mleka, mesa, voća, povrća i grožđa. Službeni glasnik RS, 73/2014, 45/2015

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Part II.

ECONOMIC GROWTH, COMPETITIVENESS AND TRADE

BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries:
Challenges of economic integration

INNOVATIONS AS A FACTOR OF IMPROVEMENT OF COMPANIE′S COMPETITIVENESS

Dragana Đurić, PhD
Academy of Applied Studies South Serbia, Department for Business Studies Blace, Republic of Serbia

Jelena Ristić, PhD
Academy of Applied Studies South Serbia, Department for Business Studies Blace, Republic of Serbia

RESEARCH PROBLEM

Contemporary business trends impose a market environment which provides business success only to those companies which are ready for challenges, changes and permanent improvement. Innovations represent a key factor of competitiveness, while competitiveness in contemporary business conditions represents a goal to strive for. Factors of competitiveness of companies are analyzed in the paper, the main accent being put on the analysis of improvement of knowledge and quality in companies.

OBJECTIVES

The key factors of achieving competitiveness are knowledge and quality. By improving its knowledge, a company makes a good environment for implementation and successful management of the quality system, which is a prerequisite for development of competitiveness on a global level. A key to improvement of the quality of a company business, and consequently of its competitiveness, should be looked for in an adequate usage and improvement of innovations.

djdragana@ikomline.net
jelenazristic@yahoo.com

HYPOTHESIS

According to the research problem and objectives set in this paper, it is going to test the following hypotheses:
Hypothesis 1: Readiness of the company to invest in knowledge and realizing the significance of training and development of the employees which will enable the quality of business.
Hypothesis 2: By improving quality, and developing the awareness and including all the employees in the quality improvement, a company ensures higher level of business and company competitiveness.
Hypothesis 3: By improving business ambience conditions for development of competitiveness are created thus strengthening the position in the global market.

METHODOLOGY

Theoretical elaboration and the goals have influenced the authors of this paper to use the descriptive, comparative-historical and analytical-synthetical methodology, whereby an attempt was made to consider and understand the problem. Moreover, the analysis of the content of the adopted documents and the results of previous research was used.

RESULTS

The following results are expected:

- Analysis of the current state of business of the company from the aspect of level of business and competitiveness.
- Analysis of relations between readiness to invest in knowledge and training and development aspects of quality
- Analysis of relation between aspects of quality and level of busines and competitiveness
- Analysis of results of the research ad reaching concrete conclusions

IMPLICATIONS AND CONTRIBUTIONS

The main intent of this paper is to research the influence of innovations to the level of economic competitiveness. Contemporary trades function in global market conditions, where the success of every actor depends on their ability to be competitive, innovative and flexible. The results of the research within this paper could enable managers and researchers to improve the awareness on the role and significance of innovations and quality to the reached level of business performance and competitiveness.

KEY RECOMMENDATIONS

The results of the research will enable to formulate guidelines for improvement of businesses and competitiveness of domestic companies. The guidelines for the managers should lead towards creating possibilities for the employees' adequate training and development in order to improve the analyzed aspects of quality, which would result in a higher level of business competitiveness.

KEY WORDS

Competitiveness, Globalization, Innovations, Knowledge, International competitiveness, Management quality, Economic growth.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

PRODUCTION AND EXPORT OF FRUIT OF THE REPUBLIC OF SERBIA: STATE AND INTERNATIONAL SUCCESS FACTORS

Branka Maksimović, PhD

Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Fruit production of the Republic of Serbia is characterized by a number of comparative advantages in relation to other branches of agriculture. The development perspective of this branch of agriculture is reflected, above all, in favorable natural conditions for the growth of all continental fruit species (apple, plum, raspberry, peach, apricot, cherry, sour cherry, pear, strawberry, walnut, quince, etc.). Some of the mentioned fruit species (plum, raspberry, apple) have a long tradition in production, while others are less represented (peach, apricot, cherry, pear, strawberry, walnut, quince, blueberry, currant). Fruit production employs 10 to 20 times more labor than crop production. In addition, the growing demand for fruit on the domestic and international market, as well as profitability, especially when it comes to the export of fruit to the international market are the basis for the development of fruit production. On the other hand, in 2016, orchards covered an area of 166,297 ha. The stated area represents 4% of the area of used agricultural land in the Republic of Serbia (http://www.m-inpolj.gov.rs/download/Uredbe/Zakljucak-i-Nacio-nalni-program-za-po-lpo--ljoprivredu-za-period-2018-2020.pdf?Script=lat), which is small in relation to the potential that the Republic of Serbia has. Fruit production accounts for about 11% of the value of agricultural production in Serbia (Agriculture Development Strategy of the Republic of Serbia 2014–2024). Therefore, attention is traditionally paid to the further development of this production, all with the aim of integrating our fruit growing with the world, in order to place the fruit on this very demanding market.

branka.maksimovic.vps@gmail.com

OBJECTIVES

The paper analyzes the production and export of fruits from the Republic of Serbia, the importance of certain fruit species in the structure of production and exports, the countries represented, the application of standards, as well as the possibility of exporting fruits of organic and integral origin. Based on the analysis of the situation in the production and export of fruit, the basic problems are pointed out, which leads to the proposal of necessary measures in order to increase both the production and the volume of fruit exports from our country that is on possible directions of development and perspectives of this important branch of agriculture for the Republic of Serbia.

HYPOTHESIS

The following hypotheses are set in the paper:

a) it is important for the development of fruit growing to identify fruit species that are currently dominant in the structure of production and exports and those that will be in the future,
b) the development of fruit growing is significantly influenced by the identification and selection of market segments, current and in the future, which are potentially the most important market for the export of fruit from our country,
c) the optimal combination of elements of the marketing mix is the starting point for the international success factor

METHODOLOGY

The research is based on available data, for the period from 2015 to 2018, with the applied method of “desk research”. Basic data were taken from the UN Food and Agriculture Organization (FAO) and the Republic Bureau of Statistics. The collected data were processed by standard mathematical-statistical methods. The most significant phenomena are presented through tables and graphs.

RESULTS

The total production of continental fruit in Serbia in 2018 amounted to 1,361,590 tons (FAO). According to the results of the 2012 Census of Agriculture, the structure of orchards is mostly represented by stone species (among which plums with 45.4% and cherries with 9.5%), followed by apple (apple with 15%) and strawberry (raspberry with 6.8%). There is little orchard of nuts (Agriculture Development Strategy of the Republic of Serbia 2014–

2024). However, what characterizes fruit production are the oscillations in production observed over the years, which is a consequence of climatic conditions, the appearance of frost in the spring, drought and the like. In 2019, the Republic of Serbia exported fruits (fresh and dried) worth over US $ 200 million. Together with the fruit that was prepared in some way, it exported over 600 million US dollars. It exported fresh and dried fruit worth close to US $ 50 million to EU countries, and close to US $ 13 million (US $ 12.9 million) to CEFTA countries. Exports of fresh and dried fruit to the Russian Federation amounted to over US $ 150 million (Republic Bureau of Statistics). It participates in the structure of exports of agricultural products, fruits and fruit products with 17% (Strategy for the Development of Agriculture of the Republic of Serbia 2014–2024). The export of fresh continental fruits from Serbia is dominated by apples, plums, cherries and sour cherries. There is a growing demand on the world market for organic products and products from intergated production, which can in the long run represent a significant incentive for producers and their export to the international market.

IMPLICATIONS AND CONTRIBUTIONS

It is not easy to decide which markets and which products to export to. For the Republic of Serbia, a significant market is represented by the surrounding countries, i.e. the countries signatories to the CEFTA agreement, then the EU market, as well as the market of the Russian Federation with which the Republic of Serbia has signed a free trade agreement. In order to participate in such a demanding market, it is necessary to provide high quality products, sufficient quantities and continuity in delivery. As well as the application of standards for food quality and safety. And finally, the application of the marketing concept in business on the international market in order to meet the needs of consumers and make a profit.

KEY RECOMMENDATIONS

In order to participate in such a demanding market, it is necessary to provide high quality products, sufficient quantities and continuity in delivery. As well as the application of standards for food quality and safety. Due to the better information of consumers, it is important to apply the marketing concept in business on the international market in order to meet their needs and make a profit. Which further indicates the need for the state to encourage the consolidation of possessions, the encouragement of integral and organic fruit production within the agrarian policy. Manufacturers and exporters should make efforts to raise modern plantations and develop market research activities as a starting point and connect to the international market in order to improve exports. Which will all affect the further development of fruit growing in the Republic of Serbia.

KEY WORDS

Fruit, exports, standards, marketing mix, success factors

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

INTRA-INDUSTRY TRADE BETWEEN SERBIA AND CEFTA 2006

Đorđe Ćuzović, PhD

Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Intra-industry trade (IIT) can be defined as a situation in which a country simultaneously imports and exports products of the same sector of the economy. Researchers have been paid much attention to the study of IIT in the second half of the 20th century. This model of international trade is at odds with traditional international trade theories. The share of IIT in international trade is increasing from year to year and is estimated to make up about a quarter of international trade today. The Grubel-Lloyd Intra-Industry Trade Index is most commonly used to measure IIT levels.

OBJECTIVES

The aim of this paper is to consider the intensity of IIT between Serbia and the countries of the CEFTA 2006 agreement. The member countries of the CEFTA 2006 agreement are the second most important foreign trade partner of Serbia. During 2019, the volume of trade between Serbia and the CEFTA 2006 countries reached 4.4 billion dollars; exports to these markets accounted for 16.9% of total exports, while imports accounted for 4.0% of total imports of Serbia. Based on these numbers, it is important to consider the share of IIT of these trading partners in the previous period.

HYPOTHESIS

Our initial assumption is that IIT is a model of international trade whose share in total trade is increasing. This assumption will be verified on the basis of

cuzovic.vps@gmail.com

available data regarding foreign trade of Serbia and the member countries of the CEFTA 2006 agreement in the period from 2012 to 2019.

METHODOLOGY

IIT volume was measured by the Grubel-Lloyd IIT index (Grubel-Lloyd, 1975). The GL index values range from 0 to 1 showing the similarity of the exchange between the two countries. The value of the index is 0 when there are no products within the same class that were both exported and imported (GLi = 0; Xi = 0 or Mi = 0). The value of the index is 1 when the value of exported and imported products within the same class is equal (GLi = 1; Xi = Mii). Bilateral IIT index is calculated as a weighted average of the GL index for all classes of the product i.

$$IIT_{i.AB} = \sum_i \left(\frac{(X_i + M_i) - |X_i - M_i|}{(X_i + M_i)} \right) * \left(\frac{(X_i + M_i)}{\sum_i (X_i + M_i)} \right)$$

X_i – the value of the exported product i,
M_i – the value of the imported product i.

The data used in this paper were taken from the electronic database of the Republic Statistical Office of the Republic of Serbia, which uses the fourth revision of the Standard International Trade Classification (SITC) to collect data on foreign trade. GL index values were calculated at the level of commodity groups (262 commodity groups).

RESULTS

Table shows the results of the bilateral GL index of IIT between Serbia and CEFTA 2006 countries at the level of commodity groups.

Year	GLI
2019	0.295
2018	0.297
2017	0.305
2016	0.289
2015	0.310
2014	0.332
2013	0.390
2012	0.340

Source: Author's calculation based on data by Statistical Bureau of the Republic of Serbia

The value of the bilateral GL index decreased from 2012 to 2019. In that period, the index value was the lowest in 2016 with 0.289, and the highest in 2013 with 0.390.

IMPLICATIONS AND CONTRIBUTIONS

The results presented in the paper show that the value of the bilateral GL index in the observed period is about 0.32. The value of the GL index for IIT increases with the level of aggregation, i. e. the index has a lower value when calculated at more detailed levels (United Nations, 2012, p. 20). The paper presents the results of the GL index at the level of commodity groups. According to the obtained results, the largest number of commodity groups had a difference in the quality of imported and exported products.

KEY RECOMMENDATIONS

The CEFTA 2006 member countries represent an important foreign trade partner of Serbia. In the exchange with these countries during 2019, a surplus of 2.26 billion dollars was realized. In most of the observed commodity groups, the export product was of better quality than the similar imported product. The obtained data show that our economy can offer competitive products to these markets and that our producers have recognized the possibilities of placing products on the markets of CEFTA 2006 member countries.

KEY WORDS

Intra-industry trade, Grubel-Lloyd index, Serbia, CEFTA 2006

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

CONSUMER ETHNOCENTRISM - SPECIFICITY OF THE CONCEPT IN THE SERVICE SECTOR

Dragana Gašević, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

Dragoljub Jovičić, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Consumer ethnocentricism is a concept that is applied in marketing and researching consumer behaviour and involves giving advantages to domestic products and services relative to the parties. Previous research has mainly focused on certain categories of physical products, while research focused on the service sector is rare. In accordance with the statement, the research problem of this work is directed towards the services sector, i.e. the subject of the research will be the research of the attitudes and purchasing intentions of respondents (students) towards the services of domestic and foreign mobile operators on the market of the Republic of Serbia.

OBJECTIVES

The aim of the survey is to identify students' attitudes towards mobile operator services and their purchasing intentions in terms of choosing a mobile operator in the coming period. In addition, a particular goal of the research will be to identify students' knowledge of the meaning of consumer ethnocentricism.

HYPOTHESIS

According to the results of the research so far, the following research hypothesis is being set. The first hypothesis is: There is a positive correlation between consumer ethnocentrism and attitudes towards the services of domestic mobile

draganag.vps@gmail.com
djovicic@uns.ac.rs

operators. Another hypothesis is: There is a negative correlation between consumer ethnocentrism and attitudes towards the services of foreign mobile operators.

The third hypothesis is: Consumer ethnocentricism positively affects respondents' intentions to use the services of domestic mobile operators. The fourth hypothesis is: Consumer ethnocentricism negatively affects respondents' intentions to use the services of foreign mobile operators.

METHODOLOGY

The research methodological framework involves analyzing content based on literature review to theoretically explain the essential characteristics of consumer ethnocentrism in the service sector. After that, empirical research will be conducted with the aim of obtaining the primary data used to draw concrete conclusions. A survey questionnaire was applied to a sample of the student population. The research period (November 2020) influenced the decision to select online research using a structured questionnaire. The questionnaire is structured in three parts. The first part covers issues related to the socio-demographic characteristics of respondents. The second part includes questions concerning consumer ethnocentrism (whether students are familiar with the notion of consumer ethnocentrism and the issues that make up the modified CETSCALE, which measures the general level of consumer ethnocentrism). The third part of the questionnaire is questions concerning the examination of attitudes and purchasing intentions towards the services of domestic and foreign mobile operators on the market of the Republic of Serbia.

RESULTS

(The results of previous surveys of consumer ethnocentrism show that in most cases, older respondents exhibit a higher degree of consumer ethnocentrism than younger ones. In recent years, however, there has been a evident increase in consumer ethnocentrism among young people in the Republic of Serbia. As this research focuses on the youth market segment, results are expected to be in the scud with a tendency to increase the level of consumer ethnocentrism. In relation to the above, as well as the results of relevant research, all research hypotheses are expected to be proven. If the research hypotheses are not confirmed then research in the coming period should be directed towards identifying the factors that caused the result.

IMPLICATIONS AND CONTRIBUTIONS

The scientific contribution of research is reflected in the advancement of literature on consumer ethnocentricism in the service sector. The significance of the research is even greater given the fact that the research is directed towards a specific category of respondents (student population). In addition, research on this topic has so far not been identified in the case of mobile operators on the Market of the Republic of Serbia. On the other hand, practical contribution is reflected in creating opportunities to create adequate strategies for market performance.

KEY RECOMMENDATIONS

A key recommendation is to direct the research in the future towards a wider sample of respondents. It would also be interesting to monitor any changes in ethnocentric tendencies of the same segment of respondents after a certain period of time.

KEY WORDS

Consumer behavior, Consumer ethnocentricism, Services, Mobile telephony, Attitudes and purchasing intentions

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

INFLUENCE OF PROMOTION STRATEGY ON INTERNATIONAL MARKET SUCCESS

Bojan Vapa, PhD
Academy for Business Economics, Čačak, Republic of Serbia

Jelena Vapa Tankosić, PhD
Faculty of Economics and Engineering Management, University Business Academy, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

International market structure, determined by supply and demand, shapes the behavior of sellers and consumers. The choice of an adequate promotion strategy is a key issue for every company that strives to perform business outside national borders. Due to the specifics of implementation and sensitivity of different segments of the international environments, the SMEs international market promotion strategy needs to be carefully planned.

OBJECTIVES

The purpose of the paper is to determine the factors of promotion strategy that can influence successful business performance on the international market of SMEs from the Republic of Serbia. The authors shall perform the analysis of the effect of promotion factors on the SMEs export performance, i.e. on the volume of export sales, the share in the foreign market and the profitability of exports.

HYPOTHESIS

Hypothesis of this paper is as follows: Adequate promotion strategy on the international market influences the international market success. The promotion strategy factors, which have been identified for the purpose of this research

bojanvapa@gmail.com
jvapa@fimek.edu.rs

paper, are the quality economic propaganda on the international market, the ability to improve sales on the international market, the ability to improve direct marketing and the ability to introduce personal selling on the international market, have a significant influence on the SMEs increase of international market success.

METHODOLOGY

The preliminary research was carried out in 50 companies engaged in the export of various types of products on the territory of the Republic of Serbia. In order to increase the representativeness of the sample and the quality of research, the survey covered companies from the production and export of alcoholic beverages, agricultural productions, cables and boilers, electrical appliances, furniture, clothing and telecommunication equipment. In accordance with the previously defined hypotheses, as well as in accordance with the subject and objectives of the research, the appropriate theoretical and methodological framework has been set up. SPSS 17.0 (Chicago, IL) was used to analyze data from this study. The regression analysis shall be used as to determine the relationship between a response variable and one or more predictor variables.

RESULTS

The descriptive analysis has shown that, on the international market, 40% of SMEs consider that they do not possess quality economic propaganda, 16% of the SMEs lack the ability to improve sales on the foreign market, 28% cannot improve direct marketing and 30% cannot introduce personal selling. The regression analysis has determined that quality economic propaganda predicts export sales volume and international market share. The findings showed that the profitability of exports in foreign markets is influenced solely by the SMEs ability to improve sales in foreign markets.

IMPLICATIONS AND CONTRIBUTIONS

The adequate promotion strategy on the international market influences the international market success and represents a strategic asset. The results indicate that SMEs from Republic of Serbia consider that their quality economic propaganda, sales, direct marketing and the personal selling on the international market should be improved. Further research need to be oriented towards deeper planning and implementation of various models of the promotion strategy.

NOVI SAD SCHOOL OF BUSINESS
AP Vojvodina, Republic of Serbia

KEY RECOMMENDATIONS

In order to achieve effective and efficient promotion, companies should carefully plan their promotional activities on the international market. In terms of planning an adequate promotion strategy, additional research would be of great benefit, considering also the ways in which other companies conduct all activities related to promotion, conduct economic propaganda, sales promotion, personal selling and direct marketing. The obtained results could indicate their shortcomings in the existing promotion strategy, with an aim to improve, in the long term, the volume of sales, the share and the profitability on international markets.

KEY WORDS

Promotion strategy, SMEs, Export performance, Republic of Serbia.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE IMPACT OF DEMOGRAPHIC CHARACTERISTICS ON CONSUMER SATISFACTION IN RETAIL

Dragana Tomašević, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

Marija Vranješ, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

In contemporary business environment, the growth and development of companies in the service sector is conditioned by the provision of a high level of consumer satisfaction. Satisfaction occurs as a result of a subjective assessment that the selected retail store meets or exceeds consumer expectations. Therefore, it is important for business organizations to know the expectations and preferences of consumers, because it enables them to achieve business success and gain a competitive advantage in the market.

OBJECTIVES

In the service sector, customers and employees are key actors in service interactions. The quality of any service depends on customer expectations and how efficiently the company is able to serve its customers. Knowledge of the degree of satisfaction/dissatisfaction of consumers is the basis for achieving business success of retail stores. Therefore, the main goal of this paper is to discover the influence of various demographic factors on consumer satisfaction in retail stores.

dragana.vps@gmail.com
vranjesmarija.vps@gmail.com

HYPOTHESIS

Based on the defined research aim, the general hypothesis in the paper has been set as following:

H1: *There are demographic characteristics that affect consumer satisfaction in retail.*

The following special hypotheses have been derived from the general hypothesis:

H1a: There is a statistically significant difference between men and women in consumer satisfaction in retail.

H1b: There is a statistically significant difference between different age groups in terms of retail satisfaction.

H1c: There is a statistically significant difference in terms of different educational groups in terms of retail satisfaction.

METHODOLOGY

The empirical research was conducted on a random sample of 179 respondents, and the data were collected through a survey filled out online by respondents. The SPSS statistical package was used to analyze the collected data. The paper analyzed whether there is a statistically significant difference in the mean values between certain categories of respondents (observed according to their demographic characteristics: gender, age and education) in terms of consumer satisfaction in retail stores. For this purpose, the t-test of independent samples was used, in order to determine whether men and women differ in terms of satisfaction. Also, a one-factor analysis of variance (ANOVA) was used to determine whether age and educational status affect satisfaction. Consumer satisfaction in retail stores as a dependent variable in this study was constructed based on reliability analysis of three statements (Cronbach alpha coefficient).

RESULTS

Based on the obtained results, the general hypothesis that there are demographic factors that affect consumer satisfaction in retail has been confirmed. Based on the t-test of independent samples, we have concluded that men and women do not differ in terms of retail satisfaction, so the special hypothesis H1b has been rejected. The results of the one-factor analysis of variance has shown that the respondents differ by educational groups in terms of satisfaction in retail, and this difference is observed between the respondents who have secondary and higher education. This means that special hypothesis H1b has been accepted. The results of the Kruskal-Wallis test have showed that there is no statistically significant difference between age groups in terms of retail satisfaction, so the special hypothesis H1c has been rejected.

IMPLICATIONS AND CONTRIBUTIONS

The research results provide important implications for practice by offering retail managers important insights on how to tailor marketing and retail strategy to the target consumer demographic. In this way, they are given the opportunity to create and implement a more efficient marketing strategy for meeting consumer expectations in the future, in order to provide a competitive advantage and long-term profitability.

KEY RECOMMENDATIONS

In future research, the number of respondents should be increased, in order to harmonize the respondents structure according to demographic characteristics as much as possible. Namely, in the existing sample, it would be desirable to increase the number of males, as well as respondents belonging to groups over 35 years of age. In addition, it is necessary to cover a larger research field, as well as to show whether there are differences in consumer satisfaction depending on the purchase in different retail formats.

KEY WORDS

Retail, Satisfaction, Gender, Age, Education.

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THE RELATIONSHIP BETWEEN TRADE OPENNESS AND GDP IN BALKAN COUNTRIES

Mirjana Dmitrović, MSc
The Academy of Applied Studies, Šabac, Republic of Serbia

Jelena Obradović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The relationship between trade openness and gross domestic product is the topic that a large number of authors have dealt with. Most of researches, conducted so far, have shown that more outward-oriented countries have higher economic growth, in the long run. However, the results of previous research are not considered fully valid for two main reasons. The first one refers to the question of how to measure trade openness more accurately, and the second reason refers to valuation methods.

OBJECTIVES

Considering that international trade is important for economic growth, the relations of countries with abroad are very often the subject of research. As trade openness is one of the factors that stimulate economic growth, in this paper we will test three hypotheses concerning the relationship between trade openness and gross domestic product, in order to contribute to previous research on this topic.

HYPOTHESIS

H1. In the long run, changes in trade openness cause changes in gross domestic product.

dmitrovicmima@gmail.com
jelena.obradovic.vps@gmail.com

H2. In the long run, changes in gross domestic product do not cause changes in trade openness.

H3. In the short run, there is a two-way causality between trade openness and gross domestic product.

METHODOLOGY

The methodology is based on the panel VECM - vector error correction model/Granger's causality analysis to investigate the interdependence between trade openness and real gross domestic product for the Balkan countries. To determine short-run causalities, a Wald F-test has been employed. Before executing VECM/Wald F tests, several steps needed exploring. First, the panel data was tested for the existence of unit roots in the panel data using the standard tests: Levin Lin and Chu test, the LM, Pesaran and Shin test, the Fisher-ADF and PP test. After this analysis, Johansen-Fisher test for the presence of co-integration was performed.

RESULTS

The research results show the existence of a long-run causality running from trade openness to gross domestic product. To state this differently, the speed of adjustment is 3,245% annually, meaning the whole system is going back to long-run equilibrium at the speed of 3,245% annually. Contrary to this, there is no long-run causality running from gross domestic product to trade openness. Furthermore, a short-run bidirectional causality exists between trade openness to gross domestic product.

IMPLICATIONS AND CONTRIBUTIONS

After reviewing the literature dealing with trade and economic growth, we noticed that there is not enough empirical studies referring to the relationship between trade openness and GDP in the Balkan countries. Consequently, this research makes an important contribution to determining the importance of trade openness in the analyzed countries.

KEY RECOMMENDATIONS

Taking into account research results, we can conclude that Balkan countries should implement measures that contribute to economic and trade openness, in order to achieve economic growth. One possibility is to reduce existing trade barriers and promote international trade by changes in procedures and controls.

Also, Balkan countries should work on changing the composition of trade and focusing on the export of high valued-edded goods.

KEY WORDS

Trade openness, Gross Domestic Product, Balkan countries

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

ECOLOGICAL MARKETING AS A DETERMINANT OF COMPETITIVE ADVANTAGE IN THE B2B MARKET

Dragoljub Jovičić, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Dragana Gašević, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Increasingly fierce competition in the B2B market and unscrupulous struggle for profit, very often lead to unfair competition, non-compliance with basic environmental and ethical norms, and violations of various other forms of socially responsible behavior. Fortunately, there are other, positive examples of socially responsible organizations that fight to respect environmental norms and preserve the environment. It is this struggle of socially responsible organizations, i.e. conscious and responsible managers from their ranks is the focus of this research and represents a basic research problem. Our intention is to actualize this problem, our research and the results obtained, to give our modest contribution to the affirmation and implementation of ecological (environmental, green) marketing in economic practice in the B2B market.

OBJECTIVES

The aim of this research is to prove that in today's global B2B market, in addition to all available marketing instruments, incorporated into the optimal marketing mix, it is necessary to apply a sophisticated strategy of ecological (green) marketing, in order to gain and maintain competitive advantage and long-term good positioning of the organization and its products and / or services in the minds of industrial customers.

djovicic@uns.ac.rs
draganag.vps@gmail.com

HYPOTHESIS

The research hypothesis is conceived in the form of a question: Does the application of ecological (green) marketing in the B2B market enable organizations to more easily achieve a competitive advantage and better long-term positioning in the minds of customers or end users?

METHODOLOGY

When collecting data on the B2B market, empirical research was conducted using unstructured personal communication, surveying managers and owners of production, trade and service organizations (companies), who are well acquainted with the problems of organization and management, ie. procurement, production, promotion and marketing of its products and / or services. During September 2020, field and table research was conducted in parallel, in the area of Vojvodina, primarily Novi Sad. The method of intentional selection of respondents was used, persons were selected, i.e. managers - experts, who have enough professional knowledge and enough work experience in these positions, in order to obtain relevant and reliable answers to the questions asked. Descriptive statistics, arithmetic mean, standard deviation and coefficient of variation were used when processing and tabulating the collected data from the field.

RESULTS

Based on the obtained results, which are based on data obtained through sophisticated unstructured personal interviews, it can be seen that the research hypothesis has been indisputably confirmed. Analyzing the answers of managers (experts), it can be concluded with great certainty that the application of ecological marketing, in the context of socially responsible business, in our B2B market allows organizations to gain competitive advantage and good positioning in the minds of modern, sophisticated industrial customers.

IMPLICATIONS AND CONTRIBUTIONS

The results of the research will have an inspiring and encouraging effect on the work of managers in organizations that exist in the B2B market, regardless of whether they are engaged in production or trade. In addition to the growing importance of the environmental issue in the spheres of production, promotion and distribution, the awareness of customers about the procurement of ecological, health safe and quality products and services is growing very intensively, but also the awareness of the need to preserve and protect the environment. All this contributes to a higher level of social responsibility on both the supply and demand side, which will ultimately result in a better environment, healthier and more humane life for people on planet Earth.

KEY RECOMMENDATIONS

The confirmed research hypothesis is the best recommendation, to all market actors in the B2B market, that if they want to achieve socially responsible and profitable business, which are compatible, but they are not excluded one another, they must accept and implement the ecological marketing concept, because it is indisputable that all socially responsible organizations they prefer to work with companies that care about the ecology and the environmental protection. It would be useful in future research to deepen the analysis, to see if managers, in the B2B market, will focus more on a sustainable, environmentally friendly or marketing environment.

KEY WORDS

Ecological marketing, Environmental protection, B2B market, Social responsibility, Competitiveness

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IMPACT OF TOURISM ON THE ECONOMIC DEVELOPMENT OF RURAL AREAS OF THE AUTONOMOUS PROVINCE OF VOJVODINA

Tatjana Bošković, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Bojana Kovačević Berleković, PhD
Novi Sad School of Business, Novi Sad, Serbia

RESEARCH PROBLEM

Rural areas are, viewed from the aspect of their development possibilities and potentials, perspective areas. The preserved natural environment and rich cultural and historical heritage and tradition represent a good basis for the social and economic development of the rural areas of the Autonomous Province of Vojvodina. The rural economy of Vojvodina is highly dependent on agriculture, which has very favorable conditions for development in this area. The population of rural areas largely depends economically on the results achieved in agriculture, which is characterized by low productivity and income. According to the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period from 2014-2024. compared to earnings from other sectors and social benefits, income from agricultural activities is relatively low. This fact indicates the need to provide additional economic support to the population and the development of these areas through the development of some other activities. Tourism is one of the activities that provides such opportunities and which can be developed in parallel and combined with agriculture. The development of tourism in theory and practice is associated with various economic and non-economic effects. The most significant economic impacts of tourism are on: social product and national income, balance of payments, activities of the tourism industry, employment,

tatjanab44@gmail.com
bojancica81@gmail.com

investments, faster development of underdeveloped areas and regions. Indirectly, tourism also affects the development of construction, agriculture and industry. Also, the multiplier effects of the entire economy benefit from the foreign tourist consumption.

OBJECTIVES

The subject of research in this paper is the impact of tourism on the economic development of rural areas of the Autonomous Province of Vojvodina. The focus of the paper is on researching the impact of rural tourism on employment and income of rural households, as key expected impacts. Data on the turnover of rural tourist households in the Autonomous Province of Vojvodina are an indicator of the economic importance of rural tourism.

HYPOTHESIS

Preserved natural and social wealth provides a good foundation for the development of tourism in rural areas of the Autonomous Province of Vojvodina. The development of tourism contributes to the socio-economic development of rural areas. The economic contribution of tourism is directly related to the realized turnover and income from tourism. The limiting factors in this process are the still unsatisfactory economic results from rural tourism.

METHODOLOGY

In this paper, the methods of analysis and synthesis, as well as the comparative method will be applied. The data sources will be the publications of the Republic Statistical Office of Serbia, the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia, the Provincial Secretariat for Economy and Tourism, but also all other relevant institutions, as well as the results of some previous research by all authors. foreign research in this area.

RESULTS

The results of the research are expected to confirm the initial assumptions. Tourism in the rural areas of the Autonomous Province of Vojvodina has very favorable natural and social conditions for development. However, it has not yet reached a higher stage of development and does not have any major economic significance for these areas and the population living in them.

IMPLICATIONS AND CONTRIBUTIONS

The results of the research will have, above all, practical significance. In practice, they can be used as guidelines for the future development and promotion of tourism in rural areas. It is expected that the improvement of the rural tourist offer will contribute to the more intensive development of tourism and higher traffic and income, but also to the overall economic and social development of the area.

KEY RECOMMENDATIONS

Based on the results of the research, appropriate measures and activities will be proposed in order to eliminate or at least mitigate the observed limitations and thus enable tourism to contribute more strongly to the economic development of rural areas of the Autonomous Province of Vojvodina. It is necessary to work, on the one hand, to expand the offer, and on the other hand, to improve its quality and attractiveness. Having in mind the latest global health crisis caused by the COVID-19 pandemic, it is very important to insist on improving the quality of the offer so that rural tourism is absolutely safe for all those who decide to spend their vacation in rural areas.

KEY WORDS

Tourism, Rural areas, Economic development, Rural development, Rural tourist households, Vojvodina

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

HUMAN POTENTIAL AND COMPETITIVENESS IN THE EUROPEAN CONTEXT

Ivana Jošanov - Vrgović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Based on the existing knowledge and research results, there is a research problem that can be defined as follows:

How to use human potential as a competitive advantage in the European context?

The problem defined in this way is scientifically valid and important, because it speaks of employees as a major competitive and strategic advantage. Determining the different potentials that employees possess as well as the possibilities of their use will indicate different possibilities of achieving organizational competitiveness.

OBJECTIVES

The impetus for writing this paper and dealing with this issue came from the fact that Western European countries see employees as potential and not as available resources, they see their knowledge, skills and abilities as carriers and drivers of growth and development of the organization. Employees should form the basis of competitive advantage because they represent the most valuable assets an organization can have. When we look at people in this way, as a source of potential of the organization, with which we can work, develop and create, it becomes clear to us that human potential is the most important and that it should be preserved, nurtured and developed. The basic idea is to gain knowledge in this way, which is essential for creating favorable and stimulating

josanov.vrgovic@gmail.com

conditions for the development of human potentials, their implementation and the development of successful business organizations in our country.

The objectives of this research are defined in the following way:

1. Identify the different potentials of employees as well as the possibilities of their application in order to achieve the competitiveness of companies operating in the Republic of Serbia, following the example of the concept of Western European countries.

2. Analize the situation in a Novi Sad company before and after the introduction of changes.

HYPOTHESIS

Based on the knowledge of theoretical nature, as well as on the basis of the research carried out so far and on the basis of a case study, we have assumed that there are different ways to achieve a competitive advantage by relying on the human potentials.

The main hypothesis of this research is:

H1: There are different ways to achieve a competitive advantage by relying on the human potential in companies operating in the Republic of Serbia.

METHODOLOGY

The research was conducted in a Novi Sad company and lasted for a year and a half, during 2018 and 2019. The sample included all employees, a total of 87. The following methods were used for data collection: observation, interviews, tests (test for determining organizational culture, test for determining organizational climate, test for examining employee satisfaction, performance assessments, knowledge tests). To introduce changes in the company, various workshops and lectures on certain topics, work on social skills of employees, Levin's model of changing organizational culture were applied.

RESULTS

The analysis of the results pointed to the following:

There have been positive changes at all levels of management. There has been a change in organizational culture, increased efficiency and effectiveness, improved interpersonal relationships, development of managers and leaders, development of individual employees, attracting and retaining quality talent, flexibility in work, increased employee satisfaction and motivation. Also, the company has introduced the digitization of certain organizational processes.

IMPLICATIONS AND CONTRIBUTIONS

Considering that the aim of the research was to examine and determine different potentials of employees as well as the possibilities of their application in order to achieve competitiveness of companies operating in the Republic of Serbia, the results showed that by introducing successful practices of Western European countries in the field of human potential management, companies can achieve a competitive advantage.

KEY RECOMMENDATIONS

In accordance with the results of research conducted in Europe, and based on the introduction of changes in a Novi Sad company, it can be concluded that in our country it is necessary to introduce various pragmatic tools and programs in the field of digitalization, optimization of human potentials, innovation, branding employers and develop and retain talent.

KEY WORDS

Human potential, European context, Competitiveness, Human potential management, Knowledge management

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Part III.

ECONOMIC POLICY, FINANCE AND INVESTMENTS

BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE ANALYSIS OF AVAILABLE FINANCIAL SERVICES SUPPORTING THE DEVELOPMENT OF ENTREPRENEURIAL SECTOR IN THE TERRITORY OF AUTONOMOUS PROVINCE OF VOJVODINA

Slobodanka Jovin, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Dajana Ercegovac, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The paper analyzes the problems of financing in the entrepreneurial sector on the territory of AP Vojvodina. The entrepreneurial sector has poor access to finances and in most cases uses only short-term loans, which is not the best solution when it comes to financing growth and development. The risk of financing the entrepreneurial sector is too high, which leads to high interest rates and lengthy procedures making access to banks more difficult.

OBJECTIVES

The aim of the research is to analyze the possibilities of financing the entrepreneurial sector on the territory of AP Vojvodina as well as the analysis of approved loan conditions by financial institutions. In addition, the research aimed to find out whether companies in the territory of AP Vojvodina use advisory services and who the most common providers of advisory services are.

Based on the obtained results and the results of previous research, the goal is to propose appropriate guidelines for overcoming previous problems.

boba_jovin@yahoo.com
dajana_vindzanovic@yahoo.com

HYPOTHESIS

Based on the theoretical framework of the research as well as the results of previous research, the following research hypotheses have been set in this paper:

H1: Entrepreneurs on the territory of AP Vojvodina face poor access to sources of financing as well as high interest rates.

H2: There is significant unawareness about the possibility of using advisory services.

METHODOLOGY

Considering the research objectives, a questionnaire combining open and closed questions was created. The results that will be presented below have been obtained on the samples which consist of 108 small and medium enterprises and entrepreneurs from the territory of AP Vojvodina, of which entrepreneurs participate in the sample with 58%, small enterprises with 29% and medium with 13%.

Company size - number and percentage of companies in the sample

Company size	N	%
Entrepreneur	63	58
Small	31	29
Medium	14	13
Total	**108**	**100**

Source: Author's research

In the examined sample, companies from different industries were examined, so the sector of manufacturing industry in the total sample participates with 25%, the sector of agriculture, forestry and fishery participates in the total sample with 19%, trade sector with 20%, accommodation and food services with 13%, construction with 9.5% and other sectors with 13.5%.

Data were collected from April to July 2020, in the area of AP Vojvodina. Data were processed in the statistical program SPSS Statistics 17.0.

Of the analyses, descriptive statistics was used for quantitative description of the sample, analysis of variance and differences between arithmetic means to examine the differences between the observed groups as well as the chi square test.

RESULTS

The analysis of the results has showed the following:

Short-term loans are the most frequently used financial service by the entrepreneurial sector on the territory of AP Vojvodina and were used by as many as 68% of companies, while current account overdrafts are in second place. Medium-term and long-term loans are less represented, which makes it difficult to invest in long-term growth and development of companies.

Evaluating the approved loan conditions with a score from 1 to 5, the companies rated the approved interest rate the worst, with an average score of 2.4 and the procedure for obtaining a loan with 3.1.

An analysis was made regarding the length of business, so companies that operate for less than three years rated all parameters worse than companies that operate for more than three years and have a longer tradition in the market and better relations with commercial banks.

The research has also pointed out to the unawareness of the possibility of using advisory services, which is much more prominent when it comes to newly established companies. Namely, only 13.6% of newly established companies use business support services from consulting agencies.

IMPLICATIONS AND CONTRIBUTIONS

Considering that the research objective is to analyze the possibilities of financing the entrepreneurial sector on the territory of AP Vojvodina, the results have showed that there is a poor access to financial resources of banks and that companies borrow mainly in the short term. The problem of risk management is a key reason for financial institutions to refrain from providing longer-term support to this segment of the economy. It is necessary to develop an adapted approach to assessing the creditworthiness of these companies and a greater focus on the individual company. Financial instruments adjusted to the needs of entrepreneurs, improved and close relationship between banks and entrepreneurs and adequate risk management procedures, are the basis for improving the possibility of financing entrepreneurship on the territory of AP Vojvodina.

KEY RECOMMENDATIONS

Given the above, it can be concluded that improvements are needed in the following areas:

- Advisory services, training and education should aim to raise awareness of companies about the existence of financial services and a better understanding of banking procedures, so it is necessary to better inform companies about their existence;
- Improving financial support and better risk management of the entrepreneurial sector will reduce interest rates and provide access to long-term sources of funds.

KEY WORDS

Banks, Financial institutions, Entrepreneurial sector, Interest rates, Advisory services

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE RELATIONSHIP BETWEEN WEIGHTED AVERAGE COST OF CAPITAL AND PROFITABILITY OF COMPANIES IN SERBIA: CASE STUDY

Mirela Momčilović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Sanja Vlaović Begović, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Weighted average cost of capital (WACC) represents total cost of capital and it is calculated as weighted average of cost of all company's long term financial sources. WACC is used as a discount rate in evaluation of new investment projects on the basis of dynamic evaluation methods (like net present value), as well as discount rate in valuation of the company. It is clear that the lower the WACC the more financial recourses company has, which implies more resources for further development.

As a result, it would be expected that companies with lower WACC have a higher net profit margin, ROA and ROE, or in other words that they are more successful and achieve faster development.

OBJECTIVES

The aim of this paper is to calculate WACC, net profit margin, ROA and ROE for 2019. for the following companies: Vital ad Vrbas, NIS ad Novi Sad, Metalac ad Gornji Milanovac and Impol Seval ad Sevojno, and to analyze the obtained results in order to establish whether there is a connection between selected company's cost of capital and prominent ratio numbers of profitability.

bizniscentar@gmail.com
sanjavbegovic@gmail.com

HYPOTHESIS

Companies with a higher WACC are less profitable, i.e. they have a lower net profit margin, ROA and ROE. Consequently, the negative relationship between the level of WACC on one hand and the net profit margin, ROA and ROE on the other hand, indicates that companies with higher WACC achieve slower development.

METHODOLOGY

In this paper, WACC is determined for Vital ad Vrbas, NIS ad Novi Sad, Metalac ad Gornji Milanovac and Impol Seval ad Sevojno for 2019. In order to calculate WACC, it is necessary to determine cost of long-term debt capital and cost of equity for each examined company. Due to the lack of market value data on company's long term debt, in this paper are used book values and long-term debt is calculated as a fraction of net finance expenses and long-term debt. Cost of equity is determined as a sum of risk-free rate, country risk premium and multiple of beta and mature market risk premium. A 5-year average yield on 10 year maturity EU government bond (0,26%) is used as a risk free rate. Germany equity risk premium (6,01%) is used as mature market risk premium. It is taken from Damodaran's data base, as well as Serbian (country) risk premium (6,59%). Beta is calculated on the basis of linear regression, where dependent variable of regression represents the monthly rate of return on shares of selected companies, while independent variable represents the monthly rate of return on stock Belgrade Stock Exchange BelexLine market index for the period from 01.01.2017. to 31.12.2019. Cost of equity is transformed from EUR in RSD on the basis of Fisher's formula. EU and Serbian inflation rate are taken from Statista data base.

Also, in this paper are calculated and analyzed following profitability ratios: net profit margin, ROA and ROE for selected companies in 2019.

RESULTS

The research results show that Vital ad Vrbas has the highest cost of long-term debt (16,85%), cost of equity in RSD (14,38%) and therefore the highest WACC that amounts 14,35%. On the basis of analysis it can be seen that Vital ad Vrbas in its capital structure has more debt than equity and that the majority of the debt is short-term. Therefore, company can be regarded as risky and its cost of capital is high. Also, it can be said that company has used borrowed money in profitable way and therefore has the highest values of key profitability ratios.

Metalac ad Gornji Milanovac has cost of long-term debt that amounts 1,34%, cost of equity in RSD is 10,37% and WACC is 10,33%. Research results show that Metalac has second highest WACC due to high cost of equity and low value of debt in its capital structure. Also, Metalac has second high value of ROA (7,40%) and ROE (8,39%) and the highest net profit margin (22,55%) out of 4 selected companies.

NIS ad Novi Sad and Impol Seval ad Sevojno have similar capital structure and therefore similar WACC (8,18% and 7,53%), cost of long-term debt (4,23% and 4,57%) and cost of equity in RSD (11,30 and 9,64). Also, NIS ad Novi Sad and Impol Seval ad Sevojno have similar values of ROA (4,31% and 3,90%) and ROE (6,94% and 7,66%).

IMPLICATIONS AND CONTRIBUTIONS

On the basis of conducted analysis of WACC and key profitability ratios for selected companies in observed year, it can be seen that companies with higher WACC have higher values of selected profitability ratios.

Although it was expected that companies with the lowest WACC have the highest key profitability ratios, research results showed otherwise. This implies that it makes sense to use expensive capital sources if this capital is used in a profitable manner.

KEY RECOMMENDATIONS

Although it makes sense to use expensive capital for financing of profitable projects, companies should determine optimal capital structure to further increase their profitability. Increase in debt leads to increase in riskines of the company and increase in its overall cost of capital, which consequently leads to decrease in profitability of the company. Therefore management of the company should make rational financing decisions, which will lead to improvement of its profitability and faster economic developement.

KEY WORDS

Weighted average cost of capital, cost of equity, cost of long-term debt, profitability ratios.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE IMPORTANCE OF THE INSTITUTIONAL FRAMEWORK FOR THE DEVELOPMENT OF THE RURAL AREA OF MONTENEGRO

Slađana Živanović
University Adriatic, Bar, Montenegro

Sanja Smolović
University Adriatic, Bar, Montenegro

RESEARCH PROBLEM

Research problem of this article is study and analysis of the contribution of the institutional component of the concept of sustainable development for the support and direction of rural tourism.

First of all, actual models of rural tourism will be identified in this article as well as dimension of sustainable development. Second of all, this research is focused on the institutional dimension of rural development without neglecting the link between all existing dimensions of that development (Atchoarena and Gasperini, 2003).

OBJECTIVES

The general objective of this research is to confirm the link between institutional dimension of the concept of sustainable development and effects of its use through the presentation of effective politics.

Independent objectives are consideration of the possibility of suppression of rural poverty by promoting sustainability (which is one of the primary goals of rural tourism) and deliberation of the possibility of suppression of marginalization of rural areas (Van Depoele, 2000).

sladja.nautilus@gmail.com
sanjasmolovic83@gmail.com

HYPOTHESIS

Based on defined goal and methodological basis of the research for the purpose of preparing this doctoral dissertation, the following hypotheses were used:

Null hypothesis: *The need to achieve rural development represents one of the global development priorities*.

Alternative hypothesis:

- The competitiveness of rural areas is linked to stable and long-term development which is based on diversification of activities.
- The importance of institutional component of sustainable development is increasing when compared to other dimensions.

METHODOLOGY

Adequate scientific methods were used in this research.

The inductive-deductive method was used in order to shape generalized judgments and obtain concrete answers to the set hypotheses.

The inductive method (as a procedure of logical reasoning) has been applied in directing thought activities by which individual and special facts will be classified and connected in the direction of general judgments.

The Analytical method was applied in the function of considering the essential components of sustainable rural development and the analysis of the importance of institutional component for that development.

The verification method was used to check and prove the most important theoretical assumptions, as well as to determine the degree of truth of those assumptions.

RESULTS

Comparative analysis of the institutional environment in Montenegro and other countries looked at the most appropriate angles for institutional reforms. It was concluded that the management of the institutional dimension of sustainable rural development should coordinate a large number of activities in the fields of economic, environmental, and social policy at the national level, but also harmonize them with international development policies and programs.

IMPLICATIONS AND CONTRIBUTIONS

The special contribution of this paper is reflected through the presentation of an effective policy of sustainable rural development, in confirming the connection between the institutional dimension of the concept of sustainable development and the effects of its application (Zakić, 2001). A significant challenge in conceiving attitudes about the importance of the institutional in achieving sustainable rural development is the simultaneous recognition of synergistic economic, environmental and social effects of development policy (Martinez, 2008).

KEY RECOMMENDATIONS

This paper indicates that the competitiveness of the rural areas is associated with stable and long-term rural development based on diversification of activities. Systematization of facts and critical review takes the position on the necessary changes in the strategic direction of rural development in Montenegro, which clearly confirms the position that local capacities in sustainable rural development are an indispensable factor in designing necessary actions, decision making and creating stimulation institutional environment (Jovanović, Radukić and Petrović-Ranđelović, 2011).

KEY WORDS

Institutional framework, Rural area, Sustainable development.

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EMPIRICAL STUDY ON FOREIGN INVESTORS' MOTIVES AND IMPORTANCE OF FDI INFLOWS IN EMERGING AND DEVELOPING EUROPEAN COUNTRIES

Biljana Stankov, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Milijana Roganović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The research problem refers to the motives of foreign investors when choosing an investment location, as well as the importance of FDI inflows for emerging and developing European countries. Taking into account the political and economic situation in the host country, the development and stability of the industry in which it wants to invest, as well as other influential elements, the foreign investor decides on a particular form of investment and the most suitable investment location. This research will focus on emerging and developing European countries as potential, but also very attractive, investment destinations.

OBJECTIVES

The aim of the paper is to determine the key motives that encouraged foreign investors to choose one of the emerging and developing European countries as their investment location. Also, the aim of the authors is to point out that in the decision-making process, a foreign investor is motivated by different motives, guided by individual interests and goals that he wants to achieve in doing business in the future. Some investors want to conquer new markets or take

bilja.l.stankov@gmail.com
milijanadjordjevic@gmail.com

advantage of low start-up costs, while others seek to use scarce and affordable resources or achieve their own strategic goals.

HYPOTHESIS

One of the aim of these research is primarily to verify the validity of general, specific and individual research hypotheses whose verification of truthfulness will be carried out using the appropriate research methodology.

General research hypotheses: *Conquering new markets, taking advantage of a favorable and cheep workforce, exploiting scarce resources or acquiring special skills are key motives that drive foreign investors to make investment decisions, choose an investment destination and implement FDI projects.*

Several special and individual hypotheses were derived from the stated general research hypothesis.

METHODOLOGY

During the collection of research data, the authors have used desk method and secondary sources of data. For the purposes of research sample the authors have selected 11 emerging and developing European countries, according to the IMF classification: Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Hungary, North Macedonia, Poland, Romania, Serbia and Turkey. A combination of several scientific methods was applied in the data analysis: comparative method, descriptive method, content analysis method and compilation method.

RESULTS

Obtained results have confirmed the general research hypothesis and therefor it can be concluded that some foreign investors companies want to conquer new markets or take advantage of low start-up costs, while others strive to use scarce and affordable resources or achieve their own strategic goals. When choosing an investment location, foreign investors primarily take into account the expected profitability of the investment venture, which is influenced by various factors specific to a particular country, as well as under the influence of the type of investment motives.

NOVI SAD SCHOOL OF BUSINESS
AP Vojvodina,Republic of Serbia

IMPLICATIONS AND CONTRIBUTIONS

The results of this empirical study have significant practical implications for analyzed countries policy makers, with an aim of fostering FDI inflows. Agencies or institutions directly involved in the promotion of foreign investment can also rely on the results to identify key motives of foreign investors in choosing one of the researched countries as their investment location. Therefore, exactly what drives a foreign investor to make an investment decision should be offered to him within the appropriate package of services.

KEY RECOMMENDATIONS

The results of this scientific research point out to original findings, while confirming some of the conclusions of previous empirical studies. The uniqueness of this study is primarily reflected in the original selection of the research sample, i.e. emerging and developing European countries, as well as in the selection of variables, such as market-seeking investments, resource-seeking investments, efficiency-seeking investments and strategic-seeking investments.

KEY WORDS

Foreign direct investments (FDI), Motives of foreign investors, FDI inflows, Emerging and developing European countries, Investment destination.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

FINANCIAL SUPPORT AS A DETERMINANT OF SMALL AND MEDIUM-SIZED ENTERPRISES ECONOMIC GROWTH

Dejan Volf, MSc
Flughafen München GmbH (FMG), Munich Airport, Germany

RESEARCH PROBLEM

Small and medium-sized enterprises in Republic of Serbia face more complex and dynamic environment which requires greater competitiveness in terms of improved quality, efficiency and management practices. However, the competitiveness of the regional SMEs is still at a much lower level compared to other European SMEs. In order to increase the SMEs organizational capability and competitiveness in Serbia the adequate financial and non-financial support is needed.

OBJECTIVES

This paper shall aim to determine the factors of financial and non-financial support and the benefits from state institutions and bodies, on the SMEs organizational capability and the SMEs competitiveness. The objective of this paper is to analyze the perceived importance of financial and non-financial measures for SMEs in terms of organizational capability and competiveness.

HYPOTHESIS

H1: There is no significant statistical difference between "other forms of support" and "forms of financial support" in relation to the perceived assessment of the benefit of state institutions and authorities of respondents. H2: There is no clearly defined statistical boundary between "other forms of support" and "forms of financial support" in relation to the perceived assessment of the benefit of state institutions and authorities of respondents. H3:

volf.dejan@gmail.com

There is no significant statistical difference between "other forms of support" and "forms of financial support" in relation to the respondents' perceived organizational capability of the company and in relation to perceived company competitiveness in the market.

METHODOLOGY

The study was carefully prepared and carried out by a method of survey. The questions in the survey were designed in accordance with the aims of the research (Leonidas et al., 2011). The individual questions were answered by the respondents with scores on a Likert scale from 1 to 5. The survey included 78 small and medium enterprises in Serbia. All companies are privately owned (100% privately owned, mostly up to 5 owners in the ownership structure). Out of the total number of respondents, 37 had export activities. After completion of the survey elaboration and processing of data was done by Statistical Package for Social Sciences. The multivariate analysis of variance (MANOVA) and discriminant analysis have been applied. In regard to univariate procedures the authors have applied Roy's test, Pearson's coefficient of contingency and multiple correlation coefficients (R).

RESULTS

By applying MANOVA and discriminant analysis, we found that alternative hypotheses (A1, A2 and A3) have been confirmed, as there is a difference and clearly defined boundary between "other forms of support" and "financial forms of support" in all three units. The results of the survey on the contribution of the whole sample show that the largest contribution belongs to the benefit of state institutions and bodies in forms of financial support. The findings indicate that the financial forms of support for SMEs are perceived to impact the SMEs organization capability and competitiveness.

IMPLICATIONS AND CONTRIBUTIONS

These findings also suggest that SMEs are aware of the importance of institutional financial support. This paper gives credibility to the importance of those studies focusing on the appraisal of the importance of the policy programs for SMEs development stressing the crucial role of the government support policy. It can be concluded that institutional financial and non-financial support is particularly important for SMEs as such, it must be comprehensive, systematic and coordinated.

KEY RECOMMENDATIONS

Considering the importance of future SMEs internationalization and creation of new, innovative SMEs for small and open economies like Serbia, this finding can lead to a creation of adequate institutional support measures and instruments, aimed at the development of more competitive SMEs, should be a priority for public policy creators.

KEY WORDS

Financial support, Non-financial support, Competitiveness, Organizational capability, Small and medium enterprises (SME).

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

LIQUIDITY OF THE BANKING SECTOR BASIS FOR FURTHER DEVELOPMENT AND TRANSITION OF PUBLIC ENTERPRISES IN SERBIA

Branka Paunović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The paper traces the directions of development of the capital market (undivided) in Serbia, which require that the liquidity of the banking sector and the situation in this area in the world be monitored as a starting point. Emphasis is placed on respecting the directions of development for the next period, which are set as a standard in Europe, and then defining the domestic circumstances and directions of privatization of public companies and liquidity of the banking sector as the basis for capital market development. If our markets remain illiquid (without shares of public companies) it will certainly affect its fate (fading) and the financial potential of companies. The level of expected liquidity of the banking sector, including the privatization of public companies, will affect the formation of a critical mass of interested investors

OBJECTIVES

The aim of the paper is to give suggestions and proposals for improving the liquidity of the Serbian banking sector and determine possible directions of privatization of public companies in Serbia, as well as further development of the capital market, based on theory and international experience, as well as on the knowledge gained during the analysis. The ambition is to implement the acquired knowledge as much as possible in order to improve the whole process.

brankapaunovic1711@gmail.com

HYPOTHESIS

Hypothesis 1. The public sector in Serbia is oversized in relation to other countries with similar heritage and experience in the process of transformation into a modern market economy.

Hypothesis 2. Is the banking sector of Serbia well liquidated and are all forms of public sector privatization equally efficient? That is, can an optimal combination be found in relation to the existing liquidity conditions of the banking sector?

Hypothesis 3. The low level of investor protection and underdevelopment of institutions leads to a deterioration in the performance of state-owned enterprises.

METHODOLOGY

In the preparation of this paper, the standards of research methods will be applied: quantitative and qualitative analysis; inductive and deductive procedure; comparative review of the experiences of other countries; synthetic presentation of research results. In the process of analysis and synthesis, tabular representations and graphs will be used.

- The comparative method will be used to compare the effects of the liquid banking sector and privatization in some neighboring countries, including our country, to determine common characteristics, similarities, differences and regularities in the development of institutions, which are crucial.
- During the work, mostly qualitative-descriptive methods will be used.
- The method of induction will be used in order to reach generalized-generalized conclusions and answers to the basic hypotheses set in the paper, and the deductive method will be used in order to obtain individual-detailed and more concrete answers starting from defined hypotheses.
- Case studies will be used to supplement relevant information. It is necessary to include graphical methods in the analysis in order to more easily present the obtained information, as well as time series related to statistical data, as well as schematic, block diagrams to show certain conclusions, results and hypotheses.

RESULTS

The eighties of the last century were marked by the renaissance of the market economy with the dominant slogan "more markets, less states". Mass losses of state-owned enterprises have become a huge burden on the state budget and national economies. So, the privatization of the public sector is necessary given that competition in this sector is increasingly pronounced. In transition countries, due to the underdevelopment of the capital market and the illiquidity of the banking sector, the privatization of state capital was carried out in most cases by mass voucher privatization, and the effects of this model varied from case to case. In such circumstances, the financial market, more or less, appears to perform its basic functions: the price function, the allocative function and the liquidity function. Research confirms this theory, because further research has shown that in countries where the banking sector is liquid, the protection of investors and institutions is stronger, and the market capitalization itself is higher.

IMPLICATIONS AND CONTRIBUTIONS

Research has shown that in countries where investor protection is weaker and the banking sector is underdeveloped, the financial markets of those countries are suitable for various types of fraud. Namely, it should be borne in mind that in countries in transition, many privatized companies have become open joint stock companies by force of law, and not out of their own needs. Namely, in fear of a possible loss of control, the majority owner loses interest in new investments, which leads to the closure of companies and, at the macro level, a decline in the liquidity of the banking sector.

KEY RECOMMENDATIONS

Public companies in Serbia are diverse, so their restructuring and privatization must be treated and timed differently. When it comes to Telecom Serbia, it is quite certain that this is not a good year for privatization, and if we can say that the banking sector in Serbia is liquid. As for the so-called natural monopolies, such as EPS and the like by all accounts, they should remain in majority state ownership for some time to come. We must not forget that the purpose of privatization, at the beginning of each transition, is to ensure the efficiency of state-owned enterprises, their profitability, as well as the overall stability and development of the real and financial sector.

KEY WORDS

Privatization, capital market, investment, bank liquidity

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EFFECTS OF NATIONAL CURRENCY DEPRECIATION IN THE REPUBLIC OF SERBIA

Jelena Obradović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Mirjana Dmitrović, MSc
The Academy of Applied Studies, Šabac, Republic of Serbia

RESEARCH PROBLEM

Macroeconomic instability in Serbia has been caused by inflation for years, and as a consequence, there has been a decrease in the real exchange rate, lower price competitiveness of exports and a disturbed state of balance of payments. The competitiveness of the domestic economy on the foreign market is significantly reduced in the case when prices in the country grow faster than abroad, which is indicated by the movement of the real exchange rate. Monetary instability is one of the most important factors which undermining the ability of nominal exchange rate growth to stimulate exports, reduce imports, and increase domestic production. Thus, inflation disables the process of improving the trade balance through the depreciation of the national currency.

OBJECTIVES

For every country, including Serbia, it is of great importance to choose an adequate exchange rate regime. The main reason for this is the significant impact of exchange rate changes on the level of inflation and import prices. The main goal of our research is to determine the impact of the depreciation of the national currency on inflation and import prices. Besides, the aim of this paper is to prove that inflation is the basic factor that "cancels" the positive effects of the depreciation of the national currency.

jelena.obradovic.vps@gmail.com
dmitrovicmima@gmail.com

HYPOTHESIS

The basic hypothesis of this paper is: the national currency depreciation in the Republic of Serbia will contribute to a small improvement in the state of the trade balance. The auxiliary hypothesis is: inflation is a factor that eliminates the positive effects of the depreciation of the national currency.

METHODOLOGY

The methodology is based on the correlation analysis and analysis of the elasticity of imports and exports in the context of the fulfillment condition of the Marshall-Lerner theorem. Based on the data on the real effective exchange rate and the volume of imports and exports by sectors for the period from 2010 to 2018 (Republic Statistical Office), the coefficients of elasticity of imports and exports by years were calculated (ratio of relative changes in quantities and relative changes of exchange rate), as well as the average annual coefficient of elasticity of these quantities by sectors. Correlation analysis shows the correlation of the observed variables: real effective exchange rate, export, import and total domestic demand. At the same time, as well as in the analysis of elasticity, all the base indices of the observed variables are used (the base year – 2010).

RESULTS

The paper confirms that national currency depreciation has a small, positive effect on the trade balance. However, in the case of a depreciation of the national currency in Serbia, there will be no significant reduction of imports due to the low elasticity of domestic import demand. The main reason for this is the lack of appropriate domestic substitutes. Also, national currency depreciation leads to an increase in the general price level, in the long run.

IMPLICATIONS AND CONTRIBUTIONS

We noticed that there is not enough empirical studies dealing with this topic, and to refer to the Republic of Serbia. Consequently, this research makes an important contribution to determining the importance of coordinated action of all segments of macroeconomic policy, long-term planning and persistence in the implementation of measures, because that can contribute to positive effects on the balance of payments and trade balance.

KEY RECOMMENDATIONS

Macroeconomic instability is the main "culprit" for the inability to achieve the positive effects of national currency depreciation. Consequently, certain changes are required in the forthcoming period of time, regarding the simultaneous application of monetary and fiscal policy measures. Liberalization of imports is one of the possible solutions that will reduce the negative impact of national currency depreciation on the level of inflation. Another factor that needs to be mitigated in the coming period, in order to stabilize the monetary situation, is high inflation expectations.

KEY WORDS

National currency depreciation, Exchange rate, Inflation, Export prices, Trade balance.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

EFFECTS AND PROBLEMS IN THE IMPLEMENTATION OF THE NEW LAW ON PUBLIC PROCUREMENT IN THE REPUBLIC OF SERBIA

Marko Špiler, PhD
Belgrade, Serbia

RESEARCH PROBLEM

The importance of the Public Procurement System has been growing in the world for decades, as well as in the Republic of Serbia. The first elements that defined this area were regulated by the Law on State Accounting from 1912. With the adoption of the new Law on Public Procurement at the end of last year, our state compared the regulations that regulate the matter of public procurement with the legislation of the European Union, ie with the directives that regulate this area at the community level. In the coming period, we will get answers as to how close the implementation of the new Law in the first six months became to the participants in the public procurement system, but try to know all the elements defined between the lines of the Law, and sometimes give a comprehensive and thorough explanation of all norms and legal institutes.

OBJECTIVES

It is expected that the implementation of the new law will result in simplification of public procurement procedures and reduction of administrative and bureaucratic burdens, which will directly affect more efficient work and significantly reduce costs, both on the part of contracting authorities and bidders and economic entities submitting bids work with the public sector (state bodies, provincial and local self-government bodies, public companies, etc.).

mspiler@gmail.com

HYPOTHESIS

(H0): Introduction of a new Law on Public Procurement and Electronic of public procurement can positively affect the efficiency and reduction of abuses in the public procurement system of the Republic of Serbia. (H1): The introduction of an electronic public procurement system requires a period of adjustment and will not significantly affect the change in the organizational structure of legal entities conducting public procurement. (H2): The introduction of an electronic public procurement system requires the training of persons involved in public procurement procedures and the use of the experience of countries that have gone through this process.

METHODOLOGY

The technique used in this research included completing a survey on a voluntary basis in the period from September 1st, 2020 to October 1st, 2020. The research involved 40 respondents, employed in the sector in charge of public procurement and senior management in 8 cities of the Republic of Serbia. Respondents are professionals in the field of public procurement, of different ages, educational status and rank in the organization.

RESULTS

Based on the conducted survey and the performed analysis, the obtained data show that 63.33% of the population (respondents) believes that the introduction of electronic public procurement will contribute to the efficiency of public procurement procedures. 21.67% of respondents have a relatively positive view on the impact of the introduction of electronic public procurement on the degree of efficiency of conducting public procurement procedures, who believe that the introduction of electronic public procurement will partially contribute to the efficiency of conducting public procurement procedures.

IMPLICATIONS AND CONTRIBUTIONS

It is evident that the new elements regulated by the Law on Public Procurement will significantly change the public procurement system in the Republic of Serbia. This paper, after a comprehensive examination, analyzed the impact of the introduction of electronic public procurement on the organization of the public procurement sector, the efficiency of public procurement, prevention of abuse in public procurement, as well as the process of educating employees in implementing new solutions. It has been unequivocally established that the introduction of electronic public procurement could contribute to the efficiency of the implementation of public procurement procedures.

KEY RECOMMENDATIONS

It is clear that theoretical knowledge and knowledge of the Law is the foundation, but already in the first four months of application of the Law, we already have practical, unexpected examples, so in the coming period there will be a lot of material for comments, suggestions and future works on this area.

KEY WORDS

Public procurement, Portal, Organization, Changes

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE IMPACT OF INDEBTEDNESS ON THE PROFITABILITY OF AGRICULTURAL ENTERPRISES IN THE REPUBLIC OF SERBIA

Stevan Tomašević, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Sanja Vlaović Begović, MSC
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

A large number of theoretical stances and previous empirical studies dealing with capital structure aimed to define what kind of relationship should exist between equity and borrowed capital, in order to ensure increased profitability and thus the growth and development of the company. There is still a great controversy about the relationship between indebtedness and profitability, because there is no universal theory that will indicate an adequate financing structure and which as such will contribute to increasing profitability.

OBJECTIVES

According to the author, no research has been conducted in the Republic of Serbia that examines the impact that indebtedness and other factors have on the profitability of companies. Bearing this in mind, the objective is to determine, based on the obtained results, whether indebtedness has a statistically significant effect on profitability, and whether the obtained results are in accordance with previous theoretical and empirical research in this field. Therefore, this paper aims to expand the existing knowledge about the impact of indebtedness on the profitability of the company.

tomasevic.vps@gmail.com
sanjavbegovic@gmail.com

HYPOTHESIS

Based on the defined objective, the general hypothesis in the paper has been set as following, H_1: "Indebtedness has a negative and statistically significant impact on the profitability of agricultural enterprises". Based on this hypothesis, the following special hypotheses have been derived: H_{11} - "Total indebtedness has a negative and statistically significant impact on the profitability of agricultural enterprises"; H_{12} - "Short-term indebtedness has a negative and statistically significant impact on the profitability of agricultural enterprises", H_{13} - "Long-term indebtedness has a negative and statistically significant impact on the profitability of agricultural enterprises".

METHODOLOGY

Empirical research in this paper was performed based on the regular financial reports on the operations of agricultural enterprises. The sample included 151 agricultural enterprises engaged in primary agricultural production, and the time coverage of this research is the period from 2014 to 2018. In the process of identifying a statistically significant impact of indebtedness on profitability, the indicators used in most surveys were applied. In this regard, the rate of return on assets (dependent variable) was used as a measure of profitability, while indicators of short-term, long-term and total indebtedness (independent variables) were used as a measure of indebtedness. Also, two control variables were used, namely: company size (natural logarithm of asset value) and sales revenue growth rate. The application of the econometric panel model was supposed to provide answers to the questions defined through research hypotheses so the defined objective of this paper could be achieved.

RESULTS

Based on the performed tests and the presented statistical significance of these tests, it has been estimated that the model with a fixed effect should be used to test the first special hypothesis, and the model with a stochastic effect should be used to test the second and third special research hypotheses. In other words, total indebtedness has a negative and statistically significant impact on profitability, thus the first special hypothesis H_{11} has been accepted. Short-term indebtedness has a negative and statistically significant impact on profitability, so another special hypothesis H_{12} has been accepted. In addition, long-term indebtedness has a negative but statistically insignificant impact on profitability, thus the third special hypothesis H_{13} has been rejected. We can conclude that the general hypothesis H_1 has been accepted, and that indebtedness has a negative and statistically significant impact on the profitability of agricultural enterprises.

IMPLICATIONS AND CONTRIBUTIONS

The results of this research will provide the management of the analyzed enterpises as well as other users with an easier way to make future business decisions regarding the choice of adequate sources of funding. Additionally, this research should contribute to a better understanding of the importance of financing as a basic problem facing agriculture and thus agricultural enterprises, all with the aim of increasing the allocation by the state for this economic activity.

KEY RECOMMENDATIONS

The research results have showed that indebtedness negatively affects the profitability of sampled agricultural enterprises, i.e. that with the growth of indebtedness, the profitability of these companies decreases and vice versa. Therefore, agricultural enterprises should focus on internal sources of financing or some other cheaper sources of financing. On the other hand, this research covers a time period of 5 years (2014-2018). However, as the appearance of the COVID-19 virus significantly affected the business activities of all companies, including agricultural enterprises, the research should be repeated and include data on the operations of these companies in 2019 and 2020.

KEY WORDS

Agricultural enterprises, Profitability, Indebtedness, Growth, Size, Panel regression analysis.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

A CONCEPTUAL FRAMEWORK FOR TOURISM DESTINATION – A CASE STUDY OF ŠAJKAŠKA

Bojana Kovačević Berleković, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Tatjana Bošković, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The management of "smaller" local tourist destinations in Serbia has been unjustifiably neglected, and without destination management it is not possible to achieve a comparative advantage or to ensure long-term positive business operations of the destination. The research problem is the establishment of basic strategic elements for the management of tourism in Šajkaška as a tourist destination and applying the conceptual framework for the marketing management of a tourist destination on a concrete example.

OBJECTIVES

The subject of the research is the current state of tourism development in Šajkaška, based on the analysis of attractive, communicative and receptive elements of the tourist destination and the development of a model that would ensure planning, development and control of tourism in a sustainable destination and ensuring the management of all destination components that is economically viable but without the degradation of the factors that enable its comparative position.

b.k.berlekovic@gmail.com
tatjanab44@gmail.com

HYPOTHESIS

The basic hypothesis of the research is as follows:
H1: As a tourist destination, Šajkaška does not have a clearly defined tourism policy, planning or development and the strategic destination management at the destination level does not exist.
The following sub-hypotheses are also established from the basic hypothesis: H1a: Organizations involved in the coordination, direction and promotion of tourist content in Šajkaška do not act as destination management organizations and are not connected and synchronized in their business operations. H1b: Stakeholders at the destination level are not connected.

METHODOLOGY

The method of observation, analysis and synthesis, comparative and inductive-deductive method were used in the paper. The field research was conducted with the aim of producing a situational analysis and analysis of business operations of organizations involved in tourism activities in Šajkaška.

A conceptual framework for marketing management of a tourist destination was applied, which is often implemented in tourism theory and practice (Bakić, 2002). With respect to the basic principles of tourism and destination policy and according to the content of the above-mentioned conceptual framework, the possibilities of managing Šajkaška as a tourist destination were considered; all elements were analyzed, starting from the situational analysis, through to defining the mission, goals and guidelines of Šajkaška, all the way to formulating the most optimal strategies for development, organization and control of activities at the destination level.

RESULTS

Research results show that the management of the destination is at a low, unsatisfactory level without the application of strategic management and without a good connection between stakeholders, thus confirming the research hypotheses. The conceptual framework was presented for the marketing management of Šajkaška as a tourist destination, with specific proposals for the implementation of strategies (segmentation and differentiation of the tourist product) and proposals for the organization and control of activities.

IMPLICATIONS AND CONTRIBUTIONS

The research concluded that tourism development strategy or clearly defined plans, goals, guidelines and control of activities are not established, and that the conceptual framework presented in the paper would be of great assistance to all organizations and stakeholders already involved or ones that are going to be involved in the planning of tourism development in Šajkaška.

KEY RECOMMENDATIONS

Šajkaška is a tourist destination that should emerge on the tourist market as a new destination with clearly defined management strategies. The goal of the destination policy of Šajkaška should be to give rise to a destination where visitors are offered a quality experience and where all stakeholders receive as many economic and social benefits as possible. During the future tourist development of Šajkaška, all activities at the tourist destination should be controlled in order to evaluate whether the obtained results are in accordance with the planned goals and strategies.

KEY WORDS

Conceptual framework, Management, Tourism, Destination, Šajkaška,

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Part IV.

EDUCATION, ENTREPRENEURSHIP AND EMPLOYMENT

BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

UNIVERSITY COMPETITIVENESS THROUGH DEVELOPMENT OF STUDENTS' ENTREPRENEURIAL BEHAVIOR

Ljerka Sedlan König, PhD
Josip Juraj Strossmayer University of Osijek, Faculty of Economics in Osijek, Croatia

Sendi Deželić, PhD
University of Applied Sciences "Baltazar", Zaprešić, Croatia

RESEARCH PROBLEM

In addition to enlightening the community, producing students and publishing research, higher education institutions are turning into a place for communicating expertise in society (Delanty, 2001). Development and promotion of entrepreneurship has been a strategic policy objective in the EU and pre-accession counties, and the European Commission has identified promotion of a more potent entrepreneurship culture, specifically amongst young people, as one of the key activities. Previous studies have unfairly overlooked the role of education in fostering entrepreneurial behavior.

OBJECTIVES

The objective of the empirical research, conducted on the convenient sample of 324 students of Josip Juraj Strossmayer University in Osijek, Croatia was to explore the impact of university teaching on the development of entrepreneurial behavior. The sample was divided into three subsamples: students who play sports regularly, students who are members of student associations and finally, the control group, students who do not play sports or are members of student associations.

ljerka.konig@gmail.com

HYPOTHESES

For the purpose of this research, the following hypotheses were tested:

H1: University education does not actively promote entrepreneurial behavior.

H2: Playing sports and participating in student associations are more conducive to entrepreneurial behavior than university education.

H3: Students who are members of student associations or practice a sport show a greater propensity for entrepreneurial behavior than students without such experience.

METHODOLOGY

The tool used in this quantitative research was a questionnaire in which students were asked to estimate their efficiency in the categories identified as fundamental to entrepreneurial success: market opportunity recognition, collecting, analysis and understanding of data, persuasion and negotiation, use of information technology, managing interpersonal relationships, managing finances, sales and marketing, managing stress, managing uncertainty, planning and dealing with changes in the environment. They also assessed the impact of university education, membership in sports clubs, student associations and firsthand experience on the acquisition of these competences. Finally, the propensity of students to adopt an entrepreneurial behavior was tested.

Analysis of the results included non-parametric and parametric descriptive statistics. One-dimensional analysis of variance (ANOVA) and multivariate analysis of variance (MANOVA) were employed to test the effects and interactions of the variables.

RESULTS

The results suggest that it is possible to influence the development of entrepreneurial behavior during university education, but there is a concern that the effect of university education on performance shows only a medium positive correlation. The results show that students who are not members of sports clubs or student associations (the control group) display a lower propensity for entrepreneurial behavior than students with experience of such activities. Members of student associations are, on average, the most enterprising.

IMPLICATIONS AND CONTRIBUTIONS

Informal and non-formal forms of education have a more positive effect on the propensity to adapt entrepreneurial behavior than teaching in university settings. To increase their competitiveness, universities should encourage experiential teaching methods and practice, and exercise a stronger influence on the development of entrepreneurial behavior. It is also necessary to reflect on how to use the potential of firsthand experience to develop students' entrepreneurial behavior by integrating non-formal and informal education with university courses.

KEY RECOMMENDATIONS

Although universities are highly traditional and resilient educational institutions, they must seize the opportunities to influence and develop entrepreneurial behavior, be aware of the incredible opportunity to become centers of entrepreneurial thought, and take responsibility to increase their competitiveness by offering an opportunity for the development of entrepreneurial behavior for all students in all academic disciplines.

KEY WORDS

Entrepreneurship, entrepreneurial behavior, students, experiential teaching methods, informal and non-formal education

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UNDERSTANDING AND IMPLICATIONS OF WORK-LIFE CONFLICT

Jasmina Žnidaršič, MSc
University of Maribor, Faculty of Organizational Sciences, Kranj, Slovenia

Miha Marič, PhD
University of Maribor, Faculty of Organizational Sciences, Kranj, Slovenia

RESEARCH PROBLEM

The present time is characterized by a high competitiveness on the market and the rise of modern information technology, as well as by the demands for constant readiness of employees and long working hours. As the trend towards families in which both parents work is also increasing, individuals often face the problem of how to balance all work and family commitments. The lack of time or capacity and energy of the individual leads to the so-called conflict between work and family.

OBJECTIVES

Conflicts between work and family have recently become the subject of much discussion within organizational behaviour (Netemeyer, Boles & McMurrian, 1996). Conflicts between work and family arise when work and family matters are incompatible (Cooklin, Dinh, Strazdins, Westrupp, Leach, & Nicholson, 2016; Netemeyer, Boles & McMurrian, 1996). Work-family conflict is roughly divided into time, strain and behavioural conflicts (Greenhaus & Beutell, 1985).

HYPOTHESIS

The broad scientific and professional interest in the constructs relating to work-life conflict is growing as global competition increases rapidly and management

miha.maric@um.si

expresses the need for such research; work-life conflict plays a remarkable role in the sustainability of organizations through their employees. The contribution of this study is to the existing research in the aspect of advancing previous research by empirically examining the relations between this and other constructs.

METHODOLOGY

In addition to the conflict of time and strain, we also find in theory two conflicts between the two spheres, namely the conflict between work and family and the conflict between family and work. The conflict between work and family is a form of role conflict; this means that either work can interfere with family matters and thus affect the normal and necessary functioning of the individual, or conversely, family matters can affect the functioning of the individual at work (Sav, Harris, Sebar, 2013).

Work-life conflict can be measured by using The Work-life conflict survey, a 16 item scale developed by Bohen and Viveros-Long (1981). In the future, it would also make sense to identify the precursors of conflict between work and family, especially at the level of organization and demographic characteristics of the individual, and the consequences concerning the organization, such as employee commitment, engagement, absenteeism and the like.

RESULTS

Undoubtedly, reduced conflict between work and family is an important factor for both individuals and the organization. Work-life balance practices create the so called "win-win" situation for both employees and the organization. A key question for organizations, therefore, should be how to promote the improvement of employee performance in individual roles and prevent conflict between work and other life roles.

IMPLICATIONS AND CONTRIBUTIONS

The work-family conflict has many consequences. People who work in a family-friendly work environment that supports the reduction of conflicts between work and family will be more satisfied with their work and vice versa (Zhao, Qu, & Ghiselli, 2011). In addition, research findings (Goh, Ilies, & Wilson, 2015; Turliuc & Buliga, 2014) also suggest that conflicts between work and family have a significant impact on the life satisfaction of individuals.

KEY RECOMMENDATIONS

Work organizations can make a significant contribution to reducing work-life conflicts. A healthy working environment is that in which individuals feel well and respected, as employee as well as person with a private life. Companies want satisfied employees because they are more committed to the organization, more engaged and more productive.

KEY WORDS

Work-life conflict, HRM, organization, Management

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

YOUTH KNOWLEDGE ABOUT EU TOPICS – EVIDENCE FROM THE REPUBLIC OF SERBIA

Ana Jovičić Vuković, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Nataša Papić-Blagojević, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Previous research (European Movement in Serbia, 2015) has shown that young people lack knowledge and information about the EU and European integration. Youth education can significantly impact shaping attitudes about the EU and reducing prejudice and Euroscepticism, which are particularly pronounced in this age group (Civic Initiatives 2019, KOMS 2018).

OBJECTIVES

Accession to the EU will bring numerous benefits to Serbia's citizens, especially young people - better conditions in education, employment, travel, etc. However, there is a significant gap concerning EU topics in educational programs, so most young people base their views on incomplete information. All of this indicates the need to examine the knowledge of EU issues among young people and create activities based on this information to provide better information and education.

dr.ana.jovicic@gmail.com
npapic.blagojevic@gmail.com

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HYPOTHESIS

The research aims to examine the level of knowledge and information on high school students about the EU and the process of Serbia's accession to the EU. The examination will be conducted based on a combination of questions related to the self-assessment of the respondents' knowledge and the results on the knowledge obtained through a short test.

The research results should be the basis for further steps to bring the topics related to the EU closer to young people through the enrichment of formal education programs and the design of innovative ways of acquiring knowledge on this topic.

METHODOLOGY

The research methodology included field research conducted in 6 cities in Serbia on a sample of 387 high school students. In the form of an anonymous survey, a questionnaire was distributed to high school students during classes. All participants in the research, before the start of the survey, were informed about the research objectives and the INEES project, within which the research is conducted.

The questionnaire consisted of questions about the respondents' socio-demographic data and two sets of questions about the EU. In the first set of questions about the EU, respondents were expected to assess their knowledge on a Likert-type scale from 1 to 5. The questions referred to general knowledge about the EU, understanding of EU values and institutions, and financial assistance and conditions that Serbia needs to meet to join the EU. The second set of questions consisted of five test questions on the EU's well-known facts, where respondents answered *Yes*, *No*, or *I do not know the answer*.

RESULTS

The research results show that the respondents rated the level of knowledge about the EU with an average value of M = 2.15, which indicates that they consider that they have a moderately low level of knowledge about the EU. Similar results were obtained regarding the understanding of EU values (M=2.17) and conditions for Serbia's accession to the EU (M=2.43). At the same time, they rated even lower the information they have on EU funds (M=1.84) and EU institutions (M=1.95). The results of the test questions show that in all items, more than a third of the respondents answered that they did not know the answer, followed by the respondents who answered the questions correctly, i.e., the least of those who answered incorrectly.

IMPLICATIONS AND CONTRIBUTIONS

The research results show that high school students are aware that they have little knowledge about the EU, which is confirmed by the results of a test where more than 30% of respondents within each of the EU do not know the answer. It indicates a lack of information about the EU when it comes to well-known facts and that the results may be worse when it comes to information on specific aspects in the EU's field important for young people.

KEY RECOMMENDATIONS

Incomplete representation of information about the EU within formal and non-formal education creates a gap that negatively affects the formation of young people's opinions about the EU. Therefore, it is essential to provide modern forms of adoption of various information and knowledge about the EU in the coming period by introducing and enriching content about the EU in curricula and through non-formal education. The use of innovative youth education methods, such as innovative web platforms such as EU Tutor, can positively impact young people's interest in EU-related topics, which in turn can contribute to greater understanding and support for Serbia's EU accession process.

KEY WORDS

European Union, Youth, Education, Serbia's accession to the EU, INEES project

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

KNOWLEDGE MANAGEMENT IN THE PRACTICE OF SOME EUROPEAN COMPANIES

Gjorgji Manev, PhD
Institute for Sociological, Political and Juridical Research, Skopje, Republic of North Macedonia

Jorde Jakimovski, PhD
Institute for Sociological, Political and Juridical Research, Skopje, Republic of North Macedonia

RESEARCH PROBLEM

The continuous development of the aviation activity in the past century can be described through the processes of aircraft modernization, construction of integrated airports and introduction of modern management and knowledge. This ensure the desired level of presence in the aviation markets, achieving quality that is reflected in secure services, improving organizational performance, realization of solid income, and of course achieving sustainable profitability of companies.

OBJECTIVES

The main goal of the aviation industry is to enable and realize fast, safe and quality transport of passengers and goods. Achieving this commitment is possible if unity and quality of work is achieved. Organizational integration and networking is also important, followed by the application of knowledge management assisted by complex information, communication and technological achievements, as well as the implementation of complex projects.

gjorgjimanev@yahoo.com
jakjor@isppi.ukim.edu.mk

HYPOTHESIS

To achieve these goals can be used mutual learning, mastering and applying advanced technological achievements, work on new products, acquisition of new skills and knowledge, reengineering of existing processes, products, work and events, as well as cooperation and teamwork. For all this it is necessary possession of appropriate experiences, practices, skills and knowledge. But also possession of experiential knowledge for solving business problems, hiring talents and development of integrated strategies.

METHODOLOGY

The need to use management skills in aviation is mainly in function of production of aircrafts, present operations, airport management, and in aviation in general. For this purpose, conceptual tools, technical skills, as well as skills related to the management of man and his capital can be used. The goal is to achieve successful implementation of management functions in aviation such as planning, management, leadership, control and organization of work.

There is also a necessary need for quality investment project management based on knowledge as well as networking and knowledge management. With their help and through them it is possible to exchange, share and create knowledge, which are necessary to achieve the desired competitiveness and sustainability. As it is known, it can be realized through internet technologies, mobile technologies, and video technologies.

RESULTS

This research specifically presents the indicators for main international Balkan airports such as: distance from the city center, number of terminals, runways direction, runway length, incidents and accidents, ground transport, type of operations, passenger numbers, cargo tones and aircraft movements. Data on famous european air carriers, important aircraft manufacturers, and main airport operators and groups in Europe and Turkey are also on display.

IMPLICATIONS AND CONTRIBUTIONS

Achieving solid results in the aviation industry is possible if the tools of knowledge management such as enrollment, sharing, archiving knowledge and experience, document management and teamwork are actively used. The task of networked teams is the use of their own knowledge for further networking, scattering of experiential and theoretical knowledge, as well as acquisition, preservation, organizing and submitting knowledge for further research and their sharing.

KEY RECOMMENDATIONS

Solving any problem and achieving profitability in the aviation industry requires work on its complexity. If necessary, there should be a readiness for the challenge called creating new knowledge. It is desirable to have knowledge of utilization of specific ICT, be prepared to work in knowledge-based teams, as well as utilization of knowledge management processes.

KEY WORDS

Aviation, Knowledge Management, Project Management

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

ANALYSIS OF FACTORS OF TEAM WORK SUCCESS IN PUBLIC ENTERPRISES

Snežana Lekić, PhD
Belgrade Business School – Higher Education Institution for Applied Studies, Belgrade, Republic of Serbia

Jelena Vapa Tankosić, PhD
Faculty of Economics and Engineering Management, University Business Academy, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The achievement of organizational goals is predetermined by the effectiveness of teamwork. Teamwork plays has a significant role in this process. In this research, the effectiveness of teamwork has been analyzed by means of several distinct parameters.

OBJECTIVES

The objective of the paper is the analysis of the teamwork factors as a part of a wider research that analyzes the impact of organizational behavior on organizational commitment. The aim of the paper is to identify the factors of teamwork of employees in public companies and to determine their interrelationships for teamwork success.

HYPOTHESIS

Due to the specificity regarding the possibilities of employees' motivation in public enterprises, the research hypothesis (H) is as follows: Teamwork interrelationships are crucial for employees' team work success in public enterprises.

jvapa@fimek.edu.rs

METHODOLOGY

The questionnaire was adapted and conceptualized according to the methodology proposed by Bateman, Wilson and Bingham (Bateman, Wilson, & Bingham, 2002). The survey sample consists of 508 employees respondents from four public enterprises in Belgrade. Data collection was done by an anonymous survey. Data processing was performed by statistical software package SPSS 19.0. The structure of the sample was analyzed by gender, age, level of education and the number of years spent in the organization. The interpersonal relationships and teamwork were then rated according to four key parameters: team synergy, associate skills, innovation and quality. The final aim was to analyse whether for a collection of observed variables there is a set of factors that can explain the interrelationships among perceived teamwork attitudes, therefore in the second part of the reserach, the authors performed a factor analysis.

RESULTS

The research findings showed that the average employee teamwork parameters rating were above 3.84. For example, men consider innovation to be the most important parameter of teamwork (average score 4.15), and women the quality of work (average score of 4.04). The interrelationships among those variables by factor analysis showed a grouping of four factor units (Workplace learning, Team supervision, Team synergy and Teamwork monitoring). Team synergy accounts for the highest percent of the variance in the model.

IMPLICATIONS AND CONTRIBUTIONS

The findings show that employees, according to their gender, age, level of education, and the number of years spent in the public organization, evaluate the parameters of teamwork differently, which indicates the need for further analysis. Public companies employees are focusing on the team synergy, as the teamwork competition in the public sector is not as pronounced as in other sectors. This research can be a starting point for managers in public companies to improve and additionally focus on the public employees' teamwork.

KEY RECOMMENDATIONS

Top managers must pay more attention to encourage teamwork, develop interpersonal relationships, and strengthen cooperation between employees and superiors. At the organizational level, teamwork should be permanently improved through more flexible teamwork structure and rewards linked to the performance. Teamwork should enable team members' professional development, by creating an environment that encourages creativity, innovation, initiative to implement business changes and risk-taking.

KEY WORDS

Public enterprises, Team work, Employees, Organizational commitment.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

COMMODITY EXCHANGES AS A MARKETING CHANNEL

Nedeljko Prdić, PhD
JKP Tržnica, Novi Sad, Republic of Serbia

Boris Kuzman, PhD
Institute of Agricultural Economics, Belgrade, Republic of Serbia

RESEARCH PROBLEM

Commodity exchanges are specialized market institutions in commodity trade where goods whose prices are unstable are traded in an organized manner. Trade is conducted in a standardized manner according to pre-established rules. The global market poses constant challenges to marketing, so the research problem is a model of successful marketing communication that will lead to the development of stock exchanges in the Serbian market.

OBJECTIVES

The aim of this paper is to analyses the relevant literature and research results to define the marketing strategy for the development of commodity exchanges, which by their role in trade belong to global markets. The research recommendations will emphasize the importance of commodity exchanges for the development of trade and competitiveness.

HYPOTHESIS

Adoption of an adequate marketing communication model will increase the competitiveness of commodity exchanges in the domestic and world markets.

nedeljko.prdicns@gmail.com
kuzmanboris@yahoo.com

METHODOLOGY

The theoretical method of consideration and marketing research methods are used to investigate the competitiveness of commodity exchanges on the market. The aim is to prove the set research hypothesis with the set methods and to consider the theoretical view of the problem that will lead to certain recommendations and conclusions. Special methods used in the paper are analysis and synthesis, method of logical deduction as well as statistical methods of data processing. Of the quantitative methods of marketing research, the method of explanation and the method of prediction are used.

RESULTS

The results of the research show that commodity exchanges are a very efficient marketing channel on the basis of which economic and communication goals can be achieved in the market. By applying an adequate model of marketing communication, it is possible to increase the importance of stock exchanges on the local and world markets to a certain extent.

IMPLICATIONS AND CONTRIBUTIONS

It was established that the application of marketing planning strategy and SWOT analysis of market potentials of commodity exchanges can improve the position and increase competitiveness in the market. The contribution of the work from the theoretical point of view implies the historical and global role of commodity exchanges with special emphasis on the importance of commodity exchanges in inclusion in regional, European and world markets.

KEY RECOMMENDATIONS

The conclusion is that the application and change of legal, informational, innovative and technological changes based on knowledge can increase the competitiveness of commodity exchanges on the market.

KEY WORDS

Commodity exchanges, Marketing, Competitiveness, Market

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

STRATEGIC CHALLENGES FACING RURAL TOURISM IN SERBIA

Nevena Ćurčić, PhD
University of Novi Sad, Faculty of Natural Sciences, Novi Sad, Republic of Serbia

Nataša Pavlović, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

The development of rural areas, keeping the population in those areas and raising the standard of living to a higher level are important tasks that countries around the world face. For many years, Serbia has been trying to solve the problem of rural development, find ways to create new jobs, build adequate infrastructure, and improve the quality of life of the rural population. These are important strategic decisions that are resolved permanently in the context of broader social trends and available sources of funding.

OBJECTIVES

Within the strategic planning, one of the possible solutions that is being tried to be implemented in the rural area of Serbia is the development of rural tourism. Natural and social resources located in rural areas are an important capital on which to build the tourist offer and increase the diversification of the tourist offer of Serbia in general. Given that rural tourism is still in the initial stages of development in Serbia, the paper identifies key strategic directions for action in its further development.

nevena.curcic@dgt.uns.ac.rs
natasa.pavlovicvps@gmail.com

HYPOTHESIS

The research started from the initial hypothesis that strategic documents propose solutions for rural development (H0). The direction of the analysis starts from strategies proposing a solution to overcoming poverty in rural areas (H1), strategies proposing solving communal problems in rural areas (H2), strategies proposing solving the number and structure of tourist accommodation facilities (H3), strategies proposing solving training the population to engage in rural tourism (H4).

METHODOLOGY

The methodology used in the paper refers to the acquisition, processing and analysis of data and facts collected in secondary sources of information, as well as the application of methods of deduction and induction in inference. The authors tried to compare the available domestic strategic documents that deal with the development of rural tourism with foreign strategic documents, on the basis of which certain recommendations and practical solutions can be drawn. An important segment of the research is empirical research in the field, which provided insight into the thinking of the rural population on the issue of inclusion in rural tourism.

RESULTS

The results of the research show that in Serbia the development of rural tourism has certain strategic guidelines, which include the basic directions of action for sustainable tourism development (principle of ecological sustainability, principle of social and cultural diversity, principle of economic sustainability). Some documents are about 10 years old, which imposes the need for analysis of implemented plans and the adoption of new guidelines and directions for the development of rural tourism. Further efforts of state bodies for rural development must include planning, financial and logistical development of rural tourism itself.

IMPLICATIONS AND CONTRIBUTIONS

The implications and contribution of the research relate to the review of previous results in rural tourism, assessment of existing strategic documents, identification of possible weak points that slow down the development of rural tourism and recommendations for overcoming them.

KEY RECOMMENDATIONS

The key recommendations are to consider the complexity of the problems of regional development, rural development and the role of rural tourism in connecting the local population, tourists and the tourism industry on a sustainable basis. It is necessary to find a certain model of rural development, as well as a way to manage rural destinations to the satisfaction of all actors in rural tourism. Strategic documents in the future should be adopted on the basis of public consensus and a realistic view of all obstacles to development, as well as the results achieved so far in certain rural areas.

KEY WORDS

Strategic planning, Rural tourism, Sustainable development, Serbia

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

THE IMPACT OF THE LABOR MARKET AND LIVING STANDARD ON THE ECONOMIC DEVELOPMENT

Dragana Milić, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Dajana Ercegovac, MSc
Novi Sad School of Business, Novi Sad, Republic of Serbia

RESEARCH PROBLEM

Economic development and competitiveness of the domestic economy supported by human resources are the area in analysis of numerous authors. Attempts to solve the problem of unemployment in practice and the course of economic development are not encouraging, primarily due to the difficult social and economic reality. Petrovic and others (2013) conclude that the basic goals of the macroeconomic policy of each country are economic growth and high employment, as well as price and balance of payments stability. The process of economic development must be supported by an adequately qualified workforce that will be able to attract foreign direct investment and direct it to agriculture and industry, encourage all forms of entrepreneurship, increase production, exports and the like. Continued reforms of the labor market, the education system (in the function of human resources development) and the employment system with the aim of reducing labor unemployment would certainly contribute to economic development. The problem of high unemployment has other consequences, such as political, social, demographic, etc. Tešić, B. states that the poor political and economic situation in Serbia is conditioned by unemployment, low incomes and low purchasing power of citizens, as well as poverty, ie low living standards of citizens. The standard of living is measured through household income or consumption. However, a more reliable measure of living standards is consumption. The research in this paper will try to realistically present the interdependence of basic labor market indicators and

draganaim84@gmail.com
dajana_vindzanovic@gmail.com

living standards with economic development. The paper starts from the fact that the number of unemployed, the consumer price index and the consumer basket are determinants of economic development.

OBJECTIVES

The aim of the research is based on the assessment of whether and in what way labor market and living standard indicators determine economic development.

HYPOTHESIS

Based on the research of numerous authors on this and similar topics, a null and alternative hypothesis can be defined.

H0: Labor market and living standard indicators do not affect the economic development of Serbia.

H1: Labor market and living standard indicators affect the economic development of Serbia.

METHODOLOGY

By applying the methods of analysis, synthesis, induction and deduction, we will start from individual assumptions in order to formulate general conclusions related to the research topic. The focus of the research will be based on the following tasks: conducting descriptive data analysis; establishing the existence of a link between labor market indicators and living standards with the economic development of the country; formation of a model that measures the contribution of independent variables of the dependent variable.

RESULTS

It is expected that the results of the research will determine the economic development to a moderate extent and that the null hypothesis can be rejected. Thus, it can be concluded that it is necessary to implement adequate economic measures that would establish the number of unemployed and the consumer price index within the permitted limits.

IMPLICATIONS AND CONTRIBUTIONS

The presented research could be useful for economic policy makers to see the quality of their business decisions and look for ways to maintain them in those segments where they proved to be good, or improve in those segments where they deviate from desired values and thus increase employment, living standards, and keep inflation at target. In order for Serbia to meet the target level of employment in the long run, as well as the standard of living, not only on the domestic market but also beyond, it is necessary to harmonize the employment policy with the plan of development, production and to implement strategically defined goals.

KEY RECOMMENDATIONS

Future research on this topic opens new research chapters depending on the availability of the database itself. Consideration of a longer time interval, not only of labor market indicators and living standards, but also of subjective factors, will make future research provide more reliable and practically applicable results.

KEY WORDS

Labor market, Standard of living, Economic development.

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BIENNIAL INTERNATIONAL SCIENTIFIC AND EXPERT CONFERENCE
Economic development and competitiveness of European countries: Challenges of economic integration

MINDFULNESS IN CONSCIOUS LEADERSHIP

Dejan Marinčič
University of Maribor, Faculty of Organizational Sciences, Kranj, Slovenia

Miha Marič, PhD
University of Maribor, Faculty of Organizational Sciences, Kranj, Slovenia

RESEARCH PROBLEM

In the last decade, the research of different leadership styles became a hot topic in organizational studies, which led to many theoretical and empirical researches. Leadership is the study of a fundamental psychological process or social influence in relation to certain issues. Conscious leadership is a newer construct in the field of leadership, consisting of eight dimensions. One of the main dimensions is mindfulness.

OBJECTIVES

In a business environment, conscious decision-making and behavior are crucial to its sustainability, which is why it is so important to develop tools and concepts that can help identify potentially harmful unconscious behavioral tendencies (Ashton-Lee, 2007). Mindfulness is becoming an important benchmark for leaders to develop leadership practices that are accountable to their organization, followers and more (Anderson, 2010) because of interconnectedness and shared responsibility (Hayden, 2017).

HYPOTHESIS

A leader needs to find an effective way to lead in order to be successful. A conscious leader must be aware of his mindfulness in everyday life and must also work on it (Fyke and Buzzanell, 2013). A conscious leader must have the following qualities: see the problem form different perspectives; gather

dejkom@gmail.com
miha.maric@um.si

information and learn from experience; be clear in discussions; be able to take responsibility; communicate honestly and openly; he must strive for a positive outcome (Ward, 2016).

METHODOLOGY

Time begins to run faster, when mindfulness raises, for example, when we enjoy work. Lower mindfulness is therefore completely useless, if not harmful. We can only come to terms with the flow of life at a higher level of mindfulness. (Cooper, 2010). Wide open mindfulness forms a mental springboard for creative breakthroughs and unexpected insights. With wide-open mindfulness, there is no devil's advocate, no cynicism or judgement – just complete openness, susceptibility to anything that floods the mind (Goleman, 2016).

Mindfulness or expanded consciousness is co-shaped by meditation, life values, life goals and a healthy mind in a healthy body. These elements can be learned and improved through daily exercise. They simulate an individual's inner growth and help shape their own self and expression (Ward, 2016).

RESULTS

A good way of leading has a positive effect on the leader himself, his followers and the entire organization. Conscious leadership and explanation of mindfulness will leave a new imprint on this style of leadership. Our hope for a better world lies in conscious leadership, as every conscious leader leaves a positive imprint on future generations as well.

IMPLICATIONS AND CONTRIBUTIONS

Conscious leadership is associated with effectively catching and directing collective attention. Attention management requires first focusing one's attention, then attracting, directing and managing the attention of other employees, business partners or customers (Helsing and Howell, 2014). The more the conscious leader is alert and self-aware, the easier it is for him to lead his followers and the organization. With such a way, the followers are satisfied and the organization gains reputation.

KEY RECOMMENDATIONS

A conscious leader forms a vision, core values and mindfulness toward a goal for the benefit of all. The greatest goal of a conscious leader is to co-create a promising future for new generations. Conscious leaders thus create an organizational culture in which his followers can thrive and grow to their full potential, enabling the organization to achieve progressive results and positively impact society.

KEY WORDS

Conscious leadership, Mindfulness, Expanded consciousness, Followers, Organization.

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SERBIAN GASTRONOMY AS A TOURIST ATTRACTION

Tamara Gajić, PhD
Novi Sad School of Business, Novi Sad, Republic of Serbia

Milutin Mrkša, PhD
Provincial Secretariat for Social Policy, Demography and Gender Equality, *Novi Sad, Republic of Serbia*

RESEARCH PROBLEM

The paper provides an overview of the quality of the gastronomic offer in the area of the South Borough, with the aim of determining to what extent the tourists are satisfied with the offer and whether it is the reason for returning to the destination. The importance of the research work carried out by the authors is reflected in the assessment of the current state of the quality of gastronomic offer, and the work can contribute to the development of broader research on current issues.

HYPOTHESIS

Serbian gastronomy can be a major attraction in attracting tourists to the Southwest District

METHODOLOGY

To identify the problem, scientific research, more specifically, systematic perceptual information gathering, and in this case, practical experience, was approached. The following methods were used as the basis for setting the

tamara.gajic.1997@gmail.com
mrksamilutin@gmail.com

research problem: the bibliographic-speculative method was used to collect, analyze and interpret the data obtained, or to structure the theoretical part of the paper. In the direct application of this method, the primary source of data consisted of relevant bibliographic units (books, textbooks, reference journals, etc.). The first phase of the research included available documentation or standard desk research. Based on the literature, a research questionnaire was also identified. A survey was organized on a sample of 215 respondents, in tourist and catering establishments of the South Borough District. The annexation was conducted between July and September 2019. For the purposes of this paper, only part of a broad thematic study is presented. All data obtained were analyzed in SPSS software, version 23.00.

RESULTS

A total of 73% of the respondents claimed that they enjoyed Serbian food and pizza, which they had the opportunity to try during their stay in the given tourist and catering facilities. 17.2% answered in the negative, and only 9.8% were undecided. When asked if they spent a lot of money on the gastronomic offer, 58.1% answered in the affirmative and 22.3% said no. A total of 68.4% of the survey participants ate only Serbian homemade food, and 7% combined it with other available cuisines. Tourists responded positively to the taste, appearance and texture of the food (72.1% yes, 6% no). That the Serbian gastronomy is a picture of the culture and traditions of the people is evidenced by the frequent values in the table, where 74.4% of the visitors gave a positive answer and only 11.6% said no. More than half of the respondents responded affirmatively to the question of whether gastronomy affects the return visit, and whether the attractiveness meets expectations. However, it should be noted that 58.6% of visitors responded that Serbian gastronomy represents the tourist attraction of the District.

KEY WORDS

Gastronomy, Tourism, South Backa District.

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PROCESSES OF THE BUSINESS MODEL INNOVATIONS IN CRISES

Vesna Futo Vugdelija, MSc
Novi Sad School of Business, Novi Sad, Serbia

Jelena Dumeljić, MSc
Novi Sad School of Business, Novi Sad, Serbia

RESEARCH PROBLEM

We are witnesses of the fact that the COVID-19 pandemic has changed nearly every aspect of business, from how people work to how companies communicate with their customers, how customers buy products and services and how supply chains works. In one recent survey, more than 90 percent of CEO said they expect the result of COVID-19 is in changes of the way they work. That is why the research problem in this study is the process of innovating business models. This process is vital for all companies due to the creation of new value, but it is also a topic that is often debated in research papers, so the aim of this paper is the harmonization of different views on a given topic.

OBJECTIVES

The objective of this paper is to present a better understanding of how influence the business model innovation in practice. An analysis of the business model innovation experiences of two industrial companies shows that both companies are experiencing high levels of uncertainty and complexity during their innovation processes and are, consequently, struggling to find new processes for handling the risks involved. Based on the two companies‟ experiences, various testable propositions are put forward, which link success and failure to the way companies appreciate and handle the risks involved in BM innovation.

vesna.vugdelija@gmail.com
jelenapivasevic.vps@gmail.com

HYPOTHESIS

We have developed two hypotheses in this paper:

H1: Business innovation modeling has a positive impact on the success of a company, no matter of the reason of the changes.

H2: Adequate business model innovation enforce a company's position on the market significantly.

METHODOLOGY

The methodology applied for this research is a systematic analysis of the literature, which aims to establish an overview of the prevailing attitudes in the field of business model innovation. Also, we made few case studies of business innovation modeling processes, presented by large companies that made big changes, due to the COVID-19 consequences.

RESULTS

As a result, we presented a model of how to make changes in business, and what makes potential opportunity (innovation) valuable. First, companies have to be evolved. Successful business model innovation first requires founding which parts of the organization have to change. That is the second step in our model – choosing the part where innovation is required. Third step is to set a new aspiration (ex: work from home). Next step is to accelerate and scale and finally to extend and mobilize.

IMPLICATIONS AND CONTRIBUTIONS

This paper has explored the business model innovations and opened the actual debates in innovation processes during COVID-19 epidemic. Different suggestions of how to proceed this are proposed. One of the benefits of this research is in showing the good examples of business model innovation in crisis period.

KEY RECOMMENDATIONS

When companies determine the most important problems to solve, they can privilege business model changes to reinforce their market position. Finally, all companies need to understand that innovations are matter of choice, no matter the actual crises.

NOVI SAD SCHOOL OF BUSINESS
AP Vojvodina, Republic of Serbia

KEY WORDS

Business model, Innovation, Covid-19, Market position, Changes

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