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**CONTEMPORARY ISSUES IN
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AND MANAGEMENT**

Editors:

Gordana Radosavljević

Katarina Borisavljević



FACULTY OF ECONOMICS
UNIVERSITY OF KRAGUJEVAC

CONTEMPORARY ISSUES IN ECONOMICS, BUSINESS AND MANAGEMENT

E d i t o r s

Gordana Radosavljević

Katarina Borisavljević

**FACULTY OF ECONOMICS
UNIVERSITY OF KRAGUJEVAC
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FOREWORD

The Faculty of Economics, University of Kragujevac organized the Seventh biennial International Scientific Conference on ***Contemporary Issues in Economics, Business and Management (EBM 2022)*** that was held on November 4th, 2022. The Conference has become a tradition of the Faculty of Economics and gathered the largest number of participants so far, a total of 104 authors – 81 authors from higher education institutions in Serbia and 23 authors from abroad. The Conference provided an opportunity for exchange of experiences, research results and new ideas about issues in economics, business, marketing and management.

The Book of Abstracts includes 41 abstracts of the paper accepted for presentation at the EBM 2022 Conference. The abstracts are grouped within five research areas according to the Conference sessions:

1. *Key challenges of management and marketing 1*
2. *Key challenges of management and marketing 2*
3. *Globalization and regionalization*
4. *Applied informatics and quantitative methods in economics and management & Accounting and business finance*
5. *Scientific Symposium entitled “Contemporary challenges in economy, business and management”*

Besides to researches from the Faculty of Economics in Kragujevac, researches from the Faculties of Economics in Zagreb (Croatia), Maribor (Slovenia), Krakow (Poland), Kiev (Ukraine), Messina (Italy), Belgrade (Serbia), Novi Sad (Serbia), Subotica (Serbia), Niš (Serbia), Čačak (Serbia) and Valjevo (Serbia) participate with their papers at the conference.

The Conference program included plenary session and five parallel sessions. Simultaneously, within a separate session, a Symposium was held, as a result of cooperation between Faculties of Economics from Italy (Messina), Poland (Krakow), Ukraine (Kiev) and Serbia (Kragujevac). Thirty-two reviewers participated in reviewing the paper presented at the Conference. In plenary sessions, lectures were given by the keynote speakers:

1. Zlatko Nedelko, Faculty of Economics and Business, University of Maribor, Slovenia: “Socially responsible behavior of management in conditions of energy scarcity”
2. Stanislaw Mazur, Krakow University of Economics, Poland: “The globotics transformation and its socio-economic consequences”

The forty one abstracts submitted represent a good indicator of the Conference success. We could state that EBM 2022 Conference fulfilled its purpose providing a good basis for further research and consideration both in the academic community as well as in the general professional community.

*Kragujevac
December, 2022*

Editors

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Zlatko Nedelko,

Faculty of Economics and Business, University of Maribor, Slovenia

**“SOCIALY RESPONSIBLE BEHAVIOR OF MANAGEMENT
IN CONDITIONS OF ENERGY SCARCITY”**

Stanislaw Mazur,

Cracow University of Economics, Poland

**“THE GLOBOTICS TRANSFORMATION
AND ITS SOCIO-ECONOMIC CONSEQUENCES”**

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INTEGRATING SUSTAINABILITY INTO STRATEGIC MANAGEMENT

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Abstract: *This paper discusses the importance of integrating sustainability into strategic management. The promotion of sustainable development is crucial for a resilient organisation. We built our research on the concept of sustainable development, which comprises three main pillars, i. e. economic principle, environmental principle and the principle of equity. We focused our research on corporate sustainability and strategic decisions, mainly the strategy content. Several research studies show that there is too little effort for sustainable strategic management made by organisations. We believe it is necessary to raise awareness of the importance and incorporation of sustainability into the strategic decisions of organisations. We emphasise that organisations must include sustainability content in their vision, mission, and strategies. Key stakeholders (owners and top management of organisations) play a crucial role in this, especially their values and awareness of the importance of the organisation's sustainable efforts for the well-being of all stakeholders.*

Keywords: *strategy, strategic management, key stakeholders, sustainability, sustainable development*

JEL Classification: *M21, M12*

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PROCESS, INSTRUMENTAL AND INSTITUTIONAL DIMENSIONS OF CORPORATE GOVERNANCE, FOCUSING ON THE NEW LEGISLATIVE REQUIREMENTS FOR SUSTAINABLE CORPORATE GOVERNANCE

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Abstract: *Non-financial reporting is undoubtedly an essential institutional measure aimed at socially responsible corporate governance and thus at the sustainable development of corporations and society in general. For the first time, large corporations were required to disclose information on non-financial performance in their 2017 financial report. Therefore in this paper, we will analyze the practice of selected Slovenian corporations in non-financial reporting. These results will provide a good starting point for future research in the light of the new CSRD on whether the selected Slovenian corporations are on the right path towards sustainable corporate governance or what they need to change in this area to be on the right way. The first part of the presented paper will give insight into the need for process, institutional and instrumental dimensions of corporate governance in the light of sustainable corporate governance. The second part of the presented paper will show what measures the companies should take in order to follow the requirements of the new CSRD for sustainable corporate governance. The research will also show the companies' shortcomings in their process, institutional and instrumental functioning, and therefore their non-financial reporting. On the basis of research cognitions, the presented paper will provide the measures to improve the quality of companies' non-financial reporting and thus the quality of companies' sustainable corporate governance.*

Keywords: Corporate governance, Non-financial reporting, Sustainability reporting, Sustainable Corporate Governance, Directive 2014/95/EU, EU CSRD proposal

JEL Classification: N40, I38

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A CONCEPTUAL MODEL FOR MEASURING THE TRANSFORMATIVE HOTEL SERVICE EXPERIENCE

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Abstract: *Measuring consumer experience attracts increasing attention of authors and experts in the fields of marketing, tourism and hotel management. The focus of recent studies was on the concept of transformative experience. This type of measurement is particularly important in the hotel industry, especially when it comes to the luxury hotels which offer wellness services. In this context, it is important to identify triggers of guest satisfaction and subjective well being which contribute to the individual transformation, both physical and psychological.*

In the well-known Servicescape model, Bitner (1992) singles out internal and external aspects of the environment which influence the affects and cognitions of consumers which have effects on certain types of consumer behavior. Bitner points out that the Servicescape includes the physical features of an environment where consumers and employees function. In her model, she focused on sensory and functional elements of the environment. However, in the Servicescape model, Bitner did not consider the natural, cultural and social components of the environment, which can also potentially contribute to the improvement and transformation of the consumer experience. As an upgrade to the traditional Servicescape model, Pizam and Tasci (2019) developed a new Experienscape model. In this model, the consumer experience is analyzed in more detail through the evaluation of 5 components of the environment: sensory, functional, natural, social and cultural components. Thus, this model represents an extension of the traditional Servicescape model and is especially adapted for the purpose of measuring experience in the service industries such as the hotel industry.

The Experienscape model contains external stimuli that affect individuals' internal cognitive and emotional states, which is why it links to the traditional SOR model. However, while in the SOR model consumers are viewed as passive subjects whose emotional state and reactions are influenced by external stimuli, in the Experienscape model the consumer is an active subject who strives to co-create his experience, transform the experience and achieve a sense of satisfaction not only with the service but also with his own life. That is why the modern consumer wants to achieve the transformation of the experience by visiting an exclusive wellness hotel and actively participate in improving existing and creating new services. The Experienscape model was recently developed and so far has been tested in only a few studies. Hence, there is a need to propose a new model based on a combination of the SOR framework and the Experienscape model. In this context, the S component of the new model can include the environmental components from the Experienscape model, in the central O block the emotional states of the individual, such as satisfaction and subjective well-being are positioned, while the R block consists of consumer responses, such as co-creation of experience and word of mouth. The proposal of a new model involves testing its reliability and validity, and then analyzing the relationships of latent variables.

Keywords: *transformative experience, environmental components, satisfaction, co-creation of experience.*

JEL Classification: Z32,M31

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MANAGEMENT CONTROL IN FUNCTION OF CORPORATE SUSTAINABILITY: A CYBERNETIC APPROACH

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Abstract: *The issue of corporate sustainability has become very significant in contemporary business environment. Nowadays, financial performance measures are not enough in order to completely evaluate the corporate efficiency and effectiveness, not to talk about predicting the future business success. Namely, aligned with the financial performance measures, the non-financial performance measures have become more relevant in order to predict and realize the business success in the long-term. This means that companies have to devote to the sustainability issues, which further implies that they should consider environmental, social and governance performance indicators. In that sense, the issue of management control has gained in its relevance. Hence, the purpose of this paper is to point out to the necessity of effective and efficient management control, generally, and integrating of management control system into the sustainability control system, based on Simon's levers of management control. Additionally, we aim to demonstrate how Viable System Model (VSM) as a relevant cybernetic tool can support analyzing the effectiveness of management control systems and sustainability control systems in a case company. Based on the Law of Requisite variety, VSM is consisted of the five subsystems representing the implementation, coordination, control, intelligence and identity functions. Applying VSM in the organization enables effectively dealing with increasing organizational and environmental complexity. Thus, we expect that the application of VSM in a case company would show that management control systems adequately balances the variety of the system and the environment, leading companies to effectively achieve the performance goals. The original contribution of the paper is reflected in the integration of management control systems with the sustainability control system using cybernetic tool.*

Keywords: *management control, sustainability, effectiveness, cybernetic tool, viable system model.*

JEL Classification: *M10, M15*

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RECOMMENDATIONS - EWOM IN TOURISM DURING THE COVID-19 PANDEMIC

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Abstract: Consumers often share their experiences and recommendations about tourist destinations, agency and hotel services, whose importance is emphasized primarily due to intangible characteristics. During the COVID-19 pandemic, tourism has been one of the sectors which suffered the biggest economic consequences. In line with that, businesses entities must explore the market due to particular importance. On the other hand, during the state of emergency, the Internet has expanded its already existing popularity to extreme limits. With the massive expansion of the use of digital systems, traditional WOM is giving increasing importance to the electronic system of consumer recommendations by word of mouth (eWOM). Therefore, the subject of this paper is eWOM in tourism, with special reference to the impact of the COVID-19 pandemic. The aim of this paper is to examine which profiles of tourist consumers most often use online recommendations in decision-making processes during the specific situation.

Keywords: eWOM; recommendations; tourism; COVID-19.

JEL Classification: Z33,M31

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INNOVATIONS AND NETWORKING: AN ELEVEN COUNTRY STUDY ON THE RELATIONSHIP BETWEEN NETWORKING AND INNOVATIVENESS OF SOCIAL ENTERPRISES

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Abstract: *The purpose of this paper is to explore the relationship between networking and the innovativeness of social enterprises based on the data drawn from an online survey conducted in eleven European countries. In this research, we examine whether networking affects the innovativeness of social enterprises, which forms of cooperation are most common in social enterprises, do different networking forms affects the innovativeness of social enterprises, does organizational age change the obtained results and why the impact of networking on innovativeness is different in the “old” and the “new” generation of social enterprises. The results showed that more than 90% of the surveyed organisations cooperate with other organizations and that networking does not affect the innovativeness of social enterprises. A more detailed analysis reveals that different networking forms have a different impact on innovativeness i.e. cooperation with other social enterprises affects the innovativeness of enterprises in the mode that innovative enterprises cooperate to a statistically greater extent with other social enterprises. Another interesting result showed that organizational age changes the obtained results about the influence of networking on innovativeness, that for we conducted a more detailed analysis of the impact of factors on innovation before and after 2000.*

Keywords: *innovation, networking, social enterprises*

JEL Classification: *O30, O35*

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DETERMINANTS OF STUDENT SATISFACTION WITH ONLINE LEARNING

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Abstract: Research on the topic of determining success of online learning is on the rise. Defining the key success factors, i.e. determinants of online learning success, is extremely important, especially now that all higher education institutions have been forced to try their hand at teaching with the help of technology. Online learning systems are an open system of human entities – students and instructors, and non-human entities – learning management systems and information systems. The success of online learning is not easily explainable especially taking into consideration merely characteristics of isolated sub-entities. Thus a research of students' satisfaction with online learning was conducted. Students' satisfaction was modelled as dependent variable, while set of independent model variables included: student motivation, student self-regulation, dialogue (instructor-student, student-student), and course design. Research hypotheses were tested by analyzing data collected from the University of Novi Sad students. In order to collect data on the attitudes of users (students) of online learning, a structured questionnaire was employed. Respondents expressed their views (perception) about statements and valued them on 5 point Likert scale. The instrument was applied to a sample of 360 responses using PLS structural equation modelling for two reasons. The first is that PLS is suitable for application in the early stages of development of theory and testing, and the second and more important is that it is particularly suitable for researching the attitudes of respondents. The results of the presented research are very important from the aspect of contribution to the literature dedicated to identifying the key success factors of online learning. Additional contribution refers to the research conducted in Serbia, i.e. at the University of Novi Sad.

Keywords: online learning, success factors, student satisfaction, PLS modelling

JEL Classification: M31, O31, P46

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RELATIONSHIP BETWEEN EXTERNAL CORPORATE SOCIAL RESPONSIBILITY AND AFFECTIVE COMMITMENT IN SERVICE COMPANIES IN SERBIA

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Abstract: *The increasing relevance of Corporate Social Responsibility (CSR) for contemporary organizations is widely demonstrated. As a concept consisting of two main dimensions – external and internal, CSR is the subject of numerous research. At the same time, commitment is one of the key prerequisites in building the long-term relationships between an organization and its employees. Accordingly, in this paper we focus on the relation between employees' perceptions of external social responsibility and their affective commitment in service sector in Serbia. Beside the fact that employees determine the success of the company, research on impact of social responsibility on employees is not sufficiently represented in literature. This research tried to fill that gap, by focusing on employees' perceptions about social responsibility and its impact on employees' affective commitment. The results showed positive correlation between perceptions about external social responsibility and affective commitment of employees' in service sector. These results could be used in the formulation of potential CSR strategies of companies which want to invest in socially responsible activities.*

Keywords: *external social responsibility, affective commitment, employees*

JEL Classification: *M14, M50, M54*

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STRATEGIC APPROACH TOWARD MARKETING MANAGEMENT: CASE STUDY OF THE IKEA

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Abstract: *The broad field of marketing represents a balance between the subjectivity and individuality of needs and a wealth of approaches that master the art of attracting attention through strategies that succeed in winning over new customers. Strategic marketing is a process of the strategic analysis of factors related to the environment, competition, and business that affect business units and forecasts of future trends in business areas that are of interest to the company. The aim of this paper is to identify the characteristics that enabled the management of IKEA to build a community that successfully integrates all marketing components. The paper focuses on the analysis of the components that make up the comprehensive process from planning to implementation of the marketing mix strategy. The theoretical framework aims to understand the role and responsibility of marketing through the analysis of all its types, depending on the approach to innovations created to attract customers. The second part of the paper presents a situational analysis of IKEA, which has built a unique brand thanks to its ability to identify important spheres. The last part of the paper, based on the analysis of IKEA's marketing mix and the instruments of their strategy that ensures them first place in the market, provides concluding considerations and recommendations for other economic subjects.*

Keywords: Strategic Marketing, Situational Analysis, SWOT Analysis, Marketing Mix, IKEA Case.

JEL Classification: M00, M310, M390

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JOB AUTONOMY AND INNOVATIVE WORK BEHAVIOR: THE CASE OF SERBIAN HEALTHCARE SECTOR

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Abstract: *Innovation is key determinant of survival and growth in the contemporary business environment. Precondition for innovation is active participation of employees, therefore it is very important for business success to study organizational behavior encouraging employee innovativeness. Under the pandemic conditions, the need for introducing real life creativity and innovations in the health sector becomes imperative for survival. Accordingly, research of various organizational assumptions, motivation and approaches to management support for the innovative behavior of employees in healthcare organizations becomes paramount. The employees' innovative behavior refers to new ideas generation, but also implementation of new ideas in performing tasks, using new technology, working procedures or processes. Within the framework of understanding motivation and compensation system that can stimulate or discourage employee innovation, work autonomy has a significant role. Job autonomy can be defined as the degree to which the task given to the employee provides freedom, independence and discretion to independently determine work procedures or methods. It can also be understood as the degree to which an employee has the freedom to decide how to perform tasks. Our paper aims to investigate the effects of work autonomy on management support for innovative behavior of employees in healthcare organizations. Empirical research was conducted on the sample of healthcare organizations in the Republic of Serbia during pandemic 2022. Primary data was collected by distributing questionnaires to employees and managers. The results of the pilot study show that employee engagement and job autonomy have a positive effect on managers' support for the innovative behavior of employees in the health sector. The implications of the obtained results point to the conclusion that the innovative behavior of employees can be encouraged through adequate support from managers.*

Keywords: *job autonomy, innovative work behavior, management support to innovation, healthcare sector*

JEL Classification: *J53, M54*

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CONSULTATIVE LEADERSHIP STYLE AND EMPLOYEE LOYALTY: AN ALTERNATIVE VIEW ON EMPLOYEE RETENTION

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Abstract: *This paper aims to broaden current knowledge on how patterns of consultative leadership behaviour influence employee loyalty and consequently employee retention. Using Likert's approach to leadership styles we have covered a sample of 461 employees from companies across different sectors in Croatia. Out of the total sample, we have identified 96 employees whose superiors exhibit consultative leadership behaviour. Concerning those respondents, we have conducted a second survey focused on employees' level of belonging and long-term attachment to the organization. By correlating this obtained evidence we try to shed light on the question of how consultative leadership styles influence employee loyalty and retention. Our results provided support that within the teams where consultative leadership patterns were present organizational loyalty is positively correlated to reward system satisfaction and satisfaction with the institutionalized practice of employee retention. By focusing on the turnover reasons, levels of organizational loyalty, satisfaction with the reward system and institutionalized practices of employee retention this paper argues the benefits of consultative leadership style for employee retention.*

Keywords: *consultative leadership style, employee loyalty, employee retention*

JEL Classification: *J53, M54*

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INTRODUCTION TO SCALING UP OF STARTUPS: PRE-INCUBATION AND INCUBATION PHASE

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Abstract: *Small and medium-sized enterprises are the types of economic units that are still responsible for creating jobs and gross domestic product. The role of micro-entrepreneurs in the context of globalization is undergoing change, as micro-enterprises increasingly perceive their environment more broadly from the moment they are established and even before they formally begin operations than they did before. Changing perceptions of the environment as a result of increasing globalization also have an impact on changing perceptions of planning the operation of microenterprises. The issue of ensuring adequate planning aimed at dynamic development concerns the phase before the establishment of the company as well as the early phases of its operation. According to the literature and practice, a similar type of operational planning refers to startups, and in the case of high-tech commercialization companies - to techno starters. Thus, it is important to pay attention to microenterprises and also to the issue of risks and uncertainties accompanying their survival, especially in the current conditions of the socio-economic environment, which have already gone even beyond the turbulent. The main problem, therefore, is the still insufficient knowledge of the functioning of startups, especially in the context of increasing globalization, which means increased dynamics of changes in the environment. The purpose of this article is to discuss the initial stages of startup creation and development, especially in the context of the progressive globalization changes, taking into account how important it seems to be to prevent possible economic recession scenarios.*

Keywords: *startup, innovation, entrepreneurship, management, scaleup*

JEL Classification: *M13, M15*

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ANALYSIS OF ACCOMMODATION OFFER IN CRISIS CONDITIONS

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Abstract: *In the last three decades, there has been an intensive development of tourism in the world. However, with the onset of the corona virus pandemic, the development of the tourism sector has slowed down significantly. The global crisis that followed during 2020/21 has caused restrictions on travel and a drop in the number of international arrivals, which consequently had a negative impact on the overall business of all business entities in tourism (airlines, hotel and restaurant companies, travel agencies, public transport, sports, cultural and other events, etc.). The crisis has also caused the reduction of occupancy rate of accommodation capacities, which led to the repositioning of the offer as a whole, the introduction of new types of accommodation and additional elements in accordance with measures for the prevention of the pandemic of the virus. The subject of the paper is the analysis of the attitudes of users of accommodation services and the factors/elements that influence the choice of the type of accommodation in crisis conditions. The aim of the research is to observe user preferences from the aspect of tangible and intangible elements of the accommodation offer, such as: price, quality of service, competence and friendliness of the staff, security, image, location, comfort, interior, food and drink, online business, ratings and reviews on Tripadvisor or other platforms, etc. In crisis conditions, the demand for online booking is increased, along with security, safety and cleanliness of rooms, lower hotel prices, etc. Moreover, an increasing number of users opt for non-boarding accommodation as a safer type of boarding, which additionally provides them with a certain degree of privacy. One of the most represented platforms in the world, Airbnb, has recorded a significant increase in the number of users in the last year, but this can have a negative impact on the hotel business. The subject of consideration in the paper are supply factors which influence users' preference for private rather than hotel accommodation in crisis conditions. In relation to this, the question arises whether, for example, a lower price, security, a pleasant and homely atmosphere influence a higher degree of occupancy of private facilities. Through the analysis of hotel and private accommodation, the key elements of the offer in which additional investment should be made were pointed out, and thus proposed measures to improve the performance of tourist companies and their faster way out from the crisis situation, both in the world and in our country.*

Keywords: crisis, hotel business, private accommodation, offer

JEL Classification: Z30, Z32

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EMPLOYEE READINESS FOR LIFELONG LEARNING IN DIGITAL AGE

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Abstract: Continuing professional development and participation in lifelong learning are not only important, but necessary conditions in the era of rapid changes. The beginning of forth industrial revolution, digitalization as well as rapid technological progress have caused gaps in employee skills. Greater interaction between humans and machines enabled by new technologies will raise labor productivity but require different and often higher skills. In order to answer to demands of new working conditions, an employee is expected to have strong cognitive skills, basic information and communication technology, and analytical skills, as well as a range of non-cognitive skills such as creativity, problem-solving, critical thinking, and communication. Thus, there is a doubt how to overcome the identified gaps and which training programs and courses should be implemented. The purpose of this paper is to investigate employee readiness level for participating in learning process at working place. The sample consisted of 137 employees from diverse public and private enterprises in Serbia. In order to test the employee readiness descriptive statistical analysis is conducted, while one way ANOVA test is used to test the significant difference among employees at various educational levels. The obtained results can be used to develop new directions of lifelong education policies and to highlight fields in which enterprises should upgrade their employees' readiness for new industrial era.

Keywords: lifelong learning, digitalization, digital age, digital transformation, education

JEL Classification: I2, M2, O3

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TECHNOLOGICAL ACQUISITIONS AND PERFORMANCE: EMPIRICAL ANALYSIS OF ACQUIRED COMPANIES IN THE REPUBLIC OF SERBIA

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Abstract: *In recent years, the technology sector has become one of the most active sectors for the implementation of acquisitions. Technological acquisitions are specific types of acquisitions focused on acquiring knowledge, technical expertise, employee skills, and specific new technologies. The acquisitions of technology companies allow acquiring companies to reconfigure their resource portfolios using the knowledge and capabilities of the acquired companies. By selling a majority stake in large companies, technology companies are seeking to increase their presence in the global market. Hence, technological acquisitions can be win-win events that benefit both parties. This paper aims to investigate the effects of technological acquisition on the performance of acquired companies. The research was conducted on the example of technology companies that were taken over by multinational companies in the process of international acquisitions. The effects of technological acquisitions on performance were measured using accounting performance measures: operating income, EBITDA margins, return on sales - ROS, return on assets - ROA and return on equity - ROE. The assessment of the performance of technological acquisitions was performed by comparing the accounting indicators two years after the acquisitions with the value of the indicators achieved two years before the acquisitions (-2, + 2). Data were collected from the official financial reports of the analyzed companies. The research results show that technological acquisitions do not lead to an increase in profitability (except for certain indicators of small-sized companies), but they lead to higher operating income. The research results show that technological acquisitions do not lead to an increase in profitability (except for certain indicators of small-sized companies), but they lead to higher operating revenues in the period after the acquisitions.*

The study has significant theoretical and practical implications. First, the results of the study theoretically and empirically expand the knowledge base on the effects of technological acquisitions on performance since such research is limited. This creates a basis for comparison with the results of research in developed market economies. Second, the study provides a deeper analysis of the performance of acquisitions by analyzing various profitability indicators in the period before and after acquisitions. The paper has practical implications for business people, as it indicates that technology companies that are unable to continue growing independently should strive to integrate with larger companies.

Keywords: *technological acquisitions, technology companies, innovation, performance*

JEL Classification: *L25, M21, O16*

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CORPORATE REPUTATION AS AN ANTECEDENT OF EMPLOYEES' INTENTION TO STAY: THE INTERVENING ROLE OF JOB SATISFACTION

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Abstract: *Contemporary companies embrace a variety of human resource management (HRM) strategies to recruit and retain top talent. Among the factors which are primarily expected to attract the most skilled candidates, bus also might contribute to positive work attitudes of existing employees, modern HRM practice highlights the corporate reputation. This study aims to explore the link between corporate reputation, job satisfaction, and employees' intention to stay with their current employer. The structured questionnaire was used to collect data from 98 companies operating in the Republic of Serbia. To test hypotheses, correlation and regression analysis were applied. The findings show that corporate reputation has a statistically significant positive impact on employees' intention to stay and this relationship is partially mediated by job satisfaction. The paper attempts to shed light on the complex connection between these constructs and to assist HR managers in creating sustainable employee retention strategies. By strengthening the company's reputation managers can achieve a higher level of employee satisfaction, which eventually leads to decreased turnover rates.*

Keywords: *reputation, job satisfaction, intention to stay*

JEL Classification: *M14, M21, J26*

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PROBLEMS AND CHALLENGES IN LAST MILE DELIVERY

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Abstract: Last mile delivery (LMD) is considered one of the biggest challenges in B2C e-commerce and represents a more critical logistics process. In the era of e-commerce, the "last mile" delivery service (LMDS) is an important challenge of logistics service performance. In the last few years, the e-commerce industry has grown exponentially, where many companies have enabled their customers to get the products they need with a "few clicks", which means that e-commerce came through for the need to buy and sell goods, products, or services online. The number of consumers who buy online is growing more and more. That change in consumer behavior has re-vitalized the practice of home delivery, as consumers increasingly prefer their homes over other delivery solutions. In recent years, the online-commerce, especially the mobile commerce, provides a visual, convenient, personalized and diversified shopping experience to customers. Last mile delivery refers to the last step of the delivery process when the package is moved from the transport hub to the final destination. Recent research shows that experience in the last mile delivery process plays a vital role in the user experience of online shopping. Additionally, in many studies last mile delivery is mentioned as the most important transport activity and is considered the biggest challenge in B2C e-commerce. The "last mile" is synonymous with the activities that take place in the last segments of delivery and the most critical step in the delivery process, meaning, the one that businesses and customers want to be as fast and efficient as possible. The last mile is the most expensive, slowest, and most inefficient part of the supply chain. When planning e-commerce, business managers must keep its complexity in mind. Depending on the delivery model, the costs of the last mile amount from 13% to 75% of the total costs in the supply chain. The paper will present the key steps in the last mile delivery process, the problems and challenges that are most common in this part of transport, as well as the ways in which problems can be solved and the challenges of last mile delivery can be overcome.

Keywords: Last mile delivery, Delivery, Logistics, Customer

JEL Classification: P46, M31

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DIGITAL TRANSFORMATION OF STRATEGIC PROCUREMENT

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Abstract: *Technological changes that occur affect the development and digital transformation of procurement. Previous activities in the digitalization of procurement have been focused on transaction activities and documentation management, ie the procurement segment that belongs to operational procurement. Operational procurement is characterized by transaction activities in the purchase activities, order creation, administering invoices, lower-value purchases, and working with pre-approved vendors. In this way, activities are automated and interconnected, and the level of manual work is reduced. E-procurement is not focused on strategic activities and cannot give any serious support to strategic procurement. However, there remains a segment of strategic procurement that has been unjustifiably neglected and needs to be digitally transformed. Traditional e-tools have limited opportunities for the digital transformation of strategic procurement. Procurement 4.0 has more opportunities for strategic procurement than e-procurement. AI for example offers some new dimensions in managing strategic procurement. Procurement strategy development, procurement category management, key vendor management, and risk management are activities that are often not even formalized in the procurement departments. In some cases, digital transformation of strategic procurement has limitations based on a predefined process in procurement. Traditional procurement does not know strategic procurement in all dimensions. With the digital transformation of strategic procurement, significant improvements can be expected in redesigning procurement processes. This paper will present three cases of companies that implemented digital solutions to manage strategic procurement. These examples are based on advanced e-tools for the guided creation of procurement strategies. Software solutions had a consultancy role during implementation giving knowledge based on good practice. Presented cases show that digital solutions in strategic procurement allow the procurement strategy to be dispersed regardless of company size or geographic distribution. With the digital transformation of strategic procurement, the visibility of spending increases, and the quality of defining procurement categories improves. All stakeholders are actively involved in the creation of the procurement strategy and have the opportunity to participate in the realization of the set goals. Based on the presented cases, it can be concluded that the benefits of the digital transformation of procurement can be expected in different concepts of the procurement organization, as well as in different industries. Also, a different set of targets can be realized through the digital transformation of strategic procurement, and a range of goals can be realized without limitation. The digital tools of strategic procurement do not exclude other options within Procurement 4.0, but instead, fit in and raise the level of results.*

Keywords: Digital procurement transformation, Procurement 4.0, Strategic procurement

JEL Classification: M10, M15

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THE IMPACT OF VERTICAL COMMUNICATION ON THE TALENT MANAGEMENT PROCESS IN COMPANIES

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Abstract: *Today's way of doing business is significantly different from the past when there was a much stronger connection and sense of employee loyalty to an organization. Given the major changes in the labor market, such as skilled labor shortages and significant changes in workplace, companies face great challenges in attracting and retaining a talented workforce. New circumstances in the business environment pose completely new challenges to managers. Therefore, the aim of this research is to investigate to what extent vertical communication, as one of the important components of internal communication, impacts attracting, developing and retaining talent in companies. The empirical research was conducted on a sample of 170 companies that belonged to the category of medium-sized or large companies in the Federation of Bosnia and Herzegovina. The basic assumption was that vertical communication has an impact on talent management in companies, in that improvements in vertical communication can be recognized by existing employees and through them by potential talent in the market who are still considering where to work. The empirical part of the research used methods that included primary data collection through a research questionnaire, and various statistical methods for processing the collected data. The summary of the responses given by the managers of these companies confirmed that vertical communication did have a positive impact on the talent management process. The results obtained through this empirical research study largely support the findings indicated by previous research, however, it was not possible to find any previous confirmation in companies from the Federation of Bosnia and Herzegovina.*

Keywords: *Internal communication, vertical communication, talent management*

JEL Classification: *J24, J50, M54*

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FISCAL POLICY AND POLITICAL BUDGET CYCLES IN SERBIA: PRELIMINARY FINDINGS

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Abstract: *The paper explores the existence of Political Budget Cycles in Serbia in the period 2005-2022. The underlying assumption is that an incumbent government (mis)uses public resources to increase chances of being re-elected. To test our hypothesis, we employ monthly time series data on the overall budget balance obtained from the government fiscal statistics. We test the hypothesis by utilizing Intervention Analysis as the main econometric tool. Estimation results undoubtedly reveal the existence of opportunistic behaviour by different governments, although the results hold only for regular election rounds and not for premature elections. In former case, expenditures increase in pre-election a period, which suggests an effort to gain electoral support and improve chances of re-election. The results are independent from the party affiliation over the observed period.*

Keywords: *Political budget cycles; Budget balance (deficit); Early elections; Regular elections; Serbia*

JEL Classification: *E60, E62*

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FINDING SIMILARITIES WHERE DIFFERENCES ARE OBVIOUS – COMPARATIVE STUDY OF SERBIAN AND CHINESE BUSINESS PRACTICES

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Abstract: *The Republic of Serbia and the People's Republic of China started to develop better political and economic relations after signing the Strategic Partnership Agreement in 2009. The second impetus for further improvement of economic relations was Serbia's joining China's coordination mechanism "16+1" and "Belt and Road" Initiative. The third and final momentum that fully secured the relationship between the two countries was achieved by signing the Comprehensive Strategic Partnership Agreement in 2016. That is the highest level of cooperation that China can officially establish with other countries, and it is a testament to China's plans for Serbia. Thanks to previously mentioned circumstances, Chinese investments in Serbia have grown, as well as the number of Chinese companies working on infrastructural projects in Serbia. In a relatively short period, there was a significant increase in the number of Chinese businesspeople and workers in Serbia. Since the two nations have different cultures, traditions, and ways of doing business, some problems occurred. Both Chinese and Serbian managers and employees have difficulties adjusting to the new circumstances, so it is worth identifying similarities and differences in business practices to overcome occurring problems. The authors will use the comparative method to present the main differences in doing business originating from different cultural backgrounds and communicating and conducting business. In doing so, findings from two cross-cultural studies will be used, such as the Hofstede model of cultural dimensions and the GLOBE project. The authors conclude that according to the Hofstede model, management practices are different regarding uncertainty avoidance index, masculinity/femininity index, and long-term orientation. The GLOBE project indicates the following differences: assertiveness, future orientation, human orientation and uncertainty avoidance index. Both parties should improve their cross-cultural knowledge and work on overcoming cultural issues to achieve better business cooperation.*

Keywords: Serbia, China, management practice, cross-cultural studies, differences, similarities

JEL Classification: M14, O57, Z13

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The paper presents the findings of a study developed as part of the research project entitled 'Serbia and challenges in international relations in 2022', financed by the Ministry of Education, Science, and Technological Development of the Republic of Serbia, and conducted by the Institute of International Politics and Economics, Belgrade.

PUBLIC DEBT MANAGEMENT IN PANDEMIC ERA: THEORETICAL DEBATES

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Abstract: *The COVID-19 pandemic has led to serious losses in human lives and has changed the world we knew. Among numerous consequences, the economic ones are particularly emphasized, as they directly affect the widest range of people. Governments around the globe had to respond to economic recession due to pandemics by aggressive economic policy measures, mainly by fiscal policy through intensive public spending programs. As a corollary, public debts in the majority of economies have reached unprecedented levels. The mainstream macroeconomics postulates that the increase of the share of public debt in the GDP above a certain threshold will probably negatively affect economic growth in the long run. However, in the case of a pandemic, the "whatever it takes" approach was implemented in order to prevent losses of lives in the first place, and then a deep recession and unemployment increase. These circumstances also resulted in the reaffirmation of some theoretical approaches, such as a functional finance concept and the Modern Monetary Theory. Accordingly, this paper aims to evaluate the theoretical debate between the mainstream standpoint (embodied in the so-called New Consensus Macroeconomics) and the challenges imposed on this paradigm by some of the heterodox approaches. The main research question is whether these changes in the field of public debt management theory are comprehensive enough to provoke some shifts in the dominant macroeconomic paradigm. The main finding obtained by theoretical analysis is that it is premature to talk about some radical changes in the New Consensus Macroeconomics, but also that there is room for some improvements in the mainstream model related to the role of monetary and fiscal policy in aggregate demand control and public debt management.*

Keywords: *public debt, COVID-19, functional finance concept, Modern Monetary Theory, New Consensus Macroeconomics*

JEL Classification: *B22, E12, E63, H63*

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LONG-TERM VISION FOR EU RURAL AREAS UP TO 2040 - RURAL PACT, GREEN DEAL AND FARM TO FORK STRATEGY

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Abstract: *The European Union (EU) has been implementing the Common Agricultural Policy (CAP) for decades, while solving agrarian and rural issues. Thereby, the EU introduces certain changes in the CAP, but very gradually and carefully, in order to maintain a competitive position on the international market and achieve other accompanying goals. A large number of strategic documents, law regulations and other institutional mechanisms, along with the strong protectionism, has been following the CAP, causing a number of criticisms. The reforms are most often required by farmers, some EU member countries, as well as non-EU countries. Namely, the pressures come from both inside and outside, confirming the imperfection of the CAP. The subject of research in this paper is a long-term vision for the EU's rural areas up to 2040, and accordingly Rural Pact & Rural Action Plan, Green Deal and Farm to Fork Strategy. The aim of this research is to point out that the new adopted rural development policy of the EU, despite its comprehensiveness, as usual, must be additionally adapted, reformed and changed, in accordance with numerous requirements of the global and local environment. The paper starts from the following hypothesis: If the Rural Pact, Rural Action Plan, Green Deal and Farm to Fork Strategy, within the long-term vision for the EU's rural areas up to 2040, are implemented without adapting to the new global circumstances (COVID-19, climate change, energy crisis, war conflicts, food security problems, etc.), it will not be possible to realize sustainable development of the EU rural areas. The results of the research within this paper confirm the starting hypothesis. Namely, it is emphasized that the dynamics of contemporary global circumstances, in the field of economy, ecology and socio-political factors, affect the rural development of all countries. Accordingly, the necessity of further adjustments and reforms of the CAP is observed. The CAP has been reformed since its creation, due to its imperfections. They were noticed many decades before, although there are still a lot of unresolved problems. The description and comparison of the previous programming periods, schematic representations and available statistical data, as well as numerous studies by renowned authors and relevant institutions, confirm that the agricultural and rural policy of the EU has been one of the most important issues for the development of Europe and more broadly. In the contemporary conditions, due to the pandemic, environmental and energy problems, international conflicts and similar challenges, the issue of food has come to the fore everywhere. It additionally imposes a task for the EU, to improve its agrarian and rural policy, which has undergone a series of reforms since its inception due to numerous unresolved problems in this area. At the same time, the policy of the EU, as one of the world leaders in the field of agricultural and rural development, represents an important landmark for the countries trying to join the EU.*

Keywords: Rural Pact, Rural Action Plan, Green Deal, Farm to Fork Strategy, Vision for the EU's rural areas

JEL Classification: O52, Q01, R59

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DIFFERENCES IN REGIONAL APPROACHES TOWARD IMPLEMENTING THE CIRCULAR ECONOMY MODEL

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Abstract: *At this moment, global consumption of raw materials is 70% greater than what the planet can safely renew. The Circular Economy (CE) is a new economic development model based on the 7Rs (redesign, reduce, reuse, repair, renovate, recycle, and recover) that provide operational and strategic benefits at the micro, meso, and macro levels. The model of a circular economy has emerged as an important part of policy debates in North America, East Asia, and Europe within the last decade. However, approaches to the utilisation and implementation of this model differ on the regional and national levels. The aim of this paper is to provide a deeper understanding of the differences in the approaches taken on the regional level, especially focusing on North America, East Asia, and Europe's circular economy development. This paper will present the qualitative and quantitative analysis of the understanding of the CE concept in policy disclosure, similarities and differences between the three regions in terms of the focus of policy activity, and the measures that are used to evaluate the progress based on the available literature and the secondary data sources. The paper makes suggestions as to the causes for the varying policy articulations of the CE model and indicates as to the lessons that one region might learn from the other.*

Keywords: *Circular Economy, Sustainable Development, Regional Development, Economic Policy, 7R*

JEL Classification: *O440, E600, Q580*

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CONTEMPORARY CHALLENGES OF SUSTAINABLE TOURISM DEVELOPMENT - THE ROLE OF REGIONALIZATION AND SMART SPECIALIZATION

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Abstract: *The development of regions must be guided by effective and efficient management with a focus on sustainable growth. Tourism, as one of the biggest drivers of economic development, requires the need to establish sustainable and responsible development, in order to preserve the essential values of the environment. In this context, sustainability, regionalization and smart specialization become key common threads calling for new approaches mitigating negative impacts, upscaling resilience capacity and boosting economic recovery in the post-pandemic era. The aim of this paper is to analyze the importance of the process of regionalization and smart specialization in improving the competitiveness and innovation of the tourist offer. Based on a review of the relevant literature, it is noticeable that regionalization and smart specialization are complementary to sustainable tourism development and can significantly contribute increasing the competitiveness of both of the whole region and all its parts. Tourism has many positive effects and contributes to the economic development of the areas that contain tourism destinations directly and indirectly. Well-known contributions of tourism, its contribution to forming the community's income, the generation of business and employment opportunities, are only a few of the aspects that show the part played by tourism in the overall economic development of an area. Modern conditions and use of information and communication technologies can significantly contribute to the impact of tourism. Through the integration of knowledge and innovations into the tourist products and services, based on sustainable tourism and connection with related sectors - smart specialization, the competitiveness of tourism and a certain region, can be improved.*

Keywords: *sustainable tourism development, regionalization, smart specialization, innovation.*

JEL Classification: Z30, Z32

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FINANCIAL DEVELOPMENT, TRADE OPENNESS AND ECONOMIC GROWTH: PANEL ANALYSIS OF SELECTED CEE COUNTRIES

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Abstract: *The aim of the paper is to examine the impact of trade openness and financial development measured by domestic credit to the private sector by banks on economic growth in selected Central and Eastern European countries (CEEC). The analysis covered 19 years from 2000 to 2018. The following countries were analyzed: Bulgaria, Croatia, Czech Republic, Hungary, Poland, and Romania. Cointegration between variables is confirmed by the Westerlund cointegration test. Based on the Mean Group (MG) estimator, outcomes exhibit that the trade openness in the long run has a positive effect on economic growth, while domestic credit to the private sector by banks negatively affects growth in the observed period. The negative impact of financial development on economic growth is possible if the expansion of credit to the private sector is not accompanied by adequate increase in real output.*

Keywords: *Financial Development, Trade Openness, Economic Growth, Panel ARDL*

JEL Classification: *C33, F10, O11*

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MARKET CONCENTRATION AND FOREIGN DIRECT INVESTMENT IN THE BANKING SECTOR OF WESTERN BALKAN COUNTRIES

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Abstract: *The banking sector in Western Balkan countries characterizes the transition from state-owned banks to private and mostly foreign-owned ones. Therefore, the aim of the paper is to examine the relationship between market concentration and foreign direct investment (FDI) in the banking sector of Western Balkan countries. The annual data for five Western Balkan (Serbia, Albania, Bosnia and Herzegovina, North Macedonia, and Montenegro) countries from 2000 to 2020 were analyzed using the autoregressive distributed lag approach (ARDL). The results show a significant positive relationship between market concentration and FDI in the long run while a significant negative relationship in the short run. It means that the FDI worsens competition in the long run while improving competition in the short run in Western Balkan countries. Policymakers and antitrust authorities in the Western Balkans need to devise a policy to attract FDI, mainly greenfield investments, that will reduce the negative effects of FDI and make it positive in the long run.*

Keywords: market concentration, concentration ratio, foreign direct investment, banking

JEL Classification: G15, G20, G21

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BUSINESS INTELLIGENCE SYSTEM FOR CRM ANALYTICS

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Abstract: *In today's highly competitive business environment, one of the key success elements is efficient and effective customer relationship management (CRM). Customer data became a critical corporate asset and information turn out to be one of the key components of the competitive advantage and sustainability. Nowadays, enormous amount of heterogeneous and high-velocity CRM data is generated. This data has huge potential value, but many organizations failed to utilize this large amount of data.*

Business intelligence (BI), data science and big data technologies encompass the collection of platforms, services, and tools, as well as data modelling and analytical methods for efficient data integration, storage, processing, and reporting.

In this paper, business intelligence system for advanced CRM analytics based on data warehousing and machine learning models is presented. Its main purpose is to support better business decision making by integrating relevant data from various sources and transforming it into usable and actionable information and knowledge. The BI system combines several analytical technologies, services and tools for data extraction, transformation, and loading, in-memory storage and processing, data warehousing, machine learning, and cloud-based visualisation and reporting.

In order to demonstrate the effectiveness and usefulness of the proposed BI system, an experiment with the real-world dataset from the retail industry has been carried out. Data has been integrated into the single multidimensional data warehouse with semantic BI elements dimensions, measures, calculations, and key performance indicators. For advanced analytics, such as predictions, classifications, and associations, several machine learning (ML) models have been created. These ML models complement data warehouse reporting with advanced knowledge that can be used for effective decision making and proactive actions.

Keywords: *Business intelligence, Data science, Data warehousing, Machine learning, Advanced analytics*

JEL Classification: *C55, C88, C89, L81*

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THE POWER OF SILHOUETTE ANALYSIS IN EVALUATION OF HIERARCHICAL CLUSTERING RESULTS

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Abstract: Unlike classical classification methods, cluster analysis belongs to the group of unsupervised learning, nonparametric, multivariate statistical interdependence methods, since precise information regarding the number and / or structure of groups is mostly not a priori available. As a data-driven analytical process, clustering represents a useful statistical tool for exploratory, as well as confirmatory data analysis, since it can also be used to verify classifications obtained by applying some other methods. The main objective of cluster analysis can be defined as discovery of the "optimal" classification structure that allocates (n) multivariate observation units into (g) mutually exclusive, internally homogeneous / externally heterogeneous, clusters (where $g \ll n$). However, there is an essential difference in achieving this goal, directly related to the methodological specificities of hierarchical and non-hierarchical clustering methods. In fact, unlike non-hierarchical methods in which the final number of clusters is previously defined, the application of hierarchical clustering methods does not result only in one classification solution, but in a whole series of possible solutions, ranging from $g = n$ clusters to $g = 1$ cluster. Precisely the evaluation of extracted series of possible solutions, in order to find a particular division, which is considered to best represent the inherent structure of multivariate observations, represents a critical analytical activity in the implementation of cluster analysis tasks.

The fundamental idea of the mentioned evaluation process can be defined as: of a total of (n) possible divisions of (n) multivariate observations, it is necessary to select one specific solution, for which, in comparison with all other solutions, the best ratio of internal homogeneity and external heterogeneity is achieved. In order to minimize the use of subjective arguments in the realization of this idea, a large number of (objective) statistical criteria have been proposed in the literature, based on the values of specific coefficients. Consequently, the aim of this Paper is to emphasize the applicative significance and potential of the criteria for evaluating the quality of cluster analysis results and selecting the optimal number of clusters, with a focus on the methodological-applicative properties of the silhouette coefficient.

Keywords: hierarchical cluster analysis, statistical criteria, silhouette coefficient, economic examples

JEL Classification: C18, C30, C38

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APPLICATION OF ARTIFICIAL INTELLIGENCE IN RECRUITMENT AND SELECTION PROCESSES

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Abstract: *We are at the beginning of the Fifth Industrial Revolution, which quickly led us to scientific development such as robotics, algorithm, machine learning, and artificial intelligence. Organizations develop and sustain by innovating new ideas to compete in digitalized economy, covering all business areas, and Human Resource Management is no exception. Use of artificial intelligence, in a practical and efficient way, leads to improved performance in various fields of HR management, covering employment, performance management, training and development, or even forecasting labor market and its needs. Every organization tends to hire skilled and capable employees who could be more efficient and effective in accomplishing job objectives, therefore recruitment as such has huge impact on organization's overall success. Recruitment strategy plays vital role, so in order to be more efficient it could use help of data analysis (i.e. Artificial Intelligence) for decision making process. Tendency is to facilitate computers to carry out the work normally done by people, where AI wins with an incredible speed and accuracy. This paper is therefore investigating application of AI in recruitment and selection processes in particular, focusing on techniques and methodologies used to improve the process. These methods are not only reducing costs, saving time, but also improving efficiency and making organizations more attractive. Another important goal in introducing AI in recruitment is improvement of process quality, by eliminating recruiter's bias. This paper will point out concrete examples with quantified measures (in terms of cost, efficiency, and profit) on improvement of employment processes and overall success of companies which implemented AI in selection process.*

Keywords: Artificial Intelligence, Machine Learning, Human Resources, Recruitment, Selection

JEL Classification: J24, O31, O32

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CLOUD-BASED DIGITAL PLATFORM OF THE INSTITUTE FOR THE PROTECTION OF CULTURAL HERITAGE

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Abstract: Cultural heritage is essential not only for every country or region and their people, but also for the world globally. Thus, protection and preservation of cultural heritage is of critical importance because it can help preserve national identities, connect people, promote cultural diversity, expand tourism offering, inspire innovation in various fields, etc. Government and non-government organizations specialized in protection of cultural heritage are the key success factors in this process. Digitalization of cultural heritage and associated processes is critical for successful protection and preservation. Digital transformation represents the opportunity for organisations from cultural heritage sector to think and operate like digital organizations in the way they engage their clients and consumers, empower their employees, optimize their operations, and transform their services. Continuous and rapid advances in information technologies (IT) provide various computing platforms, systems and tools that can support, improve, and transform processes of cultural heritage protection. This paper discusses the importance of digitalization in the cultural heritage sector, possible applications of information technologies, and the benefits they generate. It provides review of the most important research results, policies, models, and IT solutions utilized for the digitalization of cultural heritage. Based on the analysis of existing approaches, best practices, as well as practical experience, an integrated model for digital transformation is presented. Its architecture is modular, flexible and encompasses the individual, team, organizational and community collaboration levels. For the effective deployment of cloud services, cloud adoption strategy is presented. Following best practices for the cloud adoption framework allows organizations to better align business and technical strategies and ensure success. Finally, the real-world cloud-based digital platform designed for the Institute for the Protection of Cultural Heritage in Kragujevac is presented. The core services and solutions are presented. The platform is fully integrated, scalable, modular, and secured. It enables process automation, digitization, data management, multimedia support, document management, productivity, analytics, collaboration, social networking, and communication. The proposed model for digital transformation and the designed cloud platform, enable organizations working in the cultural heritage domain to improve quality of processes and operations, digitize data, better protect and manage cultural heritage, enhance services towards citizens, and reduce costs.

Keywords: Cloud Computing, Web Portal, Digital Transformation, Information Systems, Cultural Heritage

JEL Classification: C 55, C 88, C 89, L 81

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THE IMPACT OF DIGITALIZATION ON THE PERFORMANCE OF ACQUIRED COMPANIES IN THE REPUBLIC OF SERBIA

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Abstract: *The adoption and implementation of digital technologies in companies are of key importance not only for effective communication and business management but also for the improvement of their financial and organizational performance. In the last twenty years, the execution of digital technology has attracted enormous attention from companies in the Republic of Serbia, considering that digitalization provides the basis for business improvement. The paper aims to examine the impact of implemented digital technology on the organizational and financial performance of acquired companies in the Republic of Serbia. The research will be conducted based on the responses of 31 managers from 5 companies that were part of the acquisition process in Serbia. In the interpretation of the research results, relevant statistical methods will be used, such as regression analysis, which will be used for hypothesis testing. It is assumed that the research results will confirm the previously stated hypotheses that the developed digital infrastructure in acquired companies positively affects their organizational and financial post-acquisition performance. Since research in the field of digitalization of acquired companies in Serbia is scarce, future studies should provide new directions, recommendations, and structures for future researchers. On the other hand, this study will contribute to the development of management's perception in acquired companies that the modernization of digital infrastructure results in significant savings in business costs and a significantly better competitive position in the market.*

Keywords: Digitalization, Performance, Acquisition, Technology

JEL Classification: M15, O32

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PROFITABILITY OF SERBIAN PHARMACIES: DOES COVID-19 PANDEMIC MAKE A DIFFERENCE?

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Abstract: *The first cases of COVID-19 infection were reported in Wuhan at the end of 2019, whereas on March 11, 2020, World Health Organization officially declared the COVID-19 outbreak to be a global pandemic. Since March 2020, the COVID-19 pandemic has had a strong impact on everyday life and economic activities in the Republic of Serbia. The objective of the paper is to examine whether the profitability of Serbian pharmacies was changed under the influence of the COVID-19 pandemic. More precisely, we analyse the profitability of Serbian pharmacies in 2019, the year before the pandemic, and in 2020, the year the pandemic started. The motivation for the research is the fact that the influence of the COVID-19 pandemic differs across business sectors, company size, etc. The sample comprises 98 randomly selected Serbian pharmacies of different sizes, legal forms, and ages. All observed pharmacies are registered under industry code 4773 – Retail trade with pharmaceutical product in specialized stores – pharmacies. Profitability is measured by return on equity and return on assets. To determine the reason(s) for change(s), both return on equity and return on assets were decomposed. First of all, obtained results indicate the growth of Serbian pharmacies' business activity in 2020 compared with 2019. The results of the research also show that the profitability of Serbian pharmacies measured by both profitability indicators significantly increased in 2020 compared with 2019. Generally, an increase in return on equity is a consequence of an increase in return on sales, whereas an increase of return on assets is a consequence of an increase in the earnings before interest, taxes, depreciation and amortization margin. It means that control of expenses to maximize both the net income and earnings before interest, taxes, depreciation and amortization earned for each RSD of sales revenue generally improved in Serbian pharmacies in 2020. In the other words, both overall profitability and profitability independent of the company's financing, tax position, and accounting policies and judgments about depreciation and amortization of non-current non-financial assets generally improved in 2020.*

Key words: *profitability, Serbian pharmacies, COVID-19*

JEL Classification: *M41*

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IMPLICATIONS OF THE COVID-19 PANDEMIC ON EXAM PASSING SUCCESS¹

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Abstract: *For the last two years, the COVID-19 pandemic has become a global problem for humanity and has impacted all aspects of human life. The measures taken by the Government of the Republic of Serbia in order to prevent the spread of the pandemic, such as restricting the movement of individuals, suspending classes and social isolation, caused changes in the way of performing regular life and business activities of the entire society. In the conditions of isolation and social distance, higher education institutions, both in the Republic of Serbia and around the world, had to develop a new strategy for the new, smooth teaching process while ensuring health protection. In this sense, various online learning platforms were used, enabling partial interaction between professors and students. From the traditional way of teaching, we moved to the application of new and modern ones. A special challenge was to devise ways to test students' knowledge and evaluate them. At the Faculty of Economics in Niš, classes were held online, while colloquiums and exams were held live at the faculty's premises. The aim of the paper is to evaluate the impact COVID-19 had on the success of students in taking exams in the subjects of Management Accounting and Cost Accounting. The students' answers were divided into two groups. The control group consisted of students who took classes in the 2018/2019 school year, while the second group corresponded to students from the 2019/2020 and 2020/2021 school years i.e., to students who followed the classes online.*

Keywords: *pandemic, COVID-19, education*

JEL Classification: *M40, M41*

¹ The paper is the result of research based on obligations under the Agreement on the implementation and financing of research and development in 2020 (record number 451-03-68/2020-14/200100), concluded between the Ministry of Education, Science and Technological Development of the Republic of Serbia and the Faculty of Economics University of Niš.

SUSTAINABILITY PERFORMANCE ANALYSIS OF BANKS LISTED ON THE DJSI WORLD

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Abstract: *In most financial systems banks are key players in the financial services sector. Accordingly, as well as due to rapid changes in the competitive environment, the banking sector has received additional attention in recent decades. Namely, banks are exposed to strong competitive pressures and new claims from interested internal and external stakeholders who demand the increase of their role in environmental risk management and capital mobilization for green investments in the broader context of environmentally sustainable development. These new trends in the era of corporate social responsibility imply that banks are increasingly contributing, both directly and indirectly, to the achievement of the Sustainable Development Goals, given that they face many complex sustainability issues, from risks to green finance. Furthermore, banks are increasingly integrating the sustainability concept into business strategies, decision-making processes, business activities, risk management processes, as well as into the reporting system, which is also the starting premise of this paper. In a changed business environment, assessing and measuring banks' performance goes beyond the traditional assessment of their financial performance alone. In order to have a more complete view of socially responsible and sustainable operations of banks, it is necessary to provide disclosed information about their environmental, social and governance&economic performance. In order to develop a single framework for determining sustainable business, and thus make it easier to identify sector leaders according to their commitment to the concept of sustainability, stock exchanges and numerous other organizations have developed sustainability indices. Globally, Dow Jones Sustainability Indices (DJSI) showed the greatest analytical value. The inclusion of banks in this index basket implies meeting the criteria set out in a rigorous sustainability assessment questionnaire containing more than 100 questions specifically designed for the banking sector, after which banks receive an appropriate S&P Global ESG Scores. The methodology of including banks in DJSI World, as well as the analysis of their environmental, social and governance&economic performance, however, have not yet sufficiently captured the attention of the academic public, given that in literature there is not many papers with research on this issue. With this in mind, the aim of this paper is to fill the gap by providing answers to two important research questions: 1) Has the share of banks in the DJSI World and their S&P Global ESG Scores changed in recent years? 2) Are the environmental, social and governance&economic dimensions of sustainability equally represented in banks' operations? The research was done by applying an objective method of content analysis in order to determine the sustainable practice and performance of banks included in the Sustainability Yearbook and it refers to the period 2017-2021. The conducted research results showed that the participation of banks in DJSI World increases in the analyzed period and also that there is a change in their S&P Global ESG Scores, which implies that banks are increasingly playing an active role in sustainable development. With regard to dimensions, the governance & economic dimension of sustainability is dominating.*

Key words: banks, sustainability, DJSI World

JEL Classification: G21, G28, Q56

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EXPLORATORY ANALYSIS OF IMPACT CASE STUDIES AS A METHOD OF ANALYSIS OF THE SOCIAL IMPACT OF RESEARCH ACTIVITY CARRIED OUT IN THE AREA OF ECONOMICS, BUSINESS AND PUBLIC ADMINISTRATION

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Abstract: Among the most important tasks of modern universities are conducting scientific activities, educating students and having a positive impact on society. Evaluation of performance in these three areas is very important from the point of view of university management. It also makes it possible to compare existing entities in the higher education system and monitor their development. The approaches used to conduct analysis and evaluation of universities' research and teaching activities are widely discussed in the research literature and applied in practice. Far more challenging is the development and implementation of objective methods to assess the impact of scientific activity on the economy, society, culture, public policy or services, health, the environment or quality of life. It seems that a solution to this problem can be found in the model prepared for the Research Excellent Framework (REF), which is an assessment of scientific units carried out in the UK. It was used during the 2014 and 2021 evaluations. Its main purpose is to present and evaluate the positive changes in society as a result of the research work presented earlier. The impact is evaluated for its strength, originality and scope. A very important assumption of the model under discussion is the need for proof of impact. Key objectives of the work include: creating a system that allows to analyze automatically case studies describing social impact of research conducted in UK universities within economics, management and public administration areas; and carrying out a comparative analysis of social impact cases presented within the disciplines listed above during the academic quality assessments conducted in the UK in 2014 and 2021. The research was conducted using exploratory text document analysis. All analyses were conducted using software developed by the authors of this paper.

Keywords: university, teaching, case study, software

JEL Classification: I20, O30

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INTERNATIONAL ECONOMIC SUPPORT IN UKRAINE'S POSTWAR RECONSTRUCTION

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Abstract: *Restoring Ukraine's competitiveness in the conditions of the Russian invasion requires large-scale reconstruction in all regions of Ukraine. The purpose of the study is to determine the conceptual foundations for the future post-war reconstruction of Ukraine based on the purposeful use of international economic aid. The authors use a complex of complementary methods of scientific identification of economic processes and phenomena: system-structural, comparative and statistical analysis, as well as informational, process and institutional approaches. Since gaining independence in 1991, Ukraine has continuously received bilateral and multilateral support. But between February 24 and March 27, 2022, the EU and the G7 provided Ukraine with bilateral humanitarian, military and financial support worth 13 billion euros. The importance of the research results for the formation of the mechanism of a new innovative business model based on the principles of state-public partnership is substantiated. The specifics of the provision of international economic aid to Ukraine by the USA, Canada, Great Britain, EU member states, are outlined. It has been proven that the next step should be the substantiation of the key aspects and directions of the innovative business model of cooperation of a wide range of business entities in the high-tech industry with the use of resources obtained through international technical assistance, as well as an understanding of the need for strategic changes in all areas of the Ukrainian economy. The practical significance of the study is that its results and developed proposals form a conceptual basis for the post-war reconstruction of the country's economy and can be used in the practical activities of state authorities to improve the process of forming and implementing a new innovative business model in the short and medium term.*

Keywords: *international economic support, economic reconstruction, innovation cooperation, Ukraine, European integration*

JEL Classification: E61, F52, O50

VALUE CHAIN FROM PERSPECTIVE OF VALUE-BASED MANAGEMENT

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Abstract: *One of the most effective tools for an analysis of enterprise's development determinants and value growth is the concept of a value chain, which is based on the separation of strategic tasks through an analysis of the functioning of an entire enterprise; this allows for an understanding of the principles of cost formation and the specifications of current and potential sources of competitive advantage. The idea of a value chain was formulated by M.E. Porter in the 1980s; owing to its high application value, it quickly became one of the leading concepts of strategic management. The concept was born out of transformations of the market, economies, and enterprises and, above all, the internationalization of enterprises, the process of intensifying competition and technological progress, and wider opportunities for accessing information for all market entities and a wide range of their stakeholders. As a result, the basic indicator of a firm's success (which until now had been market share) has been replaced by the measure of creating value. Enterprise value creation is process that is implemented through the sequence of actions that create an enterprise's value chain; therefore, it will be justified to present the scope and conditions of using the value chain for the needs of value-based management (with a particular emphasis on the strategic perspective). Therefore, the main goal of this study is to present the meaning and conditions of using the value chain for the purposes of the value-based management concept. The implementation of this goal requires answers to the research questions connecting the operational and strategic perspectives of value-based management, configuration of the value chain and mechanisms of integrating the value chain with enterprise value account and value drivers.*

Keywords: *value-based management, value chain, value drivers, value creation*

JEL Classification: *G32, L22*

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AN OVERVIEW OF WOMEN-LED STARTUPS IN THE WINE DOMAIN

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***Abstract:** Women's entrepreneurship is a lively field of research. The literature emphasizes the significant contribution of women entrepreneurs to societal advancement, business innovation, and economic development in all countries by creating startups in different sectors. Although women are increasingly engaged in entrepreneurship, there is still a gap in the literature related to traditionally male-dominated startup activities. In this spirit, our research aims at providing an overview of Italian women-led startups in the wine industry, through a multiple case studies analysis, based on secondary data.*

The wine industry is one of the most ancient contexts that has excluded women from leadership positions for so long, even if more and more women have been involved in the management of wine firms. Nowadays, cases of women who entered self-employment and embraced entrepreneurship are more frequent, becoming successful. By gaining from individual experiences, our results deepen the understanding of the wine landscape by better profiling the women-led startups existing at the different levels of the wine supply chain (winery growers, winery owners, winemakers, winery marketplace, service providing, etc.). Our results underline a women's leadership style, with own characteristics coming from socio-demographic dimensions and personal entrepreneurial traits that impact the startup creation and the firm's management. Specifically, women have been able to break some traditional barriers in the wine industry and overcome ancient prejudices, by conquering positions of influence in the company. Moreover, our results suggest the existence of a women-driven innovation that originated from creativity and included marketing, digital channels, technological advancements, or generational changes. Some theoretical and managerial implications are discussed, by providing several future research directions.

Keywords: Women entrepreneurship, women-led startups, wine industry, multiple case-study, Italy

JEL Classification: J10, Z32

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DOES INFRASTRUCTURE DEVELOPMENT INFLUENCE EXPORT? THE CASE OF CENTRAL AND EASTERN EUROPEAN COUNTRIES

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Abstract: *The focus of economic policymakers in Central and Eastern European countries (CEECs) is on developing and improving national infrastructure, including roads, railways and other forms of physical infrastructure needed for the realization of economic activities, with the primary goal to create a favorable business environment for foreign investments and export intensification. The article aims to examine whether the development of infrastructure in these countries has contributed to the increase in exports and to what extent, which would examine the justification of infrastructure investments as a part of economic strategy and foreign trade policy. The method of panel regression analysis with fixed effects was applied, which confirms the positive and statistically significant impact of infrastructure on exports, that justifies the initiative for development of national infrastructure in observed countries. Based on the obtained results, valid conclusions have been drawn regarding the theoretical and practical implications of the research which point to the importance of physical infrastructure development as one of the leading determinants for export incentives.*

Keywords: *infrastructure, export, Central and Eastern European countries (CEECs), economic development*

JEL Classification: *F00, F10*

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TRENDS IN INCOME INEQUALITY AND ITS POLICY IMPLICATIONS: EVIDENCE FROM CEE COUNTRIES

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Abstract: *Over the past three decades, significant transformations have taken place in the former European communist countries, resulting in their integration into the global economy and an increase in living standards. However, the first few years of the transition to a market economy have been accompanied by a drastic drop in outputs, rising unemployment, high inflation and rising inequality. Reducing income inequalities is one of the most important economic and political issues in Central and East European (CEE) countries, as it consists of heterogeneous countries characterized by disparities in per capita income. This paper presents various data on CEE countries, as well as some data on EU-15 for the sake of comparison. It compares the changes in both distributions over time to see how much disparities and inequality increased (decreased) during the 21st century. Different levels of income inequality in CEE economies are the consequences of the process of liberalization, privatization and policies that results from it. Findings from this study may be useful in identifying the most effective policy path to address inequality in the CEE countries.*

Keywords: *income inequality, economic policy, GINI, CEE*

JEL Classification: *F00, F50*

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