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МЕЂУНАРОДНИ ЧАСОПИС
ЗА ЕКОНОМСКУ ТЕОРИЈУ И ПРАКСУ И ДРУШТВЕНА ПИТАЊА

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1. Часопис “Економика” покренут је јула 1954. године и под називом “ Нишки привредни гласник” излазио је до јуна 1957. године, а као “Привредни гласник” до краја 1969. године. Назив “Наука и пракса” носио је закључно са бројем 1/1973. год. када добија назив “Економика” који и данас има.

2. Часопис су покренули Друштво економиста Ниша и Друштво инжињера и техничара Ниша (остало као издавач до краја 1964. године). Удружење књиговођа постаје издавач почев од броја 6-7/1958. године. Економски факултет у Нишу на основу своје одлуке броја 04-2021 од 26.12.1991. године постао је сузидавач “Економике”. Такође и Економски факултет у Приштини постао је сузидавач од 1992. године. Почев од 1992. године сузидавач “Економике” је и Друштво за маркетинг региона Ниш. Као сузидавач “Економике” фигурирали су у току 1990-1996. године и Фонд за научни рад општине Ниш, Завод за просторно и урбанистичко планирање Ниш и Корпорација Винер Брокер Ниш.

3. Републички секретаријат за информације СР Србије својим Решењем бр. 651-126/73-02 од 27. новембра 1974. године усвојио је захтев “Економике” за упис у Регистар новина. Скупштина Друштва економиста Ниша на седници од 24. априла 1990. године статутарном одлуком потврдила је да “Економика” има статус правног лица. На седници Скупштине Друштва економиста Ниш од 11. новембра 1999. године донета је одлука да “Економика” отвори посебан жиро-рачун.

4. Према Мишљењу Републичког секретаријата за културу СР Србије бр. 413-516/73-02 од 10. јула 1973. године и Министарства за науку и технологију Републике Србије бр. 541-03-363/94-02 од 30. јуна 1994. године “Економика” има статус научног и ранг националног часописа “Економика” је поћев од 1995. добила статус међународног економског часописа.

5. УРЕДНИЦИ: др Јован Петровић (1954-1958), Миодраг Филиповић (1958-1962), Благоје Матић (1962-1964), др Драгољуб Стојиљковић (1964-1967), др Миодраг Николић (1967-1973), др Драгољуб Симоновић (1973-1984), др Миодраг Јовановић (1984-3-4/1988) и др Драгољуб Симоновић (1990-до данас).

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2. The Journal was initiated by the Society of Economists of Nis and the Society of Engineers and Technicians of Nis (the latter remaind as the publisher till the end of 1964). The Society of Accountants became its publisher starting from the issue no. 6-7/1958. The Faculty of Economics, Nis, on the basis of its Resolution No. 04-2021 from December 26, 1991, became the co-publisher of EKONOMIKA. Likewise, the Faculty of Economics of Pristina became the co-publisher since in 1992. Starting from 1992, the co-publisher of EKONOMIKA has been the Society for Marketing of the Region of Nis. Other co-publishers of EKONOMIKA included, in the period 1990-1996, the Foundation for Scientific Work of the Municipality of Nis, the Institute for Spatial and Urban Planning of Nis and the Corporation Winner Broker, Nis.

3. The Republic Secretariat for Information of the Socialist Republic of Serbia, by its Resolution No. 651-126/73-02 from November, 27, 1974, approved of EKONOMIKA's requirement to be introduced into the Press Register. The Assembly of the Society of Economists of Nis, at its session on April 24, 1990, by its statutory resolution, confrmed the legal status of EKONOMIKA. At the session of the Assembly of the Society of Economists, Nis, on November 11, 1999, the resolution was adopted the EKONOMIKA was to open its own bank account.

4. According to the Opinion of the Republic Secretariat for Culture of the Socialist Republic of Serbia No. 413-516/73-02 from July 10, 1973 and the Ministry for Science and Technology of the Republic of Serbia No. 541-03-363/94-02 from June 30, 1994, EKONOMIKA has the status of a scientific and national journal. Starting from 1995, EKONOMIKA has been having the status of international economic journal.

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LEGAL REGULATION AND USAGE OF ELECTRONIC TRADE IN REPUBLIC OF SERBIA

Abstract

The topic of the research is examination of the extent to which legal regulative impacts over the level of usage of electronic trade in Republic of Serbia. The main goal of this paper is to determine the impact of legal regulation through safety and privacy over the level of use of electronic trade, as well as identifying areas which should be improved and advanced in order to increase usage of electronic trade in Republic of Serbia.

Authors strive to indicate the importance of further research of the area of electronic trade in order to induce creation of adequate legal regulation above all for contracts signed via electronic signature, where expected results should contribute not only to development of electronic trade and balancing of regulatory framework with countries of European Union, as well as other scientific disciplines in researches which are directly and indirectly related to this matter.

In this paper for the need of arrangement and grouping the data is also used statistical method. All gathered data were processed in statistical software "SPSS". The result of the research demonstrated that there was positive impact of legal regulative over safety and privacy in use of electronic trade, as well as positive impact of safety and privacy on intensity of electronic trade's use.

Key words: electronic trade, legal regulative, safety of e-trade, privacy, usage of electronic trade

Jel classification: E69, G18, K22,

ПРАВНА РЕГУЛАТИВА И КОРИШЋЕЊЕ ЕЛЕКТРОНСКЕ ТРГОВИНЕ У РЕПУБЛИЦИ СРБИЈИ

Апстракт

Предмет овог рада је испитивање у којој мери и на који начин правна регулатива утиче на ниво коришћења електронске трговине у Републици Србији. Основни циљ овог рада је утврдити утицај правне регулативе преко безбедности и приватности на ниво коришћења електронске трговине као и уочавање подручја која је неопходно унапредити и побољшати ради повећања коришћења електронске трговине у Републици Србији.

Аутори настоје да укажу на значај даљег истраживања области електронске трговине ради поспешивања стварања адекватне правне регулативе пре свега за уговоре закључене електронским путем, при чему очекива-

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ни резултати треба да допринесу не само развоју електронске трговине и усклађивању регулаторног оквира са земљама Европске уније, већ и другим научним дисциплинама које се директно или индиректно баве овом матерijом.

У раду је за потребе сређивања и груписања података коришћена и статистичка метода. Сви прикупљени подаци су обрађени у статистичком софтверу „СПСС“. Истраживање показује да постоји позитиван статистички позитиван утицај правне регулативе на ставове о безбедности и приватности коришћења електронске трговине, као и позитиван статистички значајан утицај приватности на интезитет коришћења електронске трговине.

Кључне речи: Е-регулатива, Е-трговина, безбедност е-трговине, приватност, коришћење електронске трговине.

Introduction

The needs of economic entities for information and communication technology, in modern conditions of doing business and electronic trade based upon this, are more and more accentuated. Electronic trade becomes more and more imperative of world market competitiveness.

Development of electronic trade was initiated during 70s, as the result of development of global economy and global computer network (40). Creation of totally new, global, electronic trade based upon information, economic and legal entities as its participants, through electronic trade achieve faster and easier financial transactions, easier operations and more efficient realization of business. It is created business environment where all business processes have the goal to be in function of satisfying the needs of end users, i.e. beneficiaries.

With the development of electronic trade many changes were introduced in the manner of operations in companies, sales techniques of goods and services, and manners of communication with consumers and suppliers. It can be concluded that electronic trade is the basis of e-economy which implies digitalization of entire economic structure and/or information through computer network, including also Internet (34).

Electronic trade (E-commerce, e-trade) represents one part of electronic business (E-business, e-management). E-business represents broader notion which includes higher areas of application, which means not only trade, but also business operations on Internet, taking care of services beneficiaries, business partners, etc. The expression electronic commerce was introduced for the first time by American company IBM in order to define operation with significant application of modern, electronic technology. Until then, this expression was related to operations in electronic sector.

E-trade represents only part of e-commerce which is directly related to purchase or sale of goods through computer and Internet network.

Principle of e-trade is identical with principle of classical trade, and the only difference is in means of production. Both kinds of trade have identical goal to deliver the right product to the buyer, with the smallest costs. E-trade is, unlike classical one, based on business communication, purchase/sale and transfer of funds via computers

and network, with the use of digital communication. It is considered as integral part of e-commerce which, besides e-trade, includes also electronic payments, electronic communications, electronic production and electronic distribution. E-trade represents one of the most popular and most represented types of electronic commerce in the world and in the last few years is the initiator of world economy growth (24).

E-trade involves all activities of purchase and sale of products and services via Internet or other means of electronic communication and consists of distribution, purchase, sale, marketing and services for products and services through electronic systems like Internet. On line tradesman is agent between producer and buyer, and offers to them products and services produced by others.

E-trade is exchange of business information, establishment of business relations and management of business transactions between various organizations through telecommunication networks and represents little bit more than group of Internet technologies. E-trade is the basis for the existence of electronic trade. Major changes occur in the manner of doing business, e-trade and Internet become every day thing, which enables introduction of new, digital revolution.

In the period of constant market and competition growth, understanding and satisfying the needs of e-trade beneficiaries became imperative. Level of use of information technology and computers in e-trade depends upon numerous factors. One of them is also legal regulative which regulates this area of business. In the paper is indicated the significance of legal regulation in inducement of expansion of usage of e-trade among citizens of Republic of Serbia, which creates area for more intense impact of e-trade system.

The subject of this paper is examination to which extent and in which manner legal regulative through safety and privacy impacts over usage of e-trade in Republic of Serbia. This question is very important having in mind the importance of e-trade in modern business conditions. According to defined topic of research, the main goal of this paper is identification of impact of legal regulation to the degree of use of e-trade in Republic of Serbia. Also, the objective of this paper is also overview of the areas which should be improved and advanced in order to increase the usage of e-trade in Republic of Serbia.

According to established goals of the research and overview of the literature, we are starting from the following hypothesis in this paper:

Hypothesis 1:

Good legal regulation has positive impact over the usage of electronic trade.

Hypothesis 2:

Legal regulative has direct impact over increased safety of electronic trade.

Hypothesis 3:

Safety of electronic trade has direct impact over usage of electronic trade.

Hypothesis 4:

Legal regulation has direct impact over safety regarding privacy of data during electronic trade.

Hypothesis 5:

Privacy of data in electronic trade has direct impact over the use of electronic trade.

Electronic trade in Serbia

Massive development and application of Internet impacted over motivation of wider number of users that in search for more economical and more efficient work use also possibilities which are provided by e-trade.

Electronic technology means combined usage of information technology and telecommunications which enables transfer of large number of information to far away destinations in short time period. In such manner company which uses electronic technology in its operations creates significant savings in operation costs, performs tasks more efficiently and therefore becomes more competitive on the market.

Application of modern electronic communication means and computers, every contemporary business system should strive towards communication through electronic information and data, as well as to exchange electronically verified documents.

E-trade means usage of various forms of information and communication technology in business processes between subjects which are engaged in trade, production and service sector, providers of information, government bodies and consumers. Additional stimuli for development of e-trade, besides through Internet, should be established also through liberalization of telecommunications.

E-trade covers all activities of buying and selling of products and services which are performed through Internet or other channels of electronic communication. Above all, e-trade consists of distribution, purchase, sale, marketing and product and services providing through electronic systems like Internet (32).

E-trade enables wide spectrum of improvements, like: faster finding the most favorable bidder of desired product or service at any destination which performs service in optimal time frame, more accessible business transactions related to marketing, design, production, supply chain and transportation. Therefore, possibilities are created for interactive communications and among consumers which were never previously involved in business transactions. New business opportunities become available, which create new forms of increase of productivity, costs reduction and new forms of approach to clients. E-trade and contracts signed via electronic trade (E-contracts) as formal legal instruments of such trade, enable faster economic growth and possibility for Republic of Serbia to compete with much bigger states and their economies, especially in business world where geographical location losses its importance. It represents one of the main reasons for creating safe legal ambiance for e-trade in domestic and international operations, which can contribute to integration of Republic of Serbia into world IT societies. (16)

E-trade is one industry branch in Serbia which in every previous year records growth. One of main characteristics of e-trade in Serbia, as well as in the region is that citizens mainly decide to purchase on international web sites. Participation of purchase on international web sites compared to domestic web sites, is in percentages 90:10% (8).

Presence of computers in Serbia increased from 50,4% in 2010. (10) to 65,8% in 2016 (11), while presence of Internet at the same period grew from 39% to 64,7%.

According to one research (26) around one half of citizens in Serbia use Internet on daily basis, mostly via computers and lap tops (90%), but as well as via smart phones (57%). Although Internet is mostly used for searching of information and communications (over 70%), around 25% of citizens of Serbia use it for online purchase of products and

services. Nevertheless, 56,4% of Internet users never bought/ordered goods or services online (4). That percentage of online buyers among Internet users is less in Serbia than in most EU countries, which indicates small development of electronic trade market in Serbia. Therefore, 25% of Internet users plans to use it in the future, and half of those who do not buy search products and services online, indicating thus great potential for e-trade development. Young, highly educated and citizens with high incomes mostly use e-trade. The items mostly purchased are clothes, shoes and tools, than electronics. Due to safety/protection reasons pay on delivery is preferred, although paying via cards is considered to be the easiest and fastest way of payment. The question of legal arrangement of e-trade opens question of arrangement of new systems of paying (online paying via debit cards, digital money, system of online current accounts, digital current and check accounts, etc.). Internet payments make the procedure easier, save time and opens question of strengthening of convictions among citizens in safety of such payment mechanisms. (17) As the most important reasons for choosing online shopping, we can stress: delivery to home address, easier possibility for comparing offers, no working hours, and better choice. High costs of delivery, incorrect information on product and delivery of products which do not comply with expectations are stressed as main obstacles facing online consumers in Serbia. Low level of trust in safety of such manner of shopping and risks which are related to it, are the key reasons why great number of questioned buyers never purchased via Internet. Still there is a great distrust in safety of use of debit cards online on Internet and great suspicion regarding quality of presented products, and that what was ordered would be delivered for real.

In spite of constant growth, there are significant obstacles for further growth of e-trade in Republic of Serbia. One of the biggest obstacles is the fact that Serbia as a state does not have prepared plan for further development of electronic trade.

Legal regulative of electronic trade (E-regulative)

Creating the ambiance for higher impact and application of the system of e-trade is conducted, to a higher extent, through implementation of legal regulations in the field. Through creation of conditions for application of electronic signature and exchange of electronic documents with the trust of the widest public in the use of electronic signature and application of electronic payment, which demonstrates efficiency of domestic electronic regulative.

Comparing to countries in European Union, Republic of Serbia was relatively late involved in regulation of subject matter, but in the last few years this activity was increased. It was created legal framework coherent with EU legislative, which clearly depicts determination of Republic of Serbia towards EU membership.

Domestic legal regulation of e-trade consists of Law on electronic signature (56), Law on electronic document (54), and Law on electronic trade (52) which initiated the process of creation of harmonized, incorporated legal framework for e-trade in Republic of Serbia.

Process of creation of legal framework for regulating of e-trade area initiated with enactment of Law on electronic signature which is in full accordance with Directive 1999/93/EC (1), which had the goal to establish criteria for legal recognition of electronic trade in member states.

The main role of Law on electronic trade is prescribing conditions under which electronic signature is legally equal to personal signature, as well as conditions which

must be full filled by certification bodies which issue qualified certificates for verification of electronic signatures. Law has the goal to create legal framework necessary for successful establishment, functioning and development of information society.

Electronic signature is determined as group of data in electronic form which are joined or logically linked with electronic document, and serve to identify signatories (56). Digital electronic signature reliably guarantees identity of signatory, prevents disturbance of integrity of electronic document and disables later denying of responsibility for the content of the document. Law introduces the notion of qualified electronic data, which compared to data in electronic format, has the same legal effect and proved power as the personal signature or personal signature and stamp, related to data in paper format, with fulfilment of conditions defined by law (56). Law was adopted in order to strengthen electronic operations as a whole, but its implementation had the goal to create trust of the widest public for the use of electronic signature and exchange of electronic documents.

According to the Law on electronic trade (52) electronic document is a group of data contained from symbols from the act created by physical or legal bodies in order to use in legal trade, if it was created electronically (57). According to the Law on electronic document it cannot be disputed validity or the proof importance only because it is in electronic format.

Enactment of the Law on electronic trade (52) creates conditions for functioning of the system of electronic trade with the acceptance of the solution of Directive of electronic trade (2). The Law equalizes and adjusts electronic trade to the existing, classical form of purchase (15). Law on trade (61), represents general legal act comparing to Law on electronic trade which represents special legal act. Law on trade defines trade as group of business activities of trade that is buying and selling of goods, or services on the market with the goal to gain profit, as well as other social or economic goal. Trade can be performed as a wholesale or retail trade. Wholesale trade represents group of all business activities related to sale of goods and services to individuals which purchase in order to sell further or to use it for business purposes, while retail is related to sale of goods and services to consumers in order to satisfy personal needs or needs of household. According to the place of sale, trade can be performed in and out of the sales facility. Trade outside of sales facility can be performed as retail trade (mostly performed) and as distant retail trade. Law defines distant retail trade as sale of goods and services performed by the merchant through media of communications to the consumer, who is not present on the spot and that distant retail trade, especially electronic trade, sale via catalogues, and TV sale, trade via regular mail, printed shipments, advertisement materials with mail orders, telephone, text and multimedia messages in mobile phone operating and vending machines. The Law defined electronic trade with goods and services as distant trade (22).

Law on electronic trade defines conditions and the manner of IT society services providing, obligations to inform service beneficiaries, commercial messages, rules related to contracts signing in electronic form, responsibility of IT society service providers, surveillance and violations (61). Service of IT society is the service provided to the distance, with the compensation via electronic equipment for processing and storage of data, on the personal request of service beneficiary, and especially trade via Internet, offering data and advertisement via Internet, electronic browsers, as well as enabling to find data and services which are transferred via electronic network, enabling access to the network or data storage for service beneficiaries. Service provider of IT society

is legal body or entrepreneur, who provides services of IT society. Consumer is every physical person which enters into legal operation in the market for the purposes which are not intended for performing his occupation. Services providing in IT society is free and for this activity neither special license is necessary, nor approval from the authorized body.

Law defines service beneficiary as physical or legal body which due to professional or other goals uses services of IT society, while consumer is every physical person who enters into legal operations on the market for the purposes which are not intended for performing his occupation. The Law defines contract in electronic format as every contract signed between physical and legal bodies, shipped, received, breach, canceled, accessed and which is presented in electronic format with the usage of electronic devices (61). This Law for the first time introduces in legal system of Serbia the possibility to contract legal operations only via electronic means, and the condition of invalidity is not related to the fact that it is made in electronic format (52). Electronic form of contract is not applied to certain legal operations where is proscribed the use and validation of personal signature on documents in the paper (related to real estate, property relations between spouses, management of the property owned by individuals who were deprived of business capability, contracts on gifts, etc.)

Enactment of mentioned legal regulative, adequate legal framework was created for the development of e-trade in Republic of Serbia. The question which can be posed, is related to further implementation of legal solutions and the question of safety of electronic trade. In systematical legislative activity of arrangement of e-trade, especially is important legal definition of the area of information safety.

Law on information safety (60) defines the area of information safety through definition of measures of protection from safety risks in information and communication systems, responsibilities of legal bodies during systems operations and defining authorized bodies for protection measures conducting. In the law were incorporated principles of Strategy of EU information safety (5), and Proposal of directive on network and information security in EU (NIS Directive) (6). Law defines information-communication system (ICT system), as the system of specific importance in Republic of Serbia, and as such separates ICT systems for public administration bodies, ICT systems where are processed especially sensitive personal data and ICT systems in the public interest activities. Law defines Ministry of trade, tourism and telecommunications as authorized body for information safety. Ministry of defense is authorized for the operations of crypto protection and protection from compromising electromagnetic radiation (KEMZ).

Enactment of the Draft of law on electronic document, electronic identification and services of confidence in electronic operations (7), clearly demonstrates determination of Republic of Serbia to adopt European values and adopted standards of e-trade. Enactment of the new law, will stop the effect of previous laws on electronic signature and electronic document, Subject matter is regulated in the Draft of the new law according to the solutions defined in Statute EU on electronic identification and confident services in electronic transactions (29), which stopped the effects of Directive on electronic signature from 1999. Novelties in the law are related to the area of electronic document, electronic identification, confident services, electronic signature and electronic stamp, time mark, recommended electronic delivery, authentication of web sites and the area of electronic preserving of documentation.

Besides the work on the enactment of the new law, also was adopted the Strategy for information safety development in Republic of Serbia for the period 2017. – 2020. (adopted on May 27, 2017.), which accepts European standards regarding information safety through proclamation of data protection, information systems, and protection of citizens' safety in digital environment. Strategy separates as priority areas safety of ICT system, information safety of citizens, combat against high tech crimes, information safety of Republic of Serbia and international cooperation. Republic of Serbia has adopted Strategy of development of information society which important part is related to electronic operations and electronic trade. (12) Such activity of Republic of Serbia is the response to taken responsibilities of the members. Initiatives for electronic South East Europe which functions within Stability pact for South East Europe since 2002 (9). E-trade as very important form of international trade demands adjusting of regulation which define international economic and legal transactions via computer technology and Internet network. If we consider regulative of e-trade in neighboring countries, we can conclude that it contains solutions similar to domestic regulative and it is in accord with European Union regulative. In Croatia electronic regulative consists of Law on electronic signature, Law on electronic trade, Law on electronic document, Law on information safety, while in Bosnia and Herzegovina (BiH) electronic operations are regulated by the Law on electronic signature (43) and Law on electronic economic and legal transactions (48). In BiH are outstanding Law on electronic signature (55) and Law on electronic legal and business transactions (59), while Republic of Srpska has the Law with the same name (49). Slovenian Law on amendments and additions to the law on electronic operations and electronic signature (50, 51), contains solutions of Directive on electronic trade of European parliament, which are not present in consumer protection legislative. Macedonia (65) has arranged and adjusted regulative with European Union legislative. In Montenegro electronic regulative consists of Law on electronic trade (53), Law on electronic document (54) and Law on electronic signature (58).

Electronic regulative of European Union can be divided in three basic groups: ICT (information-communication technology) regulative, E-business and intellectual property. Characteristics of this regulative are: obligingness, establishment of minimum of mutual content, horizontal effect and freedom in choice of method of adjustment (14).

Besides Strategy for trade development in Republic of Serbia, Strategy for information safety development in Republic of Serbia for the period 2017. – 2020. and Strategy for information society development for the period 2010. – 2020, outstanding laws and activities on adoption of Law on electronic document, electronic identification and services related to trust in electronic operations, implementation of various aspects of the use of information-communication technology is not present enough (33). One of the reasons is the question of safety due to presence of new forms of socially unacceptable behaviors, prohibited, criminal operations in the area of information-communication technology.

Safety of international trade

Results of the research from 2012, defined the trust in e-trade, quality of offered goods/services and delivery deadlines as the key predictors for generating pleasure among online consumers (20). These satisfaction predictors of online consumers were

also standing out in this study as the key predictors for taking over the loyalty of online consumers and stimulating of more intense use of e-trade in Serbia.

The attitude of many experts is that the change of distrust atmosphere in the safety of e-trade is the key prerequisite of more intense development of this activity in Serbia. Experts accentuate that all who operate and have the interest in e-trade should work intensively on the creation of atmosphere of trust, whether technical or legal solutions are in question, and weather reputation of those involved in e-trade is in question (28).

Business operations via Internet besides advantages have also some disadvantages, which are manifested through occurrence of certain undesired effects, risks and dangers, so the question of safety of electronic trade in modern time is inevitably posed (37). Forms of prohibited activities in information-communication technology are numerous and various (38). Electronic trade beneficiaries are not enough informed about their rights, measures of protection against such criminal activities, which contributes to their legal insecurity. Serbian criminal legislation from the enactment of the new Criminal Law introduces new criminal acts related to computers and computer networks. Fully accepted postulates of Convention on cyber-criminal and Additional protocol of the convention, which is clear indicator of the adequate determination of Republic of Serbia in the process of adjusting the legislative and involvement in integration processes.

In the area of information communication technology are present various forms of unlawful, prohibited behavior like computer sabotage focused on destruction of the computer, users programs where data are kept. Then, computer espionage where is deliberately, harmfully discovered business secret with the use of harmful programs (computer viruses). Computer fraud is the most widely present kind of computer criminal deeds, where perpetrator abuses the anonymity, distance, promptness of the job, and therefore obtains some illegal benefit. The subject of the abuse can be identity of an individual, so called identity theft, forging of data and documents, in order to obtain property or any other benefit. In the area of electronic banking are present frauds by the abuse of debit cards, their forgery and theft.

Socially unacceptable behaviors related to computers and computer networks, regarding their international character demand adjusting solutions of national legislatures. The first step in this plan is enactment of Convention on cyber-criminal which as a form of international contract regulates the need to operate mutual criminal policy in the area of combating cyber-crimes. Republic of Serbia ratified the Convention in 2009, and entered its stipulations into Criminal Law (18).

International Convention on cyber-crime was adopted in 2001, and enacted in 2004. Additional protocol with the Convention on cyber-crime and criminalization of acts of racisms and xenophobia performed with means of computer communications, was enacted in 2003, and it demands from countries who signed it criminalization of spreading racist and xenophobic contents via computer devices, as well as racist and xenophobic threats and insults.

The notion of cyber-crime is related to prohibited acts where the use of computers or computer networks are the basis of criminal act. Cyber-crime is not related to criminal acts where computer is present as technical mean for its easier conducting (for example money forging).

Directive on protection of private data defines the right on privacy in the area of electronic communications and free circulation of data, communication equipment and

services (3). Directive proclaims obligatory provision of safety of services, maintenance of confidentiality of information and was placed out of effect with Regulation EU on protection of individuals regarding processing personal data and free movement of such data and of placing out of effect of Directive (36). These legal regulations serve as the basis of domestic legislative activity and solutions of European regulative are based on the Law for protection personal data (62).

Serbian Criminal legislative from the enactment of the new Criminal Law introduces new crimes related to computers and computer networks. Fully are accepted stipulations of Convention on cyber-crime and Additional protocol of the convention, which is the clear indicator of adequate determination of Republic of Serbia in the process of adjusting the legislative and involvement into integration processes.

Criminal Law of Republic of Serbia defines prohibited activities related to computers and computer networks as criminal acts. Law precisely and in great details quotes criminal acts from the area of computer crimes, and defines them as criminal acts against computer data safety (18).

The Law introduces criminal act of damaging computer data and programs, and defines punishment for every individual which unauthorized erases, alters, damages, covers or in another manner makes unusable computer data or program. Computer sabotage is sanctioned in the manner that defines punishment for everyone who enters, damages, erases, alters, damages, covers or in another way make unusable of computer data or destroys computer with the intention to prevent the procedure of electronic processing and transfer of data which are relevant for state bodies, public services, institutions, companies or other subjects.

Creation and introduction of computer viruses is criminal act of the person who creates computer virus with the intention to introduce it in someone else's computer, as well as of the individual who introduces computer virus in someone else's computer or computer network and therefore creates damage. Computer fraud is introduction of inaccurate data which impacts the result of electronic processing and data transfer in order to provide illegal property benefit to himself or somebody else and therefore produces property damage to someone else.

Unauthorized access to protected computer, computer network and electronic processing of data is criminal act, as well as unauthorized prevention and limitation of access to public computer network. Individual who uses computer services or computer network without authorization with the intention to obtain illegal property benefit for himself or somebody else, performs criminal act defined by the law.

New legally defined criminal act is creation, provision and offering to someone else means for performing criminal acts against computer data safety.

The person which produces and distributes computer programs projected for performing of some criminal act, as well as computer codes for the accession to IT computer system in order to perform some of the mentioned criminal acts, is defined as perpetrator of this criminal act.

Absolute legal safety is not present in any kind of business, so for the e-trade with the characteristics relevant for it, legal uncertainty of its beneficiaries is very much present. The question of legal regulative and harmonization with European and international legal acts can be arranged much easier, than to enforce the same laws and incorporate into practice. Criminal acts against computer data safety have their characteristics:

virtual, complex technological content, short term of operating (possibility to erase data), international element, etc. These specialties create that criminal acts against computer data safety are often very hard to prove, which is at the same time challenge for more perfect and better legal regulative in order to strengthen safety of e-trade. Incorporation of legal regulative is the manner of strengthening of legal safety of e-trade beneficiaries. When laws are enacted in practice, the trust of e-trade beneficiaries will increase.

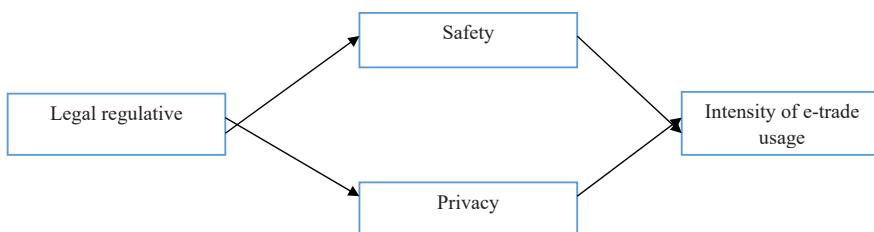
The impact of legal regulative to the use of electronic trade in Republic of Serbia

Research model

Having in mind analyzed variables and defined hypothesis, we can also define conceptual model of the research. It is applied modified version of electronic model of index of consumer satisfaction, which is developed on the basis of ACSI model (developed by Taiwan economist, S. H. Hsu (13), and according to it trust and quality of electronic service are the most important inducers of online consumers' satisfaction. The model created has the primary goal analysis of interrelations in the relation *legal safety – safety – privacy – intensity of e-trade use*.

Within the model we can see that variable which is related to legal regulative impacts attitudes of consumers regarding safety and privacy, and that these two variables impact the intensity of e-trade use. All mentioned relations are represented on Figure 1.

Figure 1: Conceptual model of research



Source: Authors

Methodology of research

In order to analyze previously established links, we have conducted the research on the territory of city of Kragujevac. The research was conducted during May and June, 2017, and 86 valid polls were gathered. Structure of the sample according to socio-demographic characteristics is represented in Table 1. We can observe that most of the respondents in the sample are of male sex. Besides, majority of questioned belong to younger generation, with high education. Data were gather through distribution of questionnaires personally, where respondents estimated the degree of their consent with mentioned claims on seven degree Likert scale (where 1 – I strongly disagree, 7 – strongly agree).

Statistical processing and analysis of data was performed with the use of software packages Microsoft Excel and SPSS (Statistical Package for Social Sciences, 21.0).

Out of statistical analyses, firstly it was used analysis of descriptive statistics, then explorative factor analysis, which grouped affirmations into factors, whose interrelations were observed. As the measure of internal consistency of affirmations within factors, Cronbach's alpha coefficient was used. Assumed relations between factors were analyzed via simple and multiple linear regression. For measuring of statistically significant differences between attitudes of respondents of various groups were used t test of independent samples, as well as one factor variance analysis – ANOVA.

Table 1: Descriptive statistics for respondents' characteristics

		% of respondents
Sex	Male	75.6
	Female	24.4
Age	Up to 20 years	
	21-30	2.3
	31-40	97.7
	41-50	
	Over 50	
Education	Secondary education	31.4
	College	1.2
	University degree	67.4
Occupation	Student	
	Employee	
	Entrepreneur	97.7
	Retired	2.3
	Unemployed	

Source: Author's calculation

Results of the research

In order to group affirmations from the questionnaire into factors, we performed explorative factor analysis. This analysis derived four factors, which are related to observed variables in research model. Value of Cronbach's alpha coefficient is higher for every factor from recommended value of 0.7, which demonstrates that factors have good internal consistency. Values of factor burdens in every factor, as well as values of Cronbach's alpha coefficient for each factor are represented in table 2.

Indices which should be taken into account during evaluation of justification of implementation of explorative factor analysis are Bartlett's sphericity test and Kaiser-Meyer-Olkin (KMO) test for sampling adequacy. Value of KMO indicator in case of this research is 0,687, while Bartlett's test of sphericity has statistically significant value ($Sig. = 0,000$), which indicates that the use of factor analysis is justified. Total percentage of variance which is explained via these four factors is 69,31%.

Table 2: Results of explorative factor analysis

Affirmations	Factor loading	α
Legal regulative		0.702
I think that there is good legal safety of electronic transactions and electronic data.	0.742	
I think that there is good protection of information infrastructure from hackers' attacks.	0.735	
I think that there is well organized combat against high-tech (computer) crime.	0.755	
I trust in the measures of current legal regulation for online purchases in Serbia.	0.638	
Safety		0.789
Web site provides inaccessibility of information to unauthorized persons and confidentiality.	0.871	
Web site provides consistency of data, through preventing unauthorized generation, alteration and destruction of data - integrity.	0.798	
Web site provides that authorized users can always use services and access to information – accessibility.	0.785	
Web site provides enough information regarding safety issues.	0.654	
Privacy		0.715
I think that monitoring of habits in online trade by electronic merchants is not the kind of privacy endangering.	0.678	
I think that preserving data on IP address of the computer and data on device is not privacy endangering.	0.778	
I think that there is no risk from endangering privacy during ordering goods online – entering first and last name, address, phone number	0.733	
It is not the problem, when demanded, to leave current account number and debit card number in order to perform purchase online.	0.624	
Intensity of e-trade use		0.865
I am the consumer which uses the benefits from e-trade to a maximum.	0.849	
I perform many purchases on Internet.	0.925	
I use more online than classic trade.	0.809	
Electronic trade makes my purchase easier.	0.752	
Bartlett's test of sphericity		Sig. = 0,000
KMO		0,687

Source: Author's calculation

Results of descriptive statistics for factors and belonging affirmations were presented in Table 3. According to these results, we can observe that respondents gave the highest score to affirmation related to affirmation – Web site provides that authorized users can always use services and access to information – accessibility. (AS = 5,6279, SD = 1,19849). On the other side, the lowest score was given to affirmation - I use more online than classic trade. (AS = 3,0698, SD = 2,03378)

Table 3: Results of descriptive statistics analysis

Affirmations	AS	SD
<i>Legal regulative</i>		
I think that there is good legal safety of electronic transactions and electronic data.	4.6395	1.25476
I think that there is good protection of information infrastructure from hackers' attacks.	4.4535	3.38737
I think that there is well organized combat against high-tech (computer) crime.	4.0349	1.25976
I trust in the measures of current legal regulation for online purchases in Serbia.	4.0930	1.53107
<i>Safety</i>		
Web site provides inaccessibility of information to unauthorized persons and confidentiality.	4.8837	1.49838
Web site provides consistency of data, through preventing unauthorized generation, alteration and destruction of data - integrity.	4.7209	1.15454
Web site provides that authorized users can always use services and access to information – accessibility.	5.6279	1.19849
Web site provides enough information regarding safety issues.	4.9302	1.36158
<i>Privacy</i>		
I think that monitoring of habits in online trade by electronic merchants is not the kind of privacy endangering.	4.8256	1.73674
I think that preserving data on IP address of the computer and data on device is not privacy endangering.	4.1977	1.71375
I think that there is no risk from endangering privacy during ordering goods online – entering first and last name, address, phone number	4.1860	1.84398
It is not the problem, when demanded, to leave current account number and debit card number in order to perform purchase online.	3.2442	1.90933
<i>Intensity of e-trade use</i>		
I am the consumer which uses the benefits from e-trade to a maximum.	3.8372	1.80757
I perform many purchases on Internet.	3.7909	1.93492
I use more online than classic trade.	3.0698	2.03378
Electronic trade makes my purchase easier.	4.7442	1.99521

Source: Author's calculation

In order to examine established hypotheses, two simple, two dimension and one multiple regression analyses were used. Namely, via these analyses was examined impact which legal regulative has on attitudes regarding safety and privacy, as well as impact which these two variables have over intensity of the use of e-trade. Results of these analyses were represented in Tables 4, 5 and 6.

Results of simple linear regression were presented in Table 4, and indicate that regulative has positive and statistically significant impact over attitudes of consumers regarding safety of e-trade use ($\beta = 0,256$. Sig. = 0,017).

Table 4: Results of simple linear regression (dependent variable – attitudes of consumers regarding safety of the use of e – trade)

Hypothesis	Variable	R Square	F	β	t	Sig.
H	Legal regulative	0.256	15.887	0.256	2.426	0.017

Source: Author's calculation

The impact of legal regulative over attitudes of consumers regarding privacy was examined also through simple, linear regression, and results of this analysis were presented in Table 5. Based on these results, we can observe that legal regulative has positive and statistically significant impact over attitudes of consumers regarding privacy in use of e-trade ($\beta = 0,285$, Sig. = 0,008).

Table 5: Results of simple linear regression (dependent variable – Attitudes of consumers regarding privacy of e – trade use)

Hypothesis	Variable	R Square	F	β	t	Sig.
H	Legal regulative	0.285	17.444	0.285	2.728	0.008

Source: Author's calculation

Examination of impact of attitudes on safety and privacy over intensity of e-trade use was performed via multiple regression analysis, which results were represented in Table 6. Namely, mentioned analysis demonstrated that factor which is related to privacy has positive and statistically significant impact over intensity of the use of e-trade ($\beta = 0,300$, Sig. = 0,010). On the other hand, factor which is related to safety has positive, but not statistically significant impact over intensity of e-trade use ($\beta = 0,015$, Sig. = 0,896).

Table 6: Results of multiple linear regression (dependent variable – Intensity of e-trade use)

Hypothesis	Variable	β	T	Sig.	VIF
H	Safety	0.015	0.1322	0.896	1.172
H	Privacy	0.300	2.2628	0.010	1.185

Source: Author's calculation

Besides mentioned results, we should stress that multi collinearity is not a problem in presented analyses, regarding that the factor of variance growth (VIF) is less than recommended value of 5, in case of impact of both factors on intensity of e-trade use (Field, 2000).

Examination of statistically significant differences between attitudes of respondents towards privacy and safety of e-trade use was performed via t-test of independent samples, as well as via one-factor variance analysis. Results of analysis of statistically significant differences between attitudes of respondents of male and female sex are presented in Table 7. Namely, according to the presented results we can observe that statistically significant differences between respondents' attitudes according to the criteria of sex does not exist in case of respondents' attitudes on legal regulative, safety, as well as privacy in use of e-trade services. Nevertheless, also can be observed from presented results, is that respondents of both sexes demonstrate more positive attitudes regarding safety of use of mentioned services ($AS_{male} = 5,0231$, $AS_{female} = 5,0952$), compared to attitudes towards legal regulative ($AS_{male} = 4,1192$, $AS_{female} = 4,3952$). Besides, results indicate that statistically significant differences between respondents' attitudes occur regarding intensity of e-trade services use ($t = 2,551$, $Sig. = 0,043$). It can be observed that male population has more positive attitude on intensity of use of such services ($AS_{male} = 4,3690$, $AS_{female} = 3,6962$).

Table 7: Results of t test for two independent samples

	Male		Female		t value	Sig.
	AS	SD	AS	SD		
Legal regulative	4.3077	1.33812	4.2976	1.22632	0.031	0.976
Safety	5.0231	0.88579	5.0952	1.12215	0.303	0.762
Privacy	4.1192	1.22712	4.3952	1.54612	0.073	0.942
Intensity of use	4.3690	1.89674	3.6962	1.52869	2.551	0.043

Source: Author's calculation

Examination of statistically significant differences between attitudes of respondents of different groups regarding observed aspects of use of e-trade services in the sample was performed through one factor analysis of variance. Results of this analysis were presented in Table 8. According to these results, it can be observed that statistically significant differences occur regarding attitudes on safety, between groups of respondents according to the criteria of age ($F = 1,955$, $Sig. = 0,046$), as well as regarding attitudes on intensity of use of e-trade services, between groups according to the criteria of occupation of respondents ($F = 2,774$, $Sig. = 0,010$), while regarding legal regulative and privacy of use of these services there are no statistically significant differences between groups of respondents.

Table 8: Results of one factor analysis of variance

	Age of respondents		Occupation		Education of respondents	
	F value	Sig.	F value	Sig.	F value	Sig.
Legal regulative	0.006	0.940	1.732	0.192	1.595	0.209
Safety	1.955	0.046	1.162	0.284	1.720	0.185
Privacy	0.179	0.674	0.015	0.990	0.652	0.524
Intensity of use	0.178	0.675	2.774	0.010	0.569	0.568

Source: Author's calculation

Having in mind that it is established that there are statistically significant differences between attitudes of respondents regarding safety and intensity of use of e – trade, via post-hoc and Hukey HSD test was examined among which groups are these differences present. These tests indicated that differences regarding aspects of safety are between group of respondents between 21 and 30 years of age (AS = 5,0625, SD = 0,940), as groups of respondents of the age up to 20 years (AS = 4,1250, SD = 0,530). Besides, regarding the intensity of use, statistically significant differences occur between groups of students (AS = 3,815, SD = 1,632) and respondents who belong to the group of employees (AS = 5,750, SD = 0,353).

Conclusion

Internet market has the status of the market with the biggest potential on the global scale. Electronic trade in Serbia has the potential, but is not developed to the extent to which it could be. Until 2000, it was considered that the problem of under developed information infrastructure and lack of legal framework was the main obstacle for e-trade development in Serbia. In the period 2000-2010, situation was significantly improved thanks to investments in development of the fast Internet and significant improvement of legal regulative. Enactment of the Law on electronic trade in 2009 created conditions for more dynamic development of this segment of trade activity (39). The problem of lack of trust is the main obstacle for faster growth of e-trade in Serbia in the future. Safety of data and information systems in general is one of the priority tasks of legal system of every state which is under influence of Information technology and obtained global dimension (63). Problem solving regarding lack of trust should not be observed in narrow manner, at the level of Serbia, but in global context. Increase of trust in safety of online shopping is of utmost importance for the development of e-trade in Serbia. Electronic trade and its development at the level of Serbia is significant, not only from the standpoint of transformation of its economy in developed information society, but also due to the fact that it impacts intermediary on the increase of employment (30). Reasons for low level of e-trade in Serbia should be looked above all in widely spread sense of distrust which is created due to the result of fear from possible fraud at such kind of trade. Such fear is the result of several factors, and out of them the following are (and 28):

1. Lack of trust in state bodies which should vouch for reliability and fairness;
2. Low level of trust is also very deeply rooted in templates of social behavior of citizens of Serbia;
3. Distrust is developed as natural mechanism of protection from risk to which people are exposed in everyday life.

The first two represent specifics of Serbian society, while the last reason can be placed in category of universal factors.

Regarding e-trade in Serbia, beneficiaries still do not have enough trust in order to use their debit cards on Internet. Small percentage of population which already uses Internet use debit cards for online payments. Also, beneficiaries do not have enough trust in most of sales on Internet in order to provide personal information in exchange for the approach to certain information. Beneficiaries reluctantly provide these information

especially when they consider that their privacy is endangered. Especially are worried due to impossibility to control the use of these information and data. The most frequent risks of e-trade are derived from (36):

1. Abuse and destruction of data,
2. Violation of privacy of clients.

Risks can be avoided with the use of adequate measures of information safety. Information safety is protection of interests of subjects of information relationships and consist of measures at four levels: legislative, administrative, procedural and program-technical (64).

According to the research among Internet beneficiaries, safety of web sites is the most important factor for accepting online purchase, and reputation of web site/company and recommendation are the most important indicators of safety for web sites (26). On the other side, there are researches in Serbia which demonstrated that increase of safety/privacy does not contribute to satisfaction with quality of service which should lead to the increase of the use of e-trade (23).

According to one research 67% of respondents in Serbia consider that there is a risk from fraud and misuse of accounts but besides it they use e-trade (20). Only 10% of respondents think that there is full safety during the use of e-trade. It is interesting that the same percentage of older and younger respondents consider this type of trade as the safe one.

Increase of the level of trust as well as decrease the risk of e-trade can be, besides other, achieved through adequate legal regulative in the area of e-trade which would make beneficiaries feel safer and more protected during online shopping. It is obvious that problem solving is under authority of state bodies. If we adopt as soon as possible and start to implement adequate laws and accept other submitted propositions for economically more stimulating surrounding, which will create more favorable ambiance for the development of e-trade and Internet trade in Serbia.

Experiences of market oriented countries demonstrate that governments of these countries evade big and unnecessary restrictions in business activities, including e-trade. Mostly are defined minimally necessary conditions for functioning of legal surrounding, together with formal and legal understanding of the importance of Internet (19). Such experiences should be used during creation of adequate ambiance for development of e-trade in Serbia.

On the other hand, for the development of e-trade are important also factors which impact the satisfaction of e-trade users. These factors include effects during entire process of decision making: from registration to the merchant's web site, through ordering and use of products/services, up to the use of after sale services (21). In each phase of the process of decision making regarding sale, beneficiary can become frustrated and demotivated, which can impact his desire to purchase over this merchant's e-trade site. In order to avoid number of cancelled shopping it is necessary to act preventively, to measure the satisfaction of beneficiaries and according to that to increase the quality of e-trade.

Many models for measuring and improvement of e-trade (SITEQUAL (42), eTailQ (41), E-S-QUAL (27)) research and stress impact of safety and protection of privacy of data as important factors which impact the quality of services of e-trade, and therefore the satisfaction with the use of e-trade.

Most of small and medium enterprises in Serbia does not offer their products/services online. Those who perform it mostly offer their products/services via web sites for advertisement or on their own web sites, and sometimes also via social networks and do not inform enough beneficiaries on those activities. Most of those companies use classic trade because they think that lack of possibility to try the product is the main obstacle for users to buy online (26).

Results of conducted research for the needs of this paper demonstrate that legal framework has positive impact over safety and privacy during the use of e-trade, and that safety and privacy have positive impact on the intensity of e-trade use.

Having in mind previous facts, we could conclude that only mutual interaction of state authorities and e-merchants in the area of legal regulative, safety and privacy protection led to increased satisfaction of e-trade beneficiaries and its wider application. Also, better information of citizens as well as better acknowledgement of possibility of online sale by small and medium enterprises, which can increase number of e-trade beneficiaries.

Finally, we can conclude that safety of e-trade and trust in it, key factors to take over loyalty of online consumers and stimulation of more intense use of e-trade. Creation of various strategies for development of information society in Serbia, and not creating the atmosphere of trust and adequate legal framework, hardly can contribute to more significant progress in the domain of e-trade in our country and reaching of European Union average progress.

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POTENTIALS FOR APPLYING CLOUD TECHNOLOGY IN ACCOUNTING

Abstract

Cloud technology, as an innovative way of data processing and storage, is one of the latest trends in the world of information technology. Adopting these technological solutions is one of the primary ways to ensure the efficiency of the accounting information system, so today the focus is more and more on cloud accounting, or, how it can often be heard, online accounting, web accounting, or virtual accounting system. The aim of this paper is to point to specific features of applying cloud technology in accounting – opportunities it provides, as well as risks arising from it. In addition, by presenting the benefits that cloud-based accounting brings to companies implementing this technology as well as users of financial information, the authors aim to encourage and stimulate companies in the Republic of Serbia to use the growing cloud services market and introduce this technology into their accounting information systems.

Key words: Cloud technology, accounting information system, cloud accounting

JEL classification: M410, L860

ПОТЕНЦИЈАЛИ ЗА ПРИМЕНУ CLOUD ТЕХНОЛОГИЈЕ У РАЧУНОВОДСТВУ

Апстракт

Cloud технологија, као иновативан начин процесирања и чувања података, један је од најновијих трендова у свету информационих технологија. Усвајање решења која ова технологија пружа представља један од примарних начина обезбеђивања ефикасности рачуноводственог информационог система, те данас све више говоримо о cloud рачуноводству, односно како се често може чути, on-line рачуноводству, веб рачуноводству или виртуелном рачуноводственом систему. Циљ аутора овог рада је да укажу на специфичности примене cloud технологије у рачуноводству – могућности које

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пружса, али и ризике које из тога произистичу. Осим тога, представљањем бенефита које применом *cloud* рачуноводства остварују не само предузећа која имплементирају ову технологију, већ и корисници финансијских информација, аутори имају за циљ да подстакну и охрабре предузећа у Републици Србији да искористе растуђе тржишните *cloud* услуга и свој рачуноводствени информациони систем базирају на овој технологији.

Кључне речи: *Cloud* технологија, рачуноводствени информациони систем, *cloud* рачуноводство

Introduction

Today, companies operate in an environment where rapid technological development imposes constant changes in the ways information system functions, i.e. collection, processing, and exchange of information. The development of information technology (IT), supported by automation, enables the creation of new products, new industries, new markets, and thus ensures economic growth (Prichici, Ionescu, 2015, p. 490). The Internet has led to the emergence of a digital economy which companies can choose to accept or not, as part of their business strategy and a “source of power and authority” (Al-zoubi, 2017).

Undoubtedly, one of the most important trends in the IT area is cloud technology. It is a business model for the purchase and use of computer services, applications, access to information and data storage via an Internet connection. “Depending on the cloud solution model an organization adopts, all or parts of the organization’s hardware, software, and data might no longer reside on its own technology infrastructure” (Warren et al., 2012, p. 2), so that the user does not know the physical location and configuration of the system that provides these services. Therefore, the cloud allows for fast and “on-demand” access to network, application, server, and so on, located on the cloud, with minimal effort to manage or interact with the service provider. Access is possible at any time, with an increasing number of devices and independently of a geographic location – only the Internet browser and connection is required.

The cloud technology concept and idea are surely revolutionary. This is the topic that is most talked about in the field of information technology (Ebenezer et al., 2014, p. 2) because it smoothly supports all business applications and services and responds to a whole range of business needs. Logically, accountants, who have never given up following trends in technological development (Wyslocka, Jelonek, 2015, p. 5), explore the possibilities that this technology provides. By identifying significant potentials for optimizing accounting activities using cloud-based applications, accountants give this technology an opportunity to prove its utility. Though it carries risks with it, cloud technology is becoming an increasingly acceptable technology solution in accounting, preserving the role of accountants in the digitalization era.

1. Specific features of cloud technology application in accounting

In the past three decades, accounting information systems have applied accounting software for efficient reporting on company economic reality. Owing to continuous information technology

development, these software solutions have been enhanced and become more sophisticated and more convenient in processing the growing volume of information. Thus, Phillips (Ionescu et al., 2013) distinguishes four generations of accounting software that he classifies into three time groups: (1) The first category dominates the 1990s, which implies simple applications, suitable for all users, regardless of their size, in which data and reports are under the client's strict control; (2) The 2000s include two software categories: the first one includes accounting applications using data stored locally or on servers, and the other one implies applications that can be simultaneously accessed by multiple users, relying on powerful databases stored in secure locations, and (3) since 2010, there is a period of "mobile" accounting software with financial "dashboards", whose application involves the use of the Internet and mobile devices. Based on this categorization, it is clear that the latest trend in applying information technology in accounting is cloud, from which the so-called cloud accounting has emerged.

Proceeding from the characteristics of cloud computing, cloud accounting involves the use of software for the collection and processing of data accessed through the Internet-based cloud provider's application. Therefore, the accounting software and data are located on the remote server, software installation and maintenance on individual computers are not necessary, and data "retrieval" by a large number of users is simultaneously possible at any moment from a large number of devices. Cloud technology application has by no means changed the function of accounting in relation to the use of traditional software. The main difference is that traditional accounting software is procured as "tangible" assets and installed on the user's computer system, while with cloud the user purchases the right to use software via the Internet (Software as a Service, SaaS) (Azad, 2013). This points to a difference in the application support provided (Ionescu, 2013, p. 7), in the sense that cloud platform supports the work of multiple users (in accordance with the authorizations they received), while traditional platforms are limited to a relatively small number of users. Differences in the application of traditional and cloud-based software are shown in Table 1.

Table 1. Differences in the application of traditional and cloud-based software

	License only	Cloud based solution (SaaS)
Accounting software license	Company's own	Company rent it
System location	Where company want it	In the cloud
Hardware	Provided by company	Included
Windows & SQL Server	Provided by company	Included
Maintenance fees	Purchased	Included
IT Resources	Company team or a provider	None required
Support	Purchased from a provider	Purchased from a service provider
Number of users	Limited by license	Unlimited

Source: Christauskas, Miseviciene, 2012, p. 17

Cloud technology, with all its characteristics, has a very positive impact on all elements of the accounting information system (Al-zoubi, 2017). Among other things, it significantly rationalizes the accounting function establishment in terms of providing space for work. This is because cloud technology allows access to applications and data from any site, the so-called virtual object, and any mobile device (laptop, phone, tablet, etc.). This, logically, increases the efficiency of recording and quantifying business transactions and events because the 24/7 software availability allows accountants to perform their activities when they want, not strictly during working hours. Accounting software is easily accessed over the

Internet, without previously checking compatibility between the computer system used and the accounting software. This ensures that all users access the same version of accounting software, thereby eliminating potential problems caused by incompatible versions (Ionescu, 2013, p. 6). This further transforms the relationship of accountants and their clients in terms of improving cooperation and communication. More precisely, distribution of files facilitating cloud recording of business changes ensures their continued availability and easier access to them. In this way, "eliminating the burden of data and file transmission" (Dimitriu, Matei, 2015, p. 670) increases collaboration between employees, as well as synchronization and work on shared files. A particular advantage of the software based on this technology is reflected in the automation of transaction recording through business books, thus ensuring compliance with various requirements including accounting standards and internal controls (Christauskas, Miseviciene, 2012, p. 15).

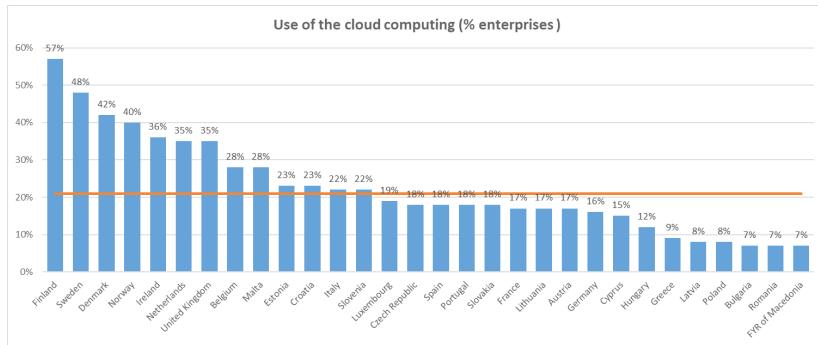
Significant advantages of cloud accounting, in comparison to traditional accounting, also result from the use of software as a service provided by the cloud provider, rather than software installed on the user's personal computer. These advantages are multiple: responsibility for hardware and software maintenance and management is the service provider's, which reduces the engagement of IT professionals; the level of data security, from the point of view of misuse and destruction risk, is considerably higher because most cloud service providers have better internal control of data access than control provided by an average enterprise, and, in addition, provide backup servers on two or more locations. Data storage in the "cloud" – if the device (laptop, tablet, etc.) is stolen or broken, eliminates the risk of data loss, because the same data can be accessed from another device (Dimitriu, Matei, 2015, p. 668); given that accounting software is easily adapted to business needs, cloud service providers may more often afford to add new software packages as needed or upgrade existing versions. What is highlighted as a particular benefit of using the software as a service is the ability to try out the software before the final decision on use. The majority of providers offer a trial period to allow a potential user to assess whether the service meets their needs (Christauskas, Miseviciene, 2012, p. 15).

2. Use of cloud computing services in the European Union and the Republic of Serbia – application and limitation factors

In 2014 and 2016, the European Union conducted a survey on the use of cloud computing services (Eurostat, 2014; 2016). The survey included companies with more than 10 employees (outside the financial sector). The survey results show that, in 2016, 21% of companies in the European Union used cloud computing services. Compared to 2014, the use of cloud computing increased by only 2 percentage points. This increase is significantly higher with large enterprises (45%) than with small and medium enterprises (21%)⁴. However, given that most EU member states almost completely provide access to broadband Internet for all companies (more than 97%), we can conclude that a small number of EU companies (slightly more than one-fifth) use cloud computing services. Significant differences in the use of cloud computing services in enterprises are observed among EU countries (Figure 1).

⁴ Classification of enterprises by the number of employees: 10-49 (small enterprises), 50-249 (medium-sized enterprises), 250+ (large enterprises) (Eurostat, 2016).

*Figure 1: Use of cloud computing services in enterprises,
2014 and 2016 (% of enterprises)*



Source: Eurostat, 2016

According to Forrester predictions (European Cloud Alliance, 2017), aggressive growth of applications based on cloud computing is expected. The cloud market in the EU with a 15% share in 2015 should grow to 27% in 2018.

The situation in the United States is much more favorable. According to the IDC CloudView Survey (2016), nearly 75% of US companies surveyed use public cloud services. In addition, 80% of US companies regularly using cloud services have contracts with multiple cloud providers. According to the same research, by 2020, the majority (54%) of total IT spending will be allocated for public and private cloud solutions.

Table 2 shows the results of the survey conducted in the Republic of Serbia, which the Statistical Office of the Republic of Serbia does every year. The latest survey (2017) was conducted on a sample of 1655 enterprises with 10 or more employees.

Table 2: Usage ICT in the Republic of Serbia (2013-2017)

	Year				
	2013	2014	2015	2016	2017
The enterprise pays cloud computing services	-	3,8%	9,2%	9,3%	9,3%
Internet population used cloud services to store or share information (Google drive, Dropbox, iCloud)	-	10,4%	15,5%	19,4%	19,5%
The enterprises have a website	73,8%	74,0%	75,2%	80,8%	80,4%
Broadband Internet connection in enterprises	97,8%	98,0%	98,0%	99,1%	98,6%
Business use of social networks (Facebook, LinkedIn, Xing, Yammer)	23,4%	27,0%	28,6%	36,1%	35,7%
Business use of multimedia content sharing sites (Youtube, Flickr, Picassa)	10,7%	13,9%	10,0%	14,6%	14,6%

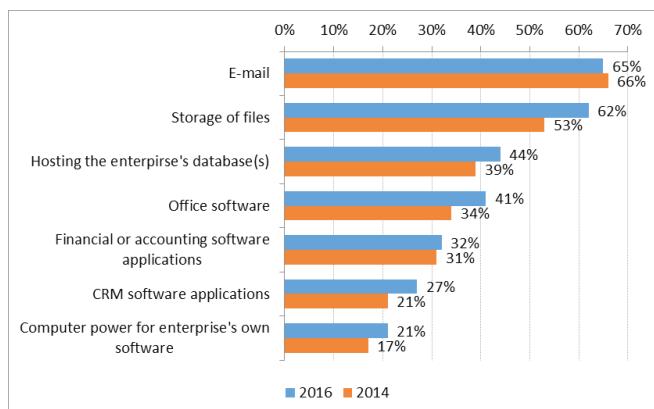
Source: Eurostat, 2014.

Cloud services include ICT services accessed through the Internet to use software, storage space, and so on. The characteristics of cloud services are: they are located on service provider's servers, can be used at the user request, and are paid based on the usage (space capacity). According to this survey, only 9.3% of enterprises in the Republic of Serbia use cloud services. This is significantly lower than the EU average (21%). Taking into consideration the fact that almost 100% of enterprises have access to broadband Internet, stagnation at this level in the last three years is worrying (9.2% in 2015). Although individuals are almost twice as

likely to use cloud services (19.5% in 2017) and the use of social networks (35.7% in 2017) or multimedia content sites (14.6%) is based on cloud technology, Serbia remains among bottom countries in the EU in terms of using cloud services.

Regarding the use of cloud services, of enterprises reporting the use of cloud computing services in 2016, about 65% use cloud services for email. Similarly, about 62% of enterprises using cloud services use them for data storage. Apparently, instead of creating their own server infrastructure for e-mail and data storage, enterprises use OPEX-based cloud solution per user. In addition to these standard services, a large number of enterprises use corporate database hosting services (44%) and Office software (41%) (Eurostat, 2016).

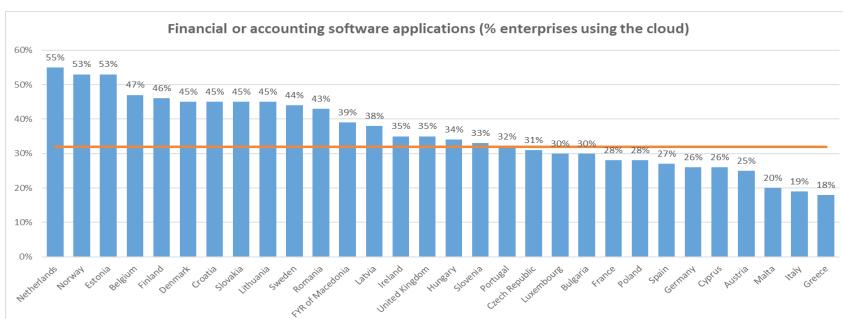
Figure 2. Use of cloud computing services, by purpose, 2014 and 2016 (% of enterprises using the cloud)



Source: Eurostat, 2016.

By using cloud computing services, enterprises access more advanced end-user software applications, finance and accounting applications (32%), and manage information about their clients (CRM software) (27%). In addition, 21% of enterprises use cloud solutions as additional computing power to start their own business applications (Eurostat, 2016) (Figure 3).

*Figure 3: Use of financial and accounting cloud applications, 2016
(% of enterprises using the cloud)*

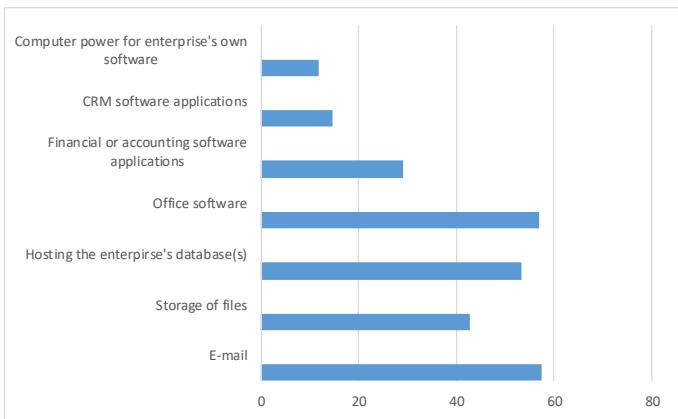


Source: Eurostat, 2016.

In the Netherlands, Norway, and Estonia, more than half of the enterprises, cloud computing users, opt for the use of cloud financial and accounting applications. However, in Greece and Italy, less than one-fifth use cloud solutions for financial and accounting applications. According to Capterra research (2015), about 40% of US companies use web-based or hosted accounting software solutions (60% have locally installed accounting software). However, according to (Ace Cloud Hosting, 2018), most accounting firms look at cloud solutions only as tools for online data storage and backup tools.

The way cloud services are used in the Republic of Serbia is shown in Figure 4, based on the Statistical Office of the Republic of Serbia (2017).

Figure 4: Usage of cloud service in the Republic of Serbia



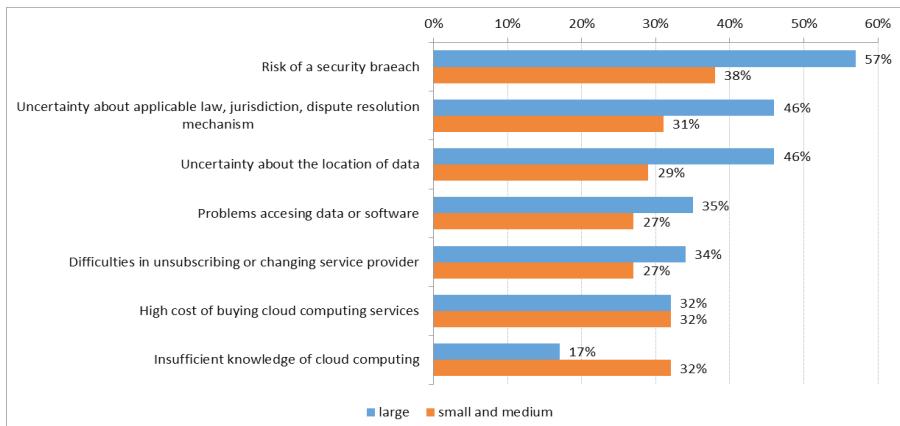
Source: Statistical Office of the Republic of Serbia, 2017.

The figure shows that, in 2017, on average, 29% of enterprises used cloud solutions for financial and accounting software applications, which is slightly less than the EU average (32%). It is optimistic that from year to year the number of such enterprises is growing (in 2014 the average was 20.7%). In percentage terms, the largest users are medium-sized enterprises (34.4%) and large enterprises (33.1%). It is surprising that enterprises from central Serbia use these services more (41.8%) than in the region of Belgrade (20.1%). According to the core activity, the largest users of financial and accounting cloud applications operate in the field of electricity, gas, steam, and water supply and waste water management (73.1%), administrative and support service activities and computer repair (69.2%), and in the field of information and communication (50.5%).

In the Eurostat survey of 2014, enterprises that use cloud computing services identified the most important factors that limit their greater use. Figure 5 shows these factors by the size of the enterprise. Both large and small and medium-sized enterprises identified the risk of security threat as the most important factor (57% and 38% respectively). Uncertainty in the application of laws, judiciary, dispute resolution, and other legal problems are the next important limiting factor, both for large enterprises (46%) and small and medium-sized enterprises (31%). Similarly, uncertainty about the location of data storage concerns almost half of large enterprises (46%) and almost one third of small and medium enterprises (29%). Cloud service providers often host in one country and store data in another country (or more than one country). A significant difference between large enterprises and small and medium-

sized enterprises is recorded in terms of insufficient knowledge as a limiting factor. About 17% of large enterprises point to the lack of knowledge as a limiting factor. By contrast, about one third (32%) of small and medium-sized enterprises take this as a limiting factor. Obviously, large enterprises have human resources with enough knowledge and expertise to understand the significance and issues of cloud computing.

Figure 5: Factors limiting enterprises from using cloud computing services, by size class, EU-28, 2014 (% enterprises using the cloud)



Source: Eurostat, 2014.

In a survey by the Statistical Office in 2014, respondents state that the main factors of limited cloud use are: high price of services (21.5% of respondents), security risk (19.4% of respondents), and insufficient knowledge of the use of cloud services (17.2% of respondents).

Taking into account the studies mentioned, security of information is considered one of the most important factors for accepting cloud. Accordingly, providers must place greatest emphasis on providing the highest level of security and focus on current as well as potential users. In this context, two aspects need to be especially emphasized (Pfarr et al., 2013): first, the difference between the actual and the perceived security of information; second, enterprises based in the European Union are subject to strict laws, which prohibit the storage of certain information on servers outside the EU. Cloud providers as well as (potential) users need to bear in mind this aspect during the service selection phase.

Significant security and privacy factor in the context of cloud services is the establishment of standards (Pfarr et al., 2013). For example, ISO/IEC 27017 deals with the security of public cloud services, ISO/IEC 27018 standard deals with the protection of personal data for public cloud services. In addition, ISO/IEC 19086 series standards apply to cloud service agreements and SLAs. ISO/IEC 19086-4 deals with security and privacy components of the cloud service level agreements. ISO/IEC 27036-4 provides guidelines on the security risks of information related to the use of cloud services and the efficient management of those risks.

Hawsons, an accounting firm in England with the longest tradition, suggests that, prior to selecting a cloud service provider, it is important to analyze the terms of cooperation well in order to make sure that the selected provider implements the necessary data protection controls. In that sense, it is important to observe: how regularly data protection controls are implemented, whether and what quality standards the provider meets, what security measures they take, which

data encryption software they use, how often they archive server data, and so on (Hawsons Chartered Accountants). In addition, many influential accounting firms provide assurance services to guide companies in the process of adopting and maintaining cloud technology. Thus, Deloitte provides consultation services when choosing a cloud service provider, as well as when integrating this technology into accounting; KPMG focuses the largest segment of consulting on the field of data security. The assurance service involves reviewing agreements on protecting client rights and making sure that system data security standards are in place before accepting the service. Ernst and Young advises the client to make sure that a contract with a service provider includes urgent repairs and legal remedies for loss of business continuity (Kinkela, 2013). Treadway Commission issued "Enterprise Risk Management for Cloud Computing", in which it calls on the board of directors responsibility to manage risks posed by cloud technology. In this guide, the board is guided towards determining the acceptable risk level that this technology carries, adequate risk assessment to which the enterprise is exposed by its application, response to these risks, and the introduction of control activities in the establishment, implementation, and maintenance of this technology (Warreng et al., 2012).

Conclusion

Information technology, and, undoubtedly, cloud computing, conditioned the revolutionary transformation of the accounting information system. While it is quite clear that this transformation does not imply the exclusion of human labor, but that its purpose is to ensure its optimization, accountants are still cautious in the adoption of this technology. As people are naturally most afraid of new things, the risks they indicate to justify their aversion to the implementation of this technology relate to: data security because the service provider has access to confidential information, and the feeling that users have no control and become dependent on the provider who is responsible for maintenance and management of the application, etc. Nevertheless, accountants claim that the benefits provided by this technology overcome the dangers it carries with it, so relevant professional organizations and accounting firms provide support to accountants in the adoption and implementation of this technology.

Previous research and studies have confirmed that enterprises, especially small and medium, are not aware of the benefits of adopting cloud solutions. This situation is especially alarming in the Republic of Serbia, where only 9.3% of enterprises use these services. The conducted surveys and studies highlight the need for training and awareness raising campaigns on the importance of adopting cloud solutions in the business world. In most surveys, enterprises point out that the risk of security breach is a key factor of aversion or less use of cloud services. Besides, enterprises, especially small and medium-sized, point to insufficient knowledge of cloud computing as a significant factor discouraging the use of cloud services, but also a factor that affects the poor perception of security issues. Finally, expertise and knowledge of contractual, legal, and technical aspects of implementation are prerequisites for an enterprise that decides to purchase cloud computing services.

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ELECTROPHORESIS, AS A METHOD OF RATIONAL APPLICATION OF MEDICAMENTS OF CONTEMPORARY MANAGEMENT IN HEALTHCARE

Abstract

Preclinical studies of the intake of drugs in the body by electrophoresis and systemic route (intravenous), we examined the concentrations of drugs and the efficiency of the drug application in both ways. We found high-significance concentrations of drugs in the desired tissue, with multiple smaller amounts of drugs administered by electrophoresis, and high values of Students T-test and significance for all investigated drugs $p < 0.001$. Investigating economic cost-effectiveness, this methodology of drug intake, we observed by evaluating the cost of medicines of significant material savings with drug application with ionophoresis, which is recommended both from the health and material-financial aspect as a rational modern method of drug intake in clinical practice, wherever clinical possibilities allow it.

Key words: drug electrophoresis, material aspect, healthcare marketing.

JEL classification: I1, I10, I18

ЕЛЕКТРОФОРЕЗА, КАО МЕТОДА РАЦИОНАЛНЕ ПРИМЕНЕ ЛЕКОВА САВРЕМЕНОГ МЕНАЏМЕНТА У ЗДРАВСТВУ

Апстракт

Предклиничким истраживањем уноса лекова у организам електрофорезом и системским путем (интравенски) сагледали смо концентрације лекова и ефикасност апликације медикамената на оба начина. Добили смо високосигнификантне концентрације лекова у жељеном ткиву, са вишеструко мањим количинама апликованих лекова електрофорезом, те високим вредностима Студентовог t -теста и праговном значајношћу за све испитиване лекове

n<0,001. Истражујући економску исплатљивост, ове методологије уноса лека, запазили смо евалуацијом цена лекова значајне материјалне уштеде јонтофоретском апликацијом лекова, која је препоручује и са здравственог и са материјално-финансијског аспекта као рационалну савремену методу уноса лека у клиничкој пракси, свуда где клиничке могућности то допуштају.

Кључне речи: електрофореза лекова, материјални аспект, здравствени маркетинг.

Introduction

Electrophoresis or ionophoresis of drugs is a safe, painless and effective method to intake the drug into the humans and animals tissue, through the skin by galvanics current (Đurđević S, Jezdimirović M, et all 2010). The medically important prerequisites for the application of drugs in this way are: that the drug is hydrosoluble, that the drug has a high level of electrolytic dissociation (spontaneous decomposition to ions), that the drug has relatively small ions or dipole molecules, that the patients skin is intact, that there is no metals in the local tissue, that the patients sensibility is preserved, that the chemical structure of the drug is well known as also ionization of its ions, that there is no intolerance to the drug (Kalia YN, Naik A, Garrison J, Guy RH 2004). In this way, many drugs can be intake into the tissues: the adrenocortical hormons, the vasodilators, vitamins, inhibitors of cyclo-oxygenase 2 (coxibs), antibiotics, nonsteroidal antirheumatics (NSAL), and many other drugs. The drug applied in this way is more effective, due to ionic binding to target tissue receptors. Drug is retained longer in the tissue (up to 4 days), systemically distant and side effects are avoided as opposed to systemically distributed drugs peroral (per os) and parenteral (iv) (Đurđević S, Jezdimirović M, et all 2009.)

Therapeutic dose- the total amount of injection of the drug is lower in the electrophoretic application of the drug compared to the systemic application. The cumulative effects of the drug after succesive elecrophoretics application are greater than the systemic (per os and intravenous) intake, thus achieving significant material savings and optimizing the use of drugs in clinical practice, both in human medicine and in veterinary medicine (Đurđević S, Jezdimirović M, et all. 2010).

Aim of study

The aim study was to investigate and demonstrate the concentrations of the drug being applied (their clinical doses), in the organism of animals or humans by electrophoresis and systemic (iv); as well as the total amount of medicines applied with the goal of saving, from the financial management aspect of the use of drugs in clinical practice and the rationalization of healthcare costs, both in clinical medicine and in veterinary practice.

Materials and methods

In this preclinical and management-financial studies, as sample of experimental animal used species of twenty domestic swine (*Suis domestica*), soybean mixture of Big Yorkshire and Swine Landrace, at the age of 8 weeks, in standard feeding and watering "ad libito" regime, mass in grams $X \pm SD = 24520 \pm 0,34$. The palette of five different medicaments applied in inflamed right knee of the last limb joints (inoculation of 0,2 ml of 10% turpentine solution one-time). The swines were divided into two groups: A group of 10 individuals swines was systemically-intravenous applied (iv) single clinical dose of drugs in jugularis vein with a five-day successively, while the B group of 10 individuals applied the same drugs with electrophoresis (EF) **in one therapeutic dose** (anode surface $4 \times 5 = 20 \text{ cm}^2$, cathode $5 \times 6 = 30 \text{ cm}^2$), with an intensity of galvanic current in the average values $X = 4.5 \text{ mA}$ and the duration of the application 15 min, and biodoses $4.5 \times 20 = 90 \text{ mAmin}$. The following drugs were applied in individual clinical doses, **from anode**: Dihydroergotoxin 9 mg (Redergin®), as vasodilator, Meloxicam 15mg (Movalis®) as inhibitor of cyclooxygenase 2 (coxibs), and **from cathode** Methylprednisolone 40mg (Lemod-Solu®) as a strong steroid antiinflammatory drug, Acid acethylsalicylicis 500 mg (Aspirin®) as NSAL drug and Metamizol sodium 2.5 g/ 5 ml (Novalgetol®), as a potent analgo-antipyretic. On the seventh day, the aspiration of synovial fluid was performed in the tested individuals of both groups and the high pressure liquid chromatography, as valid world method (HPLC), precisely quantified drug concentration in the micrograms of the drug per gram of tissue. The research was carried out in accordance with the Animal Care Code and the approval of the Ethics Committee and was carried out at the Air Force Medicine of the Military Medical Academy, the National Poison Control Center and the Institute for Scientific Research at the **Military Medical Academy** (Đurđević S, Jezdimirović M et al. 2010).

Results

The results of the study, respectively the comparison of the quantification of the drugs concentrations introduced by systemic intravenous and electrophoresis, were evaluated by the Student t-test for small even samples, and correlation with regression analysis of the price of applied drugs in both ways, with the aim of potential financial savings and economic benefits in human and veterinary medicine. Statistical data processing was done in the DOS statistical package.

Table No. 1 Concentration of drugs in the synovial fluid of the inflamed knee joint of the young swine in the micrograms of the preparation per gram of tissue, or in milliliters of synovial fluid.

Drug concentrations in $\mu\text{g/ml}$ Synovial liquid	Drugs applied iv.	Drugs applied EF	t-test	p
Meloxicam	4.95 ± 0.32	51.12 ± 0.34	12,45	$p < 0,001$
Metamizol sodium	$9,81 \pm 1,56$	$171,66 \pm 2,17$	19, 44	$p < 0,001$
Acidum acethylsalicyl.	$29,6 \pm 2,18$	$216,12 \pm 0,35$	18,52	$p < 0,001$
Dihydroergotoxin	$0,85 \pm 1,36$	$21,34 \pm 1,16$	15, 12	$p < 0,001$
Methylprednizolon	$0,33 \pm 0,15$	$17,15 \pm 3,12$	14,48	$p < 0,001$

The prices of drugs expressed in dinars of Republic of Serbia (RSD), taken in the first quarter of 2018 in market of Republic of Serbia are:

- 1 pack. of Meloxicam 0,015g , 10 tablets price: 412,50 RSD,
- 1 pack. of Dihidroergotoxin 0,0045g, 10 tablets price: 372, 50 RSD
- 1 ampoule Metamizol natrium 2,5g/5ml: 35,88 RSD x10 amp =358,8 RSD / therapeutic package
- 1 pack. of Ac.Acethilsalicylici 0,500g , 10 tablets price: 336,60 RSD
- 1 ampoule Methylprednisolon 40 mg: 126, 82 RSD x 10 lio.amp 1268,2 RSD/ therapeutic package

Putting in the ratio of the current average medicament price to the therapeutic effect and drug concentration of systemic IV and locally introduced EF in RSD, with regression analysis with correlation yields, it gets a high Pearson coefficient of correlation for biomedical investigated phenomena $F=0,768$, indicating high-significance differences in prices spent drugs, according to the quantities in favor of electrophoretic drug intake (Stanišić V. 1994).

Table No. 2 Comparison of the price of the drug package price with the achieved therapeutic dose.

Drugs	Price of drugs applied iv.	Price of drugs applied EF
Meloxicam	83,33 RSD	8,06 RSD
Metamizol natrium	36,57 RSD	2,09 RSD
Acidum acethilsalicyl.	11,37 RSD	1,5 RSD
Dihidroergotoxin	438,23 RSD	17,45 RSD
Methylprednizolon	4226 RSD	72,46 RSD

Discussion

The interest of doctors, patients and veterinarians is to efficiently, safely and in the shortest possible period, with as little side effects as possible, achieve a therapeutic effect on patients and restore functional and work and psychophysical abilities, which in the concrete case of the application of medicines can be achieved in a rational way by iontophoresis, with advantage over systemic intake of drugs intravenously and per os (Jakovljević M. et al. 2014). The prerequisite for such a drug application is the existence of relatively cheap equipment, an electrophoresis device that can be repaid in a very short time by saving significant amounts of drugs applied in this way. This method of drug intake is justified for one region of the body (joint) and the likewise several of them, while it is time required for a greater number of the affected regions of the body, and this limiting factor should also be kept in mind (Đurđević S, Jezdimirović M, et all. 2010) The financial aspect of saving money using application of drugs by electrophoresis is significant because the prices of used drugs in total quantities and therapeutic doses indicate a lower price of medicines introduced in this way. By statistically processing the data obtained in this preclinical study, we note the high significance of the concentration of drugs in the desired tissue, achieved by a multiple dose of drugs, which is from a

large clinical and financial aspect of savings (Tiexira M.G., Zatz J.L, 2017). Republic of Serbia is a country with a modest health budget, and any savings that do not disturb the quality of health services is very important, and the expert public should be aware of modern methodology, which provides significant savings in this important sphere, as evidenced by the modernity Latin quotes "Valetudo bonum optimum" (Jones AM 2006). Therefore, the savings of material resources in the provision of health services would free some of the budgetary funds for priority goals, education of experts, procurement of equipment and medicines, as well as health care funds, in order to achieve better quality health care.

Conclusion

Different types of drugs (vasodilators, cortical preparations, NSAL antirheumatics, analgoantipyretics, coxibes) applied with electrophoresis, compared to systemic (intravenous) intake, achieving statistically significant values of drug concentrations in the target tissue, allowing longer retention in the local target tissue and avoiding systemic and side effects, a clinically significant effect.

Using multiple-dose doses (total and individual amounts) of drugs, in order to achieve multiple-dose therapeutic concentrations of medicaments, achieve high-significance savings with ionophoretic drug administration in comparison with systemic intake, and this method can be proposed as a method of choice in clinical practice, both in human and veterinary medicine, whenever specific health conditions and diagnoses allow it. Introducing a wider medical, professional public with obvious advantages of electrophoretic drug intake method would allow rational material savings in the consumption of medicaments, with significant and useful social and health implications and applicability, enabling massive application of this modern methodology of pharmacokinetics of drugs, illuminated in our research more from the aspect of practicism and applicability, rather than academism. "A healthy man has a thousand wishes, and a sick one is only to be healthy"

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THE STUDY OF CONSUMER PREFERENCES OF YOUNG TOURISTS

Abstract

For Azerbaijan which has taken a course on the development of the non-oil sector, tourism is the most preferable and promising sector of the economy. The favorable geographical location between Europe and Asia and the availability of necessary natural conditions contribute to the development of various types of tourism. One of them is youth tourism, the study of features of which is devoted to this article. A study of the needs and preferences of young tourists is aimed at identifying the main factors affecting their decision to travel. Studying the peculiarities of the behavior of young people, tourist enterprises can develop the most appropriate marketing strategy for them.

Key words: Strategic maps, non-oil sector, youth tourism, tourism research, tourist activities

JEL classification: M31

ИСТРАЖИВАЊЕ ПОТРОШАЧКИХ ПЕРФЕРЕНЦИЈА МЛАДИХ ТУРИСТА

Апстракт

За Азербејџан који је усвојио курс о развоју не-нафтног сектора, туризам представља најпожељнији и најперспективнији сектор привреде. Повољна географска локација између Европе и Азије и доступност неопходних природних услова доприноси развоју различитих врста туризма. Један од њих је омладински туризам. Студији развоја омладинског туризма је посвећен овај чланак. Студија о потребама и префериранцијама младих туристичких има за циљ да идентификује главне факторе који утичу на њихову одлуку о путовању. Проучавањем специфичних понашања младих, туристичка предузећа могу да развију најпогоднију маркетинг стратегију за њих.

Кључне речи: стратешке мапе, не-нафтни сектор, омладински туризам, туристичка истраживања, туристичке активности

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Introduction

Tourism - the most dynamically developing sphere of the economy, that participates in world GDP with 9.8%. More than 284 million people are engaged in tourism, which means solving social problems of society (Ivana Ilić, Andđelija Nikolić, 2018). In a number of developing countries, tourism is the main source of income providing economic development. So, according to Jankovic Marija, Luburic Veselin, Sofranac Rajko, "tourism is one of the five export categories in 83% of all countries in the world and a major source of foreign exchange earnings in almost 38% of countries" (Jankovic Marija, Luburic Veselin, Sofranac Rajko, 2017)

Youth tourism is one of the important sectors of the tourism industry, with its inherent specific features. Thus, according to the research conducted by UNWTO:

- the youth tourism segment is less affected by political unrest and natural disasters;
- this segment is distinguished for its curiosity and attraction to new territories;
- the youth can spend a larger amount on traveling than other tourists can do;
- they also prefer establishing direct contacts with the local population, studying their culture and way of life and at the same time contributing to the development of the places they visit.

The peculiarities of organizing the leisure of the youth include the tolerant nature of travelers in relation to the level of comfort in terms of transportation and accommodation facilities.

In 2016, approximately 2.51 million Azerbaijanis, which is almost a quarter of the country's population, were referred to the category of the youth (from 16 to 30 years old).

Consequently, the trends and preferences of this group are of great importance for the development of the tourism sector. Studying the youth tourist segment will help to identify the specific features and behavior of young tourists, to clarify the main factors affecting their choice of travel, as well as the motives and purpose of the trip.

Tourism in Azerbaijan

WTO (1995) defines tourism as "the activities of persons traveling to and staying in places outside their usual environment for no more than one consecutive year for leisure, business and other purposes" (Mansour Esmaeil Zaei, Mahin Esmaeil Zaei, 2013). The impact of Travel & tourism sector on economic growth and job creation can be significant (Bojan Krstić, Vladimir Radivojević, Tanja Stanišić, 2017).

Tourism has prerogative significance for the Azerbaijani economy. Currently, the main course of economic development of the country is to reduce the dependence of the economy on the oil sector and the development of services in Azerbaijan. In this regard, the government of the republic adopted the program of economic development for eleven sectors (Strategic road map on the development of a specialized tourism industry in Azerbaijan Republic, 2016), eight of which are the main sectors, and three are auxiliary.

The priority sector in the country is the tourism sector, whose strategic development map was adopted in December last year. The document provides for state support for the

development of tourism, turning the country into one of the attractive tourist places, improving the quality and competitiveness of tourism services, attract investment projects and the development of regional tourism in the country.

The strategic development map identifies the main goals of the country's tourism industry until 2020. Achieving these goals is a necessary requirement for the development of tourism in Azerbaijan.

As the first goal, the fullest use of the tourist potential of the capital city of Baku is provided. The capital is the most attractive tourist territory, attracting the attention of foreign tourists. In recent years, the capital hosted a number of economic and cultural-sports events of international scale, which, on the one hand, contributed to the growing awareness and information promotion of Baku, on the other hand, to the development of the infrastructure, monumental buildings where were held such events as Eurovision, First European Games, Gymnastics Championships and others. All this led to a radical change in the external appearance of the city, where the number of hotels and hotel-type enterprises has extremely increased.

The second goal of tourism development is the organization of better management at the national level, the creation of tourist and recreational zones, the development of tourism infrastructure at the regional level, simplification of visa procedures and the creation of a favorable climate for the development of tourism in the country.

The next goal set in the Strategic Map for Tourism Development is the development of regional tourism and the creation of an integrated tourism sector that includes all types of tourism, both summer and winter.

The fourth goal envisages the contribution of significant investments in the development of educational projects in the sphere of tourism, the introduction of an improved system of standardization and certification to increase the loyalty of tourists.

According to statistics, over the past 5 years there has been a steady increase in the number of business entities operating in the tourism sector, on average, by 4.5% per year. The number of foreign tourists visiting Azerbaijan, respectively, increases by 8.5% per year. Currently, the share of tourism in the country's GDP is about 4.5%, in employment - 8.5%. In world statistics (World Tourism Barometer, UNWTO, 2016), the share of the sector in question in the world GDP is somewhere around 9.8%. Analysis of statistics allows us to draw conclusions about the importance of the tourism sector in the country's economy.

To analyze the current state of the tourism industry, let us turn to statistical data (Table 1).

Table 1. Breakdown of foreign citizens arriving to Azerbaijan and Azerbaijan citizens travelling abroad by purpose of trip (2)

	2005	2010	2012	2013	2014	2015	2016	In % to 2015
Number of foreign citizens arriving to Azerbaijan – total	1282,1	1962,9	2484,1	2508,9	2297,8	2006,2	2248,8	112,09
Including tourism purpose	692,7	1279,8	1985,9	2129,5	2159,7	1921,9	2044,7	106,39
Of which: leisure, recreation tourism	404,5	661,7	687,8	705,2	709,9	668,8	697,1	104,2

business tourism	261,8	547,6	595,3	648,9	670,5	632,3	691,7	109,4
treatment tourism	7,6	14,1	43,0	46,2	46,3	36,5	41,5	113,7
religious tourism	4,2	10,2	13,2	13,7	13,7	11,5	12,6	109,6
other tourism purpose	14,6	46,2	38,8	41,8	42,2	30,8	39,8	129,2
other purpose	589,4	683,1	498,2	379,4	138,1	84,3	204,1	242,1
Number of Azerbaijan citizens departed abroad –total	1829,8	3175,6	3874,4	4284,7	4244,3	4095,8	4281,8	104,5
Including tourism purpose	886,9	1819,6	2828,9	3306,7	3319,4	3256,2	3592,1	110,3
Of which: leisure, recreation tourism	331,7	729,3	897,6	1053,9	1014,7	1045,2	1096,1	104,9
business tourism	511,7	956,3	1172,3	1290,9	1277,8	1185,3	1371,6	115,7
treatment tourism	23,1	43,7	116,5	169,0	169,8	140,0	192,7	137,6
religious tourism	15,0	41,3	66,2	82,5	117,8	133,5	127,7	95,7
other tourism purpose	5,4	19,0	132,8	130,5	174,3	159,6	190,7	119,5
other purpose	942,9	1356,0	1045,5	978,0	924,9	839,6	689,8	82,2

Source: State Statistical Committee of the Republic of Azerbaijan

Youth tourism and its features

Currently, there are various definitions of youth tourism.

WYSE Travel Confederation: Youth tourism includes all independent trips (with duration less than a year) of people aged 16 to 29 years who are motivated, in part or in full, by the desire to learn the world, gain life experience and/or benefit from formal or informal training outside the usual habitat (www.wysetc.org).

Birzhakov M.B.: The definition of “youth tourism” includes a special type of travel, individual or collective in form, in the course of which young people prefer to rest with large companies united by the common goal of knowing the world and spending leisure time (Birzhakov M.B., 2005).

Palatkina G.V.: Youth tourism is a way of transferring the life experience and material and cultural heritage gained by the mankind to the younger generations, the formation of value orientations, moral improvement and cultural development of the nation, is one of the ways of socializing the individual (Palatkina Q.V., 2016).

According to Horak and Weber, “youth tourism is defined as all tourism activities that are realized by young whose age are between 15 and 29 years” (Horak & Weber, 2000).

Glossary of terms of tourism: A specific type of tourist activities for young people and adolescents, implemented both within national borders, and at the regional and global levels.

Based on the definition of tourism, it can be concluded that youth tourism is a temporary departure of citizens aged 16 to 30 from a permanent residence of no more than six months with the purpose of rest, learning, studying other cultures, and gaining life and professional experience in the country of temporary residence (Hajiyeva L.A., 2017). Youth tourism has a number of socio-cultural advantages, such as increasing youth awareness in the issues of culture, acquiring personal qualities, improving language skills. Thanks to trips, young people become more tolerant towards each other, friendlier, more confident in themselves (Korolyova Y.N., Semenchuk O.V., 2013).

Tourism - one of the most important forms of education of youth, the organization of its free time. The correct organization of tourism can remove many of the youth problems that our society has been facing for several years (Rassohina T.V., Melnik N.V., 2010).

This segment of the tour market, distinguished by age, has a pronounced stereotype of behavior and somewhat differently places tourist priorities. Thus, A. Durovich and A. Kopaev (Durovich A.P., Kopayev A.S., 2012) note that the tendency of changes in tourist mobility is quite clearly traced depending on age, gender and marital status. The greatest propensity to active forms of tourism is demonstrated by the people aged 18-30. Single people are more mobile than married ones.

UNWTO identified the basic motivations of youth tourism as next: "learning, meeting other people, adding value on career development, getting knowledge of other cultures, enhancing self-development, studying, education and traveling which is seen as a part of the youth travellers' identity" (UNWTO, 2011; Demeter & Brătucu, 2014; King & Gardiner, 2015).

K. Çakar and F. Seyitoğlu suggest that education is the most important factor influencing the decisions of young travelers (Kadir Çakar, Faruk Seyitoğlu, 2016).

According to Bulqanina S.V., Ananyeva K.V. youth tourism is becoming more relevant at the moment, this is the following reasons (Bulqanina S.V., Ananyeva K.V., 2016):

- the possibility of traveling around the world;
- Economical type of rest;
- acquiring new friends;
- Health promotion and ability to orientate on the terrain;
- preparation for extreme life situations [1];
- availability of discounts when organizing group tours;
- expansion of horizons.

It should be noted that almost no tourist organization has been engaged in the studies of the youth tourism segment in Azerbaijan. Travel agencies pay enough attention to such aspects as advertising, research of their own tourist products, study of competitors, participation in various exhibitions and fairs. But the deep enough research of the youth segment of the tourist market has not yet been conducted. Moreover, most local tourist enterprises are focused on sending tourists abroad. They do not want to specialize in youth tourism, considering it economically unprofitable, if not unprofitable. After all, this category of consumers in our country prefers inexpensive travel using less comfortable means of accommodation and transport.

Proceeding from this, we put forward the following hypotheses:

1. Youth tourism market in Azerbaijan is underdeveloped.
2. Local travel agencies do not want to organize economical youth tours.
3. The existing range of youth tourism programs is very scarce.
4. The features of this category of consumers have not yet been studied.
5. High tourist activity of young people remains unrealized.
6. This segment of the tour market needs a specific tour product.
7. The price of a tourist product must correspond to the level of consumers' solvency.

In this regard, the policy in the field of tourism in Azerbaijan should be guided by the real needs and opportunities of young people, and should not be only a passive reflection of the current situation.

Methodology

As a research tool for the study of the youth tourism market, the method of interviewing respondents was chosen, since it allows us to identify the system of preferences that consumers are guided by when choosing certain tourist products.

In our case, a questionnaire was used as a method of research in the collection of primary data. The advantage of the questionnaire is that, as a result of the processing of answers, a quantitative, statistical characteristic of the phenomenon under study can be obtained, causal relationships established.

The questionnaire was conducted during the period from January to March 2017. The place of the study was the Azerbaijan State Economic University. The survey was involved 284 young people. The main source of information were young people aged 16 to 25 years. The respondents were chosen by a random selection procedure.

Research results and data analyses

The purpose of our study was the study and analysis of consumers of tourism services in the field of youth tourism in Azerbaijan, their capabilities and preferences.

The objectives of our study were:

- identification of the real situation in the youth tourism market of Azerbaijan;
- identification of tourism preferences of young people;
- identification of seasonality of travel;
- designation of the main trends in youth tourism;
- analysis of the activities of travel agencies and airlines focused on young people;
- study of the influence of prices on the activity of youth tours.

As a result of applying simple grouping and classification methods, the following data were obtained: 49.6% of women and 50.4% of men participated in the survey. Their age ranged mainly between 16 and 25 years (92.9%), respondents aged 26 to 35 were significantly fewer (4.6%) and a very small group of 36 to 45 years - just 2.5%.

The analysis of the data obtained showed that 89.6% of the respondents had to travel at any time (47% of them traveled once a year, 42.6% - several times a year) and 10.4% did not have to travel. In this case, in response to the question "Do you

like to travel?", 97.5% of respondents answered positively, while only 2.5% answered negatively.

Of course, all kinds of proposals in the tourism market should be oriented to a specific consumer, his/her wishes, tastes and travel goals. The purposes of travel for different people also vary: someone travels to rest by the water sources, someone wants to go in for sports during the leisure time, someone is interested in excursions and museums, and someone just needs entertainment. The main objectives of travel among respondents were as follows:

- entertainment - 38.5%,
- travel and rest – 29.6%,
- education - 7.7%,
- shopping - 7.7%,
- acquaintance with culture - 7%,
- business – 4.1%.

As follows from the obtained data, the main purpose of tourism for the youth segment is entertainment, recreation and travel; travel agencies should take into account namely these purposes first when organizing tourist packages for young travelers.

Unfortunately, cultural goals that involve acquaintance with other countries and regions, with their customs, traditions and languages, interest in art, as well as business trips, turned out to be less demanded, which is undoubtedly connected with the young age and the sphere of activity of the respondents (most of them are students at the university).

In order to make the need for traveling a mass demand, society must have the necessary level of well-being. The market of tourism products and services, as a rule, effectively works at a sufficiently high standard of living of the population. One of the main restrictions on the market is the purchasing power of citizens and their willingness to spend part of their money on tourism. Naturally, the actual frequency of tourist trips and their duration directly depend on the level and distribution of the income of the respondents. The study revealed a difference in the relationship of young people to domestic and foreign tourism and the means they are willing to spend on local and foreign trips. Thus, 62.5% of the respondents prefer international tourism, 37.5% - domestic tourism. In this case, young people are ready to spend the minimum amount of money on domestic trips: 38.5% from \$ 100 to \$200; 34% from \$ 201 to \$ 300, 15.3% from \$ 301 to \$ 400, 6.1% from 401 to 500 dollars and only 5.9% over 500 dollars.

Quite a different situation is observed with international trips, so in response to the question "What amount are you willing to spend on an international trip?", 23.7% of the respondents told the amount from \$ 1,501 to \$ 2,000; 19% - from 1001 to 1500 dollars; 16.8% from 501 to 700 dollars; 15.5% - from 701 to 1000 dollars, 13.4% - up to 300 dollars; and 11.6% - from 301 to 500 dollars.

At the same time, 59 people (20.77% of the respondents) noted that they had never been abroad. Analysis of the data shows that the low price is directly associated with domestic tourism, high - with the international one; most likely, the price factor is the main reason why young people cannot afford international trips.

The geography of the trips was also of interest to the study. The study of the domestic tourist destinations revealed that the popular northeastern regions (Guba, Gebele, Zakatala, Sheki, Nabran) were more popular among young people. Among

international destinations, the most popular were the neighboring countries - Turkey, Russia, and Georgia. Only 7.7% of the respondents mentioned European countries, among which Hungary is the leader, which is most likely due to the activities of the Hungarian low-cost Wizzair, which carries out direct budget flights to the Hungarian capital.

Transportation is the important component of the tourism industry and an integral part of tourism products. In our study, the most popular type of transport was auto transport (58.6%); this choice is based on taking into account such factors as the level of tariffs, solvency, the length of the route. Taking into account the fact that most of the respondents traveled for relatively short distances, and also was lacking cash, the choice of transport is quite obvious. In the second place in terms of preference was air transport (36.7%), then buses 27.3%. The least developed in our country is railway transport; unfortunately, long-distance trains do not operate here. This caused the low popularity of the railway transport - only 10.8% of the respondents chose this vehicle for travel.

Tourism differs due to the influence of seasonality factors, which, in general, are the result of periodic changes in climatic conditions during the year. In our case, the seasonal framework for the market segment under investigation was determined. Thus, the respondents usually travel in winter - 5.7%, in spring - 13.1%, in summer - 67.7%, in fall - 2.5%. At the same time, 23% of the respondents answered that the time of the year does not affect their desire to travel.

Studies allowed us to reveal that the majority of the young people travel with their families (52.3%), 38.9% - with friends and only 14.1% - alone. These results indicate the need to offer attractive family tour packages for young travelers.

The attitude of young people towards the development of tourism in our country was also of interest to the study. Thus, to the question "How do you assess the development of tourism in Azerbaijan?", 43.5% answered "normal"; 38.9% "bad"; 13.1% - "very bad"; 3.9% - "good"; 0.7% - "very good". The indirect attitude towards the services of national tourism sites is also related with this issue: 70% of the respondents said that they are not satisfied with their services. The main reasons are the lack of qualified personnel, the low level of service, high prices. We must concentrate on the solution of these problems first.

Unfortunately, the main part of the youth tourism in the country is carried out within the framework of amateur tours that do not allow the full development of the tourism infrastructure on the ground and do not bring large revenues to local budgets. Therefore, the primary task for the development of the youth tourism movement in Azerbaijan should be the definition of targeted functions and the development of the promising areas that will help to reveal the potential of specialized tourism products aimed at the youth audience.

The development of low-budget tourism allows reducing the prices for tourist trips regarding the income of the youth audience, since it assumes a reasonable price-quality ratio. In the conditions of the economic crisis, such proposals will be most preferable when choosing tourist trips.

One of the most important problems of youth tourism in our country is the almost complete lack of infrastructure for this type of tourism. Very few youth tourist clubs are left, a system of preferential travel on all types of transportation for young travelers has not been worked out, as in Europe and North America. In a country with a variety of natural landscapes, there are not enough equipped routes for ecological and sports and

recreational tourism. There is a great deficit of trained specialists for organizing various types of active tourism.

Conclusions

Summarizing, we should note that it is necessary to develop new routes of both active and cultural-cognitive nature, using innovative technologies of both museum and sports and recreational activities in the sphere of youth tourism.

In general, the main problems for young tourists are:

- expensiveness of tourist services and tours,
- the visa regime,
- the quality of tourism services provided for young people is at a low level;
- small preferences for young people on transport tickets
- practically, there are no modern year-round international student tourist centers in the regions of the country;
- the coordination of the work of the regions with the center is not effective, and there is also practically no interregional interaction and exchange of experience in the field of youth tourism in the regions.

Thus, currently, there are no special tour packages offered for young people; there is a low level of propaganda of youth tourism in the regions of Azerbaijan. Therefore, the development of special programs and effective inter-regional cooperation in the development of domestic tourism are necessary to solve the problems of youth tourism. The most important organizational and technical stages of the development of youth tourism should be, in our opinion, the following:

- training of qualified personnel in the field of youth tourism;
- creation of tourist clubs, youth field camps with public organizations;
- organization of tourist festivals, for example, folklore, cultural festivals with tourist competitions on the most actively developed sports;
- development of youth tourist routes, mainly fully revealing the natural, cultural tourism and recreational potential of the country;
- creation of a national program for the development of youth tourism.

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AKSIOLOGICAL ASPECTS OF ECONOMIC ANALYSIS OF LAW

Abstract

The paper analyzes the theoretical and legal considerations of the School of Economic Analysis of Law. As the significance of one theoretical thought can be measured, both by the influence of the same on the theory of law, as well as on contemporary social practice, then it can be without any doubt that in the last few decades, economic analysis of law is certainly the most influential approach in modern theory of law. This paper aims to investigate and subject to a critical analysis of the conceptual basis on which this teaching of law rests, while trying to provide an axiological assessment of them, bearing in mind a different value approach adopted by advocates of economic analysis of rights in relation to, in a condition, the usual value access to the law in general.

Keywords: theory of law, economic analysis of rights, utilitarianism, market, efficiency.

JEL classification: K00, K4

АКСИОЛОШКИ АСПЕКТИ ЕКОНОМСКЕ АНАЛИЗЕ ПРАВА

Апстракт

У раду се анализирају теоријско-правна промишљања школе економске анализе права. Како се значај једног теоријскоправне мисли може мерити, како утицајем исте на саму теорију права, тако и на савремену друштвену праксу, онда се без много сумње може тврдити да, у последњих пар деценија, економска анализа права свакако представља готово најтицајнији приступ у модерној теорији права. Овај рад има за циљ да истражи и подвргне критичкој анализи идејне основе на којима ово учење о праву почива, истовремено покушавајући да пружи аксиолошку оцену истих, имајући у виду другачији вредносни приступ који усвајају заговорници економске анализе права у односу на, условно речено, уобичајени вредносни приступ праву уопште.

Кључне речи: теорија права, економска анализа права, утилитаризам, тржиште, ефикасност.

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Introduction

The concept of the theory of law can be determined in a variety of ways. During the development of legal thought, the conceptual definition of this cognitive discipline changed several times, sometimes reflecting substantive changes in its content, and sometimes not doing it in a complete way (Dvorkin, 2001, pp. 7-12). Without the intention, on this occasion, and at this place, we enter the genesis of this discipline, as well as the possibility of its conceptual equalization with the notion of legal science in the broadest sense, it should be noted only that under the theory of law we take special scientific discipline, clearly distinguishing from the concept of legal science, or jurisprudence, in the broadest sense, as a general scientific knowledge of law. In other words, more precisely, under the theory of law, in its basic, linguistic meaning, we mean the general doctrine of law, that is, the general, general scientific discipline whose subject of study is rightly defined and understood as a generic term, common to all specific rights in general. At first glance, it is quite obvious at one glance that in one of the basic tasks of such a certain scientific discipline it is necessary, among other things, to determine the connections between the law on the one hand and other social phenomena, on the other hand, ie determining and researching the sociality of the law, its effect to the society, as well as to the social factors of the process of creating and implementing rights. Bearing this in mind, it is quite clear that the importance of this discipline is in responding to the most complex issues that the current social moment puts before modern social and, therefore, legal, theory and practice, almost imperceptible, since it has exactly responded to you and influence the formation of practical, positive legal solutions. For these reasons, it is necessary to devote the full attention of critical analysis to those current directions in the theoretical thought, whose influence on positive regulation is quite clear. In doing so, it is also necessary to take into account the theoretical relationship that is established between law and economics, because in modern economic science there is a critical question about the traditional relations of people and institutions (Печичин, 2014, pp. 32). The reasons for this should be sought in the fact that theoretical innovations represent an attempt to give "adequate answers and solutions to the new changes" (Буквић and Павловић, 2014, pp. 2).

Utilitarianism and law

If the significance of a theoretical legal thought can be measured, both by the influence of the same on the very theory of law, as well as on contemporary social practice, then it can be without any doubt that in the last few decades, economic analysis of law is certainly the most influential approach in modern theory of law . This can undoubtedly be seen, as in conditionally speaking, with newer tertiary considerations in the field of delict, anti-cartal and commercial law, as well as by some theoretical analyzes devoted to some of the most complex issues of family, criminal and constitutional law, that is, the issue of human, civil and minority rights, and freedom (Bix, 2003, pp. 189). Considering the fact that some of the important representatives of this direction in contemporary theoretical thought take more than a significant judicial function in the United States, and in this way directly formulate the legal practice, the team becomes apparent the need for

a serious critical analysis dedicated to the basic , the basic settings of economic analysis of law (Bix, 2003, pp. 189). For this reason, this paper aims to investigate and subject to a critical analysis of the conceptual basis on which this teaching of law rests, while trying to provide an axiological assessment of them, and taking into account a somewhat different value approach adopted by advocates of economic analysis of law in relation on the contrary, a common value approach to the law in general.

It is commonly considered that economic analysis of rights, as an approach to observing and dispersing legal phenomena, is, to put it more precisely, a newer direction in the theoretical thought. Yet, in all likelihood, it seems that the roots of this approach to law seem to be somewhat deeper into the past. The first hints of what will be considered as an economic approach to law at the end of the twentieth century can be seen almost a hundred years earlier, at the end of the nineteenth century, in the part of the Austrian lawyer and economist Viktor Mataja during his consideration of the problem of compensation from the standpoint of the economy of 1888 (Sakalaš and Ledak-Kabok, 2011, pp. 119-120). In addition, it should also be noted that Oliver Vendel Holms, one of the pioneers and the most important representatives of functionalist jurisprudence, also, in his famous part of the Road Law, written in 1897, clearly and unequivocally points to the future importance of the economic approach in the analysis of legal phenomenon, or law, in general (Holmes, 1897, pp. 469). As time has shown, Holmes's predictions have fully come true, although it has taken more than seven decades for the truth to do it. However, whenever the beginning of such an approach is established, there can be no doubt that economic analysis of the law, ie the application of theories and empirical methods of economics to the basic institutions of the legal system, as Richard Posner, one of the most influential members of this school, his ascent into, first, the American, and then the world theoretical thought, begins to experience the seventies of the last century (Posner, 1975, pp. 759). A detailed analysis of the attitudes of all contemporary representatives of this school would mean that this task would represent a task that significantly exceeds the goals and frameworks of this paper, and therefore, we will firstly just briefly outline some of the basic points of this thought on law, in order to turn to something more detailed critical analysis of the thinking of those authors who do not limit the application of economic methods exclusively to those branches of law which, in one way or another, are related to the corresponding economic phenomena (liability for damage, costs of proceedings and the like) they require that they must necessarily be included in the consideration of the notion of the law in general, that is, the right in itself and its basic elements.

The usual approach to legal reasoning, that is, making decisions in the application of law, that is, legal norms, implies the application of the so-called judicial syllogism, that is, the supersession of a specific factual situation under the general rule and the execution of the consequent conclusion by applying logic and analytical thinking. The choice of an adequate legal solution could also be based on a moral judgment, that is, on the basis of the valuation of what is just and what is not (Bix, 2003, pp. 190-191). In this latter case, it is already apparent at first glance that the relative nature of this reasoning is obvious, inevitably conditioned by the relative nature of the categories on which it rests, since an objective measure of value estimation is by itself simply not possible. Economic analysis of rights deviates from such, traditionally, traditional ways of legal reasoning, trying to provide the basis for the adoption of consensus-based legal decisions. The

advocates of this school think their attitudes, essentially based on utilitarian concepts of maximizing general usefulness and happiness, while minimizing general pain and suffering (The New Encyclopædia Britannica, 1986, pp. 693). Without the intention that in this place and on this occasion it will enter into consideration of the various directions that have evolved over time in the framework of numerous utilitarian theories, the basic idea can, although the truth for the will, be somewhat simplified by explaining that seeking happiness and avoiding suffering universal and the usual characteristic of all people, and consequently, and since there is no objective criterion on the basis of which it would be possible to determine the preference of any wishes and needs in relation to the needs and desires of others as the only valid basis for bringing it all social decisions must use the one that consequently leads to the maximization of overall happiness, usefulness and pleasure, while minimizing the overall suffering in a society. At first glance, at least it seems to us that such an approach is difficult to offer an even more objective decision-making criterion than the previously stated value criterion, since it is, at the very least, extremely difficult, if that is, at all possible, , and then generalize by any method of abstracting the notion of happiness, pleasure, and suffering. It seems to us that in this way there is nothing else to do, that the arbitrariness of the value criterion, that is, ethics, change the impossibility of epistemology (Leff, 1974, pp. 453-456). However, regardless of the problem, it should be noted that the advocates of economic analysis of the law modify the above approach to a certain degree by resolving the essential inability to determine the human wishes that lead their happiness by reducing it to observing human behavior and choices that make up, all based on the first and the basic assumption that each person rationally maximizes his satisfaction (Posner, 1973, pp. 1). In other words, most people, in most cases, are guided by what they perceive as their own interest, and rational and rational, but not perfectly, choose the means to achieve it (Posner, 1973, pp. 5). Based on this, and according to the teachers of such a school, it is thought of the right, it is possible to draw some basic economic principles that are reduced to the conclusions on the reverse ratio of the price of goods and its availability, and the tendency of the resources to gravitate towards their highest value if their exchange is allowed (Posner, 1973, pp. 1-4). Also, efficiency is understood as a concept of a substantially technical nature which implies the utilization of resources in such a way that human satisfaction, that is, happiness, determined and measured by aggregated consumer readiness to pay for goods and services, is fully maximized, with the value also being denied by the readiness that the goods or services are paid (Posner, 1973, pp. 4). In this way, in consequence, the market becomes at the same time a means of determining human desires, as well as achieving them, that is, a means of increasing, maximizing both individual and general social happiness. Moreover, market transactions are virtually a symbol of a fair transaction, that is, a symbol of social justice, since they are based on the consent of the will and the autonomy of the decision-making of participants in them. Consequently, it could be concluded that this is, among other things, one of the main arguments in favor of the justification and correctness of economic analysis of law (Bix, 2003, pp. 193). It should also be pointed out that the market situation in which the transaction of resources, that is, the desired goods of any kind, is abolished in such a way that the position of at least one participant improves, while at the same time there is no deterioration of the position of other participants, among the defenders of such an approach to law, considers Pareto superior, in comparison with the market situation of

the previously given transactions. In other words, this is the so-called Pareto improvement. On the other hand, if there is no market transaction, that is, an allocation that can make Pareto superior to the new situation in relation to the existing one, then there can be talk of the existence of the so-called Pareto Optimum (Розен и Гејеп, 2009, pp. 36-42). On this occasion, we should certainly not enter into a more detailed explanation of the notion of Pareto optimum, since such an annex would largely come out of the goals outlined in this paper, but it should also be pointed out that the conceptual determination of the optimality used in this sense does not in any way imply the situation that would be the best in comparison to all other situations in the given case, since the existence of more situations that can be Pareto is optimal, quite possibly. In other words, the conceptual definition of optimum, in this sense, deviates from the usual one. Leaving aside a certain one, it seems to me that there are serious observations that indicate that the application of Pareto efficiency, that is, the optimum, can lead to, or demand, solutions that are contrary to some basic social values, such as freedom or autonomy (Sen, 1970, pp. 152-157). It should be emphasized that advocates of economic analysis of the law seem to be fairly justified, claim that all voluntary market transactions, that is, transactions based on autonomy of will, necessarily without exception, necessarily lead to Pareto superior situations (Posner, 1979, pp. 132). At first glance it becomes apparent that such an approach can very hardly be applied to situations that do not characterize the autonomy of the will of the subjects that are in them, that is, the situations in which the apparatus that has the monopoly of physical coercion is withdrawn from the position of government. In other words, the situation relating to the creation and application of the law, Pareto efficiency, even very conditionally understood, as it seems to us, is not successfully applied. True to the will, even if the above claim for a moment is left aside, it must be acknowledged that even when it comes to transactions based on the autonomy of the will of the subjects involved in them, in real life, it is very difficult, if it is possible, at all possible, to find situations in which at least one subject is in a better position, and all other entities are in an equally favorable position than before the transaction. Of course, it is quite obvious that if the position of one entity after the transaction is improved and the position of other entities remains after the transaction is the same as before, we can actually talk about the relative deterioration of their position after the given transaction in question. Advocates of economic analysis of the law try to overcome this potential, although quite real difficulty, by applying the so-called Kaldor-Hicks analysis, which is reduced to the possibility of compensation that the entities that after a transaction could better offer those entities whose position has become worse or remained the same; so it became worse in relative terms. This especially if it is a transaction in which more or less significant, that is, direct or indirect influence has the state power through appropriate decisions. It is worth mentioning that here, in no case, this is not about the fact that the subjects whose improved position really compensate other, less fortunate subjects. In that case, it would be a Pareto superior situation. In fact, it is here that potential compensation could be paid off. Consequently, it can consequently be assumed that the position of all participants in the transaction could be relatively better than before (Bix, 2003, pp. 195).

Kouz's market interaction and subjective rights

It is simply not possible to circumvent the work of prominent economist Richard Coase in considering the economic analysis of rights, bearing in mind the impact his work has left on the views of the School of Economic Analysis of Law (Coase, 1960, pp. 1-44). His attitudes dedicated to, essentially, the interaction of the market and subjective rights, can be simplified through his consideration and criticism of Pigu's position on the necessity of economic subjects, through the intervention of state-legal regulations, to compensate for costs incurred by other subjects, as well as through his thoughts on the impact the initial distribution of subjective rights to their titles on their subsequent distribution (Coase, 1960, pp. 1-19). When it comes to the first issue, Kouz believes that it is simply not possible to determine in advance a damaging entity, that is, it creates additional costs, advocating a view of the reciprocity of causing costs, that is, of understanding that the additional costs are the result of a kind of combination of activities of all concerned entities (Coase, 1960, pp. 2). As for the second issue, Kouz argues that the original, initial distribution of subjective rights to their titles has no effect on the subsequent distribution of the same, and consequently on activities that will result in the same, or their protection, since they will be given rights in the end, they are distributed exactly to those subjects that value them the most, ie those subjects whose greatest economic interest is to possess them (Coase, 1960, pp. 31-34). This is actually the essence of Kouz's theorem. However, the truth is, it is applicable only in the case of a simplified theoretical model in which there are no so-called transaction costs, which in reality is simply not and can not be the case, as Kouz itself clearly and unambiguously points out (Coase, 1960, pp. 15).

Conclusion

Already, on the basis of everything already stated, the axiological positions from which the advocates of the economic analysis of the rights can appear are clearly visible. If such an approach could and should only be adopted when it comes to trade, procedural or delictal law, it seems to us that its application in the area of criminal or constitutional law, or human rights, civil and minority rights, is more than questionable. The reasons for our position are multiple. First of all, it should be noted that utilitarianism, by itself, can be, whether or not with such an approach, is a valid and legitimate value basis for theoretical reflections on law, like any other value or ideological platform. The attitude of the school of economic analysis of law, as it does at least to the authors of these lines, undoubtedly rest, in its deepest basis, precisely on this philosophical premise. How many of the most influential authors, and in that regard, we have in mind Richard Posner, have consistently denied these basics, and the derivation of attitudes is almost obvious (Posner, 1979, pp. 104-107). Of course, there is no doubt that here in any way it is not a matter of simply taking over the original value bases by the advocates of the economic analysis of the law, or the inspiration of the members of this school with the foundations of utilitarianism, but rather in a certain, in a certain way, a simplified materialization of utilitarian ideas (Hart, 1977, pp. 987-988). In other words, we consider that one can not speak of applied utilitarianism in the case of a school of economic analysis

of the law, but rather of a vulgar-materialist approach basically an idealistic basis of utilitarians. I am just Pozner, the truth for the will, quite openly and unequivocally, as best as possible confirming the correctness of our attitude, by determining the wealth, or its maximization, expressed in money, specifically dollars, as the basic principle of society, and therefore the first system, respectively, in general (Posner, 1979, pp. 119-120). Although, as he himself points out, the conceptual identity between the utilitarian concept of happiness and the concept of wealth expressed in money is, at least, more than doubtful, it is difficult to challenge a kind of materialistic concretization, both by the nature of the heavily determined value categories of utilitarians, as well as their subsequent realizations in reality (Posner, 1979, pp. 121). A certain difference that can be perceived in a somewhat different view of social reality, which is definitely indubitable, represents, as it seems to us, nothing else but an inevitable consequence caused by differences between materialistic and idealistic approaches and nothing more than that. In addition, it should be noted that the maximization of wealth, on the contrary, can serve as an ethical basis, but the so-called traditional values characteristic of the common understanding of rights, no matter how they are derived from such an ethical basis, remain only postulated, since, the nature of things, in the case of their derivative character, they can not make an ethical basis by themselves, but only a mere means for its realization (Posner, 1979, pp. 122-127). Whether society and, therefore, the right, whose ethical minimum represents the tendency to maximize wealth, is the ideal to strive for, the question is quite different.

There is no doubt that such an approach to the understanding of the law and its institutes represents a fundamental innovation of the idea of the right to which we are accustomed. It must not be mistaken for the notion that the notion of law can be represented through the prism of a set of values that are contained in its essence, and therefore the law necessarily and consequently presents, among other things, more than a system of certain values, such as justice, justice, morality, security, order, peace, and so on. The School of Economic Analysis of Law, when considering the legal system, exclusively assesses the effects of legal rules on the efficient allocation of resources, without any interest in the problem of morality, or the ethical consequences of these effects. Whether the right, and therefore the society as a whole, based on such ethical foundations, will represent a valid basis for the development of a prosperous democratic community based on the strict and strict respect for all human, civil and minority rights in some future time, remains to be seen. However, after all that has been said up to now, we are inclined to consider that the so-called essential ethical minimum of a society, and hence the right, in the nature of the matter, can neither, nor can it rest solely on the similius materialistic settings based on the increase in money.

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THE IMPACT OF OWNERSHIP OF BANKS ON THEIR PERFORMANCE: CASE STUDY OF SAMPLE OF BALKAN COUNTRIES

Abstract

The purpose of this paper is to investigate the relationship between bank ownership (foreign vs. domestic) and bank profitability in three South-Eastern European countries, Bulgaria, Macedonia and Serbia using individual bank data. There are a lot empirical evidences that banks with foreign ownership have better performance. This is due on the better corporate governance in those banks that is manifest with better risk management system. In micromanagement, better risk management system is depicted in better granting criteria, more strict and unbiased process, better monitoring system and more proactive strategy. This leads to better quality of the credit portfolio and better performance indicators. This paper will explore this hypothesis on basis of a sample of 24 banks from the three sample countries through a data series of ROE for the period 2008-2016.

Key words: Bank performance, ROA, Balkan countries

JEL classification: G21, G34

УТИЦАЈ ВЛАСНИШТВА БАНАКА (СТРАНИХ ИЛИ ДОМАЋИХ) НА ЊИХОВЕ ПЕРФОРМАНСЕ: СТУДИЈА СЛУЧАЈА КОД БАЛКАНСКИХ ЗЕМАЉА

Апстракт

Циљ овог рада је истраживање односа између власништва банака (страних и домаћих) и профитабилности банака у три државе југоисточне Европе, Бугарске, Македоније и Србије користећи појединачне податке банке. Постоји пуно емпиријских доказа да банке са страним власништвом имају боље резултате. Ово је последица бољег корпоративног управљања у овим банкама који се манифестишу са бољим системом управљања ризицима. У микро менаџменту, бољи систем управљања ризицима приказан је у бољим критеријумима за одо-

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бравање, стројсијем и непристрасном процесу, бољем систему праћења и проактивнијој стратегији. Ово доводи до бољег квалитета кредитног портфоља и бољих показатеља учинка. Овај рад ће истражити ову хипотезу на основу узорка 24 банке из три државе кроз серије података POE за период 2008-2016.

Кључне речи: перформансе Банке, РОА, балканске земље

Introduction

According to OECD (OECD, 2004.p6) Corporate governance is defined as a set of relationships between a company's management, its board, its shareholders and other stakeholders which provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made. Something in those relationships between the stakeholders of banks was functioning poorly because corporate governance was one of the topics that came under strong criticism after the financial crisis.

BCBS (BIS, 2015.p.3) says that effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. So, the proper functioning of the system of corporate governance is important because banks perform a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are key to financial stability, and the manner in which they conduct their business, therefore, is central to economic health. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole. Recent literature (Adams and Mehran, 2012.p.28) document the pivotal role of corporate boards as an essential instrument to performance of banks, particularly after the global financial crisis in 2008.

Analysis of the various mechanisms by which corporate governance is exercised becomes relevant given two conditions: an agency problem generating conflicting interests between the various parties involved (owners, managers, creditors, employees); or transaction costs so high as to prevent resolution of conflicts by contract between the parties (incompleteness of contracts) (Generale and Gobbi, 2000.p.35). The most commonly studied conflicting interests are those of providers of finance (owners and creditors) on the one hand and management on the other and those of suppliers of finance enjoying different preference (equity and debt capital). In the former case, the problem is to oblige management to pursue maximization of the value of the firm rather than personal advantages. In the latter, differing positions in case of liquidation create differing preferences on risk-taking. Specific forms of ownership correspond to different degrees of informational asymmetry. Becht (Becht, 2002.p.1) argue that the corporate governance problem arises whenever an outside investor wishes to exercise control differently from the manager in charge of the firm. La Porta and other authors (2001. p.8) identified the risk of outside investors being expropriated by insiders as a corporate governance problem. Berglof and Von Thadden (1999, p.4) pointed out that the "recent literature is based on the premise that the main corporate governance problem is (the conflict between) self-interested management and weak, dispersed shareholders".

The credit crisis of 2008 has reconfirmed the importance of good governance for sound performance of banks, raising the need to understand the agency problems in banks and the efficiency of various corporate governance mechanisms in mitigating these problems. Therefore, it is easy to see that external shocks to an industry provide researchers intriguing opportunities to investigate the performance and adaptation of corporate governance systems (Kole & Lehn, 1997). Banks have a number of specific characteristics that “alter” the agency problems and require a different view of corporate governance. For example, banks are organized in a variety of ways, from stand-alone corporate entities and single bank holding companies to multiple bank holding companies and diversified holding companies (Macey & O’Hara, 2003.p.93). Banks’ assets are more opaque, which makes it harder for the owners to monitor their bank’s activities.

Banks also have the ability to take on risks very quickly, in a way that is not immediately visible to directors or outside investors (Becht, Bolton & Roell, 2012.p.21). Moreover, banks are subject to stricter regulation by regulators and deposit insurance, which has important implications for the risk-taking incentives of bank managers and moral hazard problem in banks. The existence of regulators and deposit insurance ensures that the core source of funding which comes from the depositors is protected since this group of stakeholders (depositors) pay less attention to the bank’s risk profile. Another reason for banks to be treated differently is the influence/role of their special groups of stakeholders, which are depositors, bondholders and regulators, i.e. banks are multi-constituency organizations (Becht, Bolton & Roell, 2012.p.26).

One important determinant of the structure of corporate governance is the ownership: is the dominant owner domestic or foreign – international bank. If the owner is foreign bank than it can transfer know how but also can be a transmitter of problems in the country of its origin. Domestic shareholders cannot provide capital or liquidity support so easily and also are probable more biased in making credit decisions.

Until the 2008-09 financial crisis, foreign ownership was viewed as a key ingredient of financial development and a driver of economic growth. However, this view changed since foreign banks were the main conduits in transmitting the crisis from western into transition countries (Bakker & Gulde, 2010.p22). Consequently, analyzing corporate governance of banks in relation to their (foreign) ownership and its implications for bank behavior during the recent financial crisis is a current and relevant question. The same applies to the board structures of these banks, as well as risk management frameworks and practices. This is mostly relevant and important for the emerging countries, where the dominance of foreign owned banks is so pronounced. How independent are the supervisory boards and management of such institutions? How relevant are their policies to local conditions, and how responsive are they to local needs? Are the shareholders and board committed to support the local institution in a crisis or will they shut down credit and limit their exposures because of problems originating in their parent bank abroad? Are they collecting local funds for transfer to foreign operations? Are they willing to sacrifice the liquidity and solvency of the small local institution to the needs of the parent?

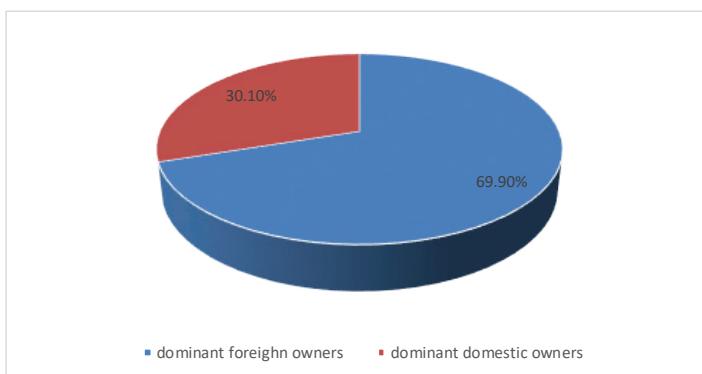
Also, the system of corporate governance influence on the performance of the bank. The studies focusing on the origin of the owner (foreign vs. domestic) find foreign banks to be more profitable in general but specificities of the country of their operation do have an impact on their performance. Demirguc-Kunt & Huizinga (1999.p.405) find that foreign banks have higher margins and profits compared to domestic banks in developing countries, while the

opposite holds in developed countries. In investigating the determinants of bank efficiency and performance Bonin, Hasan & Wachtel (2005.p.26) find that foreign- owned banks are significantly more cost efficient than domestic banks.

Ownership of banking systems of the sample countries

The banking systems in the Balkan countries are heavily owned by foreign owners mostly from West European countries. The start of the transition process in 1989 heralded the large-scale entry of foreign banks into Emerging Europe. Western-European banks with saturated home markets were attracted to the transition region due to its scope for financial deepening and its ample growth potential. Policy makers and development institutions stimulated financial integration because of its presumed positive impact on the efficiency and stability of local banking systems. The empirical evidence that emerged over the next two decades suggests that foreign bank entry indeed stimulated competition and transferred know-how (Fries and Taci, 2005.p24) and that foreign banks were relatively stable credit sources during local financial turmoil. The ownership structure in the three sample countries confirm the dominance of foreign investors in their banking systems. In the banking system of Macedonia the banking system is dominantly owned by foreign owners. At the end of 2016 the banks that are owned by them contribute with 70% in the total assets of the banking system and comprise of 11 banks (Figure 1). Domestically owned are four banks, from which one is state owned.

Figure 1 - Ownership of Macedonian banking system



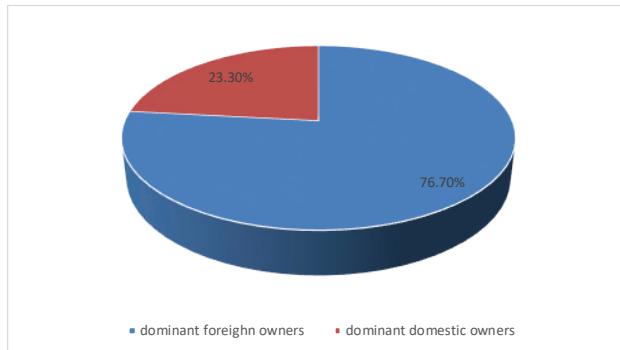
Source: National Bank of the Republic of Macedonia

Not just in total assets, the banks that are owned by foreign shareholders dominate all the positions in the banking system which makes it vulnerable on external macroeconomic developments. The other important characteristic is the concentration. The biggest three banks have share of around 58% in the total assets.

The situation regarding the ownership structure of the Serbian banking system is not so different too. The banks that are owned by foreign shareholders at the end of 2016 hold more than 2/3 of the banking assets (Figure 2). The same share is more or less present in all the rest

of relevant categories like capital, network, employment etc. The number of banks that are owned by domestic shareholders it's 8 and foreign owned are 22 banks.

Figure 2 – Ownership of Serbian banking system

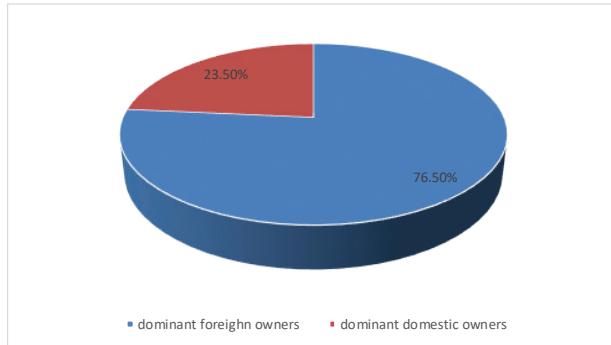


Source: Serbian central bank

Regarding the concentration in the Serbian banking system, the top five banks hold 55% from the total assets, so it is less concentrated system than the Macedonian one.

The Bulgarian banking system, regarding the ownership, is not exception. The share of the banks that are owned by foreign owners at the end of 2016 is more than 2/3 of the total assets of the system (Figure 3).

Figure 3 – Ownership of Bulgarian banking system



Source: Bulgarian central bank

Measure of the performance of the sample banks

In general, the performance is defined as the achievement of the objectives set forth by the firm (the bank) within the agreed time and with minimal costs while using the available resources. For example, for a manager, the performance may be profitability or competitiveness for the company or for the employee, the work environment, or the quality

of services rendered for the customer. The multiplicity of possible approaches brought out a concept determined due to the diversity of groups that make up the organization.

Generally bank performance studies rely on two types of indicators: accounting based indicators and profit or cost efficiency indicators based on the efficiency and productivity analysis. In this paper we use accounting-based profitability indicators in banking. According to Čok and Košak (2008.p101) profitability ratio return on asset (ROA) is considered to be a core performance indicator used in majority of studies. ROA directly or indirectly incorporates most of the aspects of the banking business. An alternative profitability indicator frequently used in bank performance studies is return on equity (ROE) ratio. If ROA reflects the ability of bank management to generate profits from the available bank's assets, then ROE indicates the return to shareholders' equity. Both indicators are directly related through the asset-to equity ratio, which measures the financial leverage of the banking firm. Čok and Košak emphasize that both indicators have some shortcomings. The ROA indicator may be biased because it ignores the off-balance sheet activities of banking firms, while the ROE indicator disregards the impact of risk associated with different levels of leverage that in connection with ROA directly determines the size of ROE.

This paper will use the ROE as a measure for bank performance. The ROE is chosen because the main focus of the paper is the impact of the ownership (foreign/domestic) on the performance. Having in mind that the shareholders invested their capital for return and their main objective is return on their capital on mid or long term then ROE should be better indicator.

Impact on the type of ownership of the performance of the banks

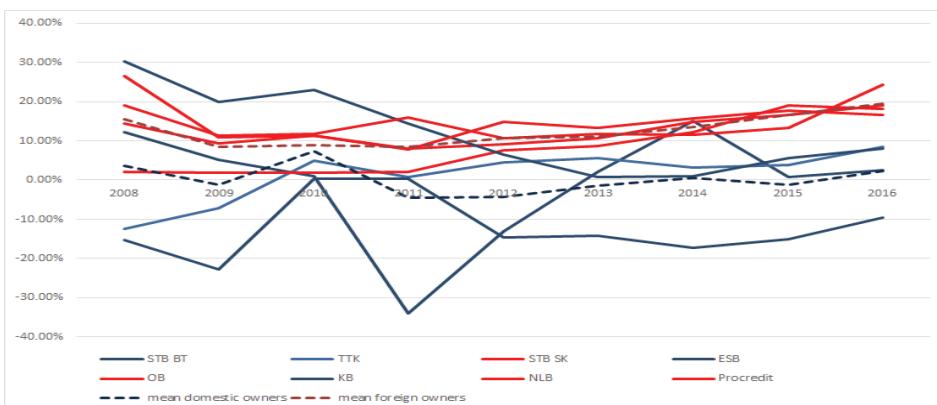
The main focus on this paper is to evaluate the performance of banks with dominant foreign and domestic owners. The literature and empirical evidence, especially when the banking systems of the Balkans are in question, says that the banks with foreign owners have better performance (Fries and Taci, 2005.p24). This is mainly because of the transfer of know-how and better system of corporate governance. This paper will evaluate the performance of sample of banks in three Balkan countries: Macedonia, Bulgaria and Serbia. Of course the performance of a bank, that will be measured by ROE, is not dependend only on the ownership structure but also on market position and other idiosyncratic factors. In order the conclusions of this paper to be relevant, special attention must be put when the sample is determined. So, from each sample country 6-7 individual banks are analyzed and half of them are owned by foreign owners and the other by domestic ones. Also, the banks that are chosen are similar in size in order the results to be relevant. The banks that are in the sample comprise more than 50% of the banking system in all sample countries.

Macedonia

From the banking system of Macedonia eight banks are analyzed, and half of them are owned dominantly by foreign shareholders. The period that is analyzed is from 2008-

2016. The empirical results confirm that the banks with foreign owners have greater ROE than the one that are owned by domestic shareholders. The mean ROE is greater on the sample banks of foreign owners through the whole period. Also, in the last three years all the banks that are owned by foreign shareholders have greater ROE than the bank with higher ROE that is owned by domestic shareholder. This is due on the weaker profitability position of the banks with dominant domestic owner. The further analysis shows that the weaker profitability doesn't come from worse operational effectiveness but from the quality of the credit portfolio. In other words, the difference in ROE comes from differences in corporate governance that are expressed through granting criteria, strategic decisions, tolerance for risk etc. The bank with dominant domestic owners with higher ROE in 2015 and 2016 has $\frac{1}{2}$ of the ROE of the bank that is owned by foreign owners with smallest ROE from the sample (Figure 4). And in the case of Macedonian banking system this sample is relevant because it represents more than 75% of the total assets of the banking system. The date from our sample show that from 2012 till 2016 all the banks that are owned by foreign owners have bigger ROE than the bank with higher ROE that is domestically owned. The ROE in one Macedonian bank that is higher in 2014 is due on extraordinary profit and it is not a result of every day operations.

Figure 4 – ROE of sample of Macedonian banks in the period 2008-2016



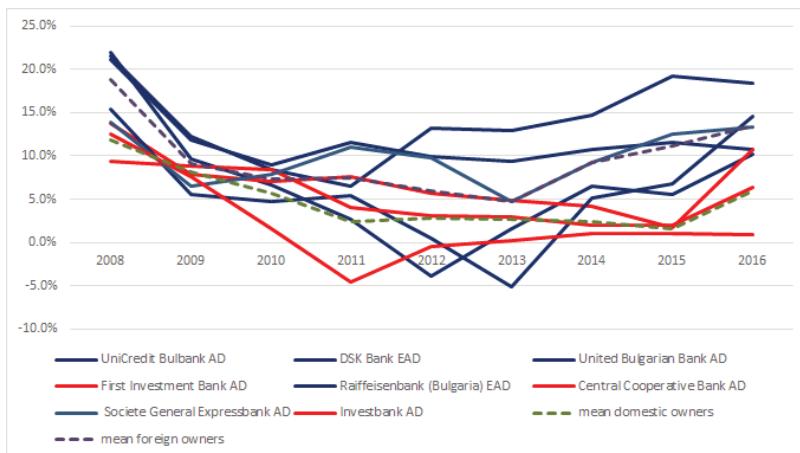
Source: Individual audit reports on the sample banks

Bulgaria

The sample of banks consist of eight banks and five of them are dominantly owned by foreign shareholders. The analysis of ROE in 2016 shows that all the banks with foreign owners have higher ROE than the most profitable locally owned bank. The main difference, if we compare Bulgaria and Macedonia is that in 2010 all the banks from the sample as a consequence of the EU debt crisis, had similar ROE (Figure 5). After 2013, the trend is more than evident. The banks that are dominantly owned by foreign investors have higher ROE. The difference in ROE in the bank with higher return between the banks that are owned by foreign owners and domestic owners is more than double. The average ROE from the two

types of sample banks shows clear gap that is narrowed in 2010 and again expands from 2014 till 2016.

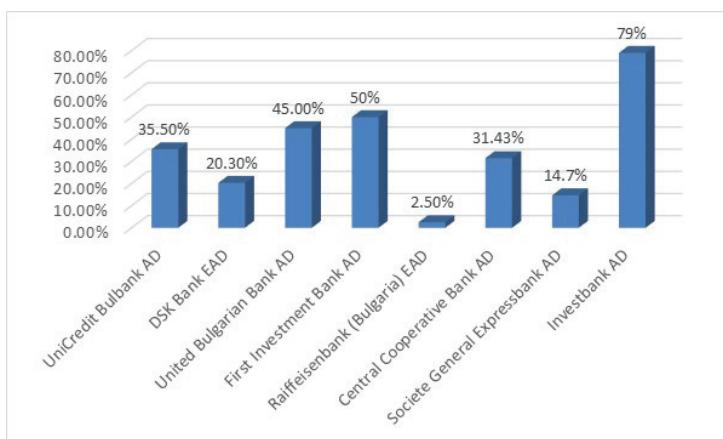
Figure 5 – ROE of sample of Bulgarian banks in the period 2008-2016



Source: Bulgarian central bank

Like in the case of the sample banks from Macedonia, the main difference in ROE comes from the quality of the credit portfolio. The ratio of impairment for 2016 and net interest income gives very clear picture (Figure 6). The banks that are owned by foreign shareholders have smaller ratio and are more profitable. We can argue that that is due on the market position, better access to clients or cheaper source of funding. Still, at banks with similar market share the difference in this ratio is obvious.

Figure 6 – Impairment of financial assets/ net interest income for sample of Bulgarian banks for 2016



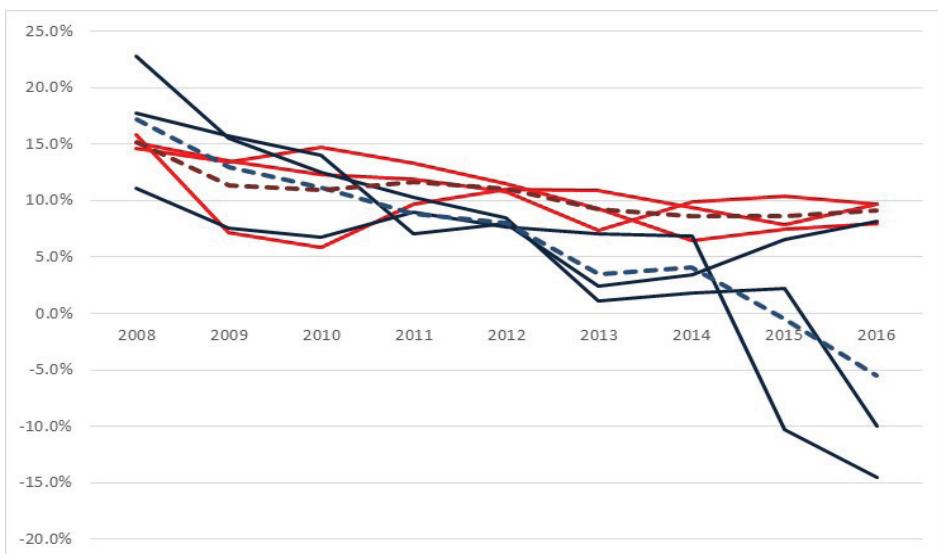
Source: Bulgarian central bank

Serbia

The same conclusion that was brought for Macedonia and Bulgaria can be confirmed on a sample of six banks from which three are owned by dominant domestic owner. The difference in ROE between the two types of banks is evident through the whole period starting from 2010 till 2016. Before that the effects from the financial crisis were felt in all banks. The difference in ROE starting from 2012 is even more emphasized (Figure 7). The biggest bank that is owned by domestic shareholders has negative ROE in the last two years which is due on the bad quality of the credit portfolio. The impairment of financial assets and credit risk-weighted off-balance sheet items is higher than the net interest income for 2016.

The banks that are owned by foreign shareholders have similar ROE around 10% in 2016 and two of three sample banks that are owned by domestic owners have negative ROE in 2016. Starting from 2012, the difference in the average ROE on the two types of sample banks expands.

Figure 7 – ROE of sample of Serbian banks in the period 2008-2016



Source: Serbian central bank

Conclusion

The corporate governance structure is important for the performance of a bank. There are a lot of empirical evidence that the ownership (foreign/domestic) structure in SEE countries have great impact on their performance. Banks in SEE countries that are dominantly owned by foreign shareholders have better performance. One factor that contributes for better performance is the transfer of know-how and better risk management system. The sample of banks from the banking system of three Balkan countries confirm the previous researches. In all countries, especially after the financial

crisis the performance of the banks with dominant foreign owner measured through ROE is much better. And that trend is continuous from 2010 till 2016. In 2016 in all three countries all the banks that are owned by foreign owners have higher ROE than the bank that is owned by domestic shareholders with the highest ROE. The reasons for lower ROE at the banks with domestic shareholders lie at the worse quality of the credit portfolio. And the quality of the portfolio is mainly due on the quality of the granting process and granting criteria and system of monitoring or in one word the quality of management of credit risk. This is pure corporate governance issue and we can argue that the banks with foreign owners in the sample countries have better systems for management of credit risk.

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BUSINESS MODEL ADJUSTMENT - A CONDITION OF AN ORGANIZATION'S SUSTAINABILITY ON THE MARKET

Abstract

Utilizing the analytical descriptive method, this paper examines the business model as an especially useful concept, considering the fact that organization managers are often unable to explain the complexities of business regulations and elements in an understandable way. A contemporary approach views the business model as a tool that assists the understanding, visualization and communication of the basic nature of conducting business to parties of interest and influence. The purpose of this article is to clearly describe the spectrum of business model concepts and to give a clear overview of its essential components. What is more, the paper emphasizes the role and importance of innovating the business model as a determinant of a contemporary organization's sustainable competitive advantage. It is believed that business models are able to change the fundamental nature of business regarding the organization's value creation and to set new competition standards in a given industry.

Key words: business model, organization, innovation, sustainability.

JEL Classification: M21, O31

ПРИЛАГОЂАВАЊЕ ПОСЛОВНОГ МОДЕЛА - УСЛОВ ОДРЖИВОСТИ ОРГАНИЗАЦИЈЕ НА ТРЖИШТУ

Апстракт

У раду се аналитичко дескриптивним путем разматра пословни модел као посебно користан концепт, с обзиром да менаџери организација често нису у стању да објасне комплексност пословних одредница и елемената на разумљив начин. Савремени приступ проматра пословни модел као алат који помаже разумевању, визуализацији и комуницирању суштине пословања интересно -утицајним групама. Сврха је овог чланска да јасно опише спектар концепта пословног модела и пружи јасан приказ његових градивних елемената. Такође, наглашена је улога и важност иновирања пословног модела као детерминанте одрживе конкурентске предности сувремене организације. Сматра се да пословни модели могу променити суштину бизниса у смислу стварања вредности од стране организације и поставити нове стандарде такмичења у појединој индустрији.

Кључне речи: пословни модел, организација, иновације, одрживост.

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Introduction

The process of value creation by an organization, i.e. the way in which it generates sustainable growth is in the center of the business model. In the business world, the profitability of certain industries significantly differs, so the pharmaceutical and the airline industries on average differ by tens of percent when it comes to the rate of investment return. There are industrial factors that enable organizations in certain industries to reach a higher level of profitability. However, there is an even more significant profitability difference among companies in the same industry that is created by the business models that they use. Relevant research by IBM Institute for Business Value from 2016 shows that 8 out of 10 companies work on innovating their business system and 97% of surveyed companies work on modifying the existing business model. This poses the questions of what the cause of such intense research and perfecting of the business system is. The fact is that, these days, the current business systems of creating new value and of placing that value on the market are faced with serious challenges. They include strong business globalization, economic crisis in industrially developed countries, a limiting operation of the open market in developing countries, the advent of new companies coming from growing economies from the east that offer competitive prices, the creation of new technologies founded on information technologies where a special challenge is the influence of the internet on business models, and so on. To sustain their business and to be able to survive on such a complex market, the leading global and domestic companies direct their managerial activities towards creating an innovative culture that should encourage innovation in the business model, product, and working operations region.

Basically, a quality business model should answer the question of where an organization's profit is coming from. If the management's answer to this question is not precise or if the inflow of funds coming from realized activities does not cover the expenses and does not leave a satisfactory level of profit, it is clear that the organization does not have a good business model.

1. Business model

The business model of an organization is a system of transforming the incoming resources via business activities into outputs and outcomes that are supposed to realize its strategic goals and to create value during a designated time period. The outcomes of a business model are identified as incomes and they are tracked through performance increase, employee morale and the organization's reputation on the market. Ultimately, along with leadership, a business model is one of the factors that make certain organizations more profitable than others [Afuah, 2004].

A business model is also identified as an organization's plan for combating competition, using the available resources, structuring relationships, handling consumers and creating value to enable the sustainability of conducting business. This goal creates the demand that contemporary organizations be efficient, flexible, innovative and careful for the purpose of achieving a sustainable competitive advantage [Linde, Herr, Rehklau, 2006]. In this sense, the business model represents a rational explanation of

how an organization creates, delivers and valorizes the economic, social, cultural, or any other form of value to the consumers on the market. A business model depends on the resources that are under an organization's control and the competence it possesses. Different business models are used to describe and classify businesses, especially in the entrepreneurial sphere, but they are also used by managers in companies to explore the possibilities for future growth, which means they can functions as "recipes" for creative managers [Baden-Fuller, Charles; Morgan, 2010]. A further expansion of this logic points to the significance of a continual need to develop the business model as a mechanism that enables leaders to build successful and sustainable organizations [George, Bock, 2012].

From a theoretical viewpoint, in a changeable environment there comes a question of whether there exists and if so, what the difference is between a business model, business plan, and an organization's strategy. Researchers in this area mostly agree that they are all different concepts. Thereby, the difference is as follows:

- a strategy is, first of all, focused on the product-market relation, that is, on building a distinction from the competition;
- a business model is a wider term that, aside from the product-market relation, involves the process of value creation;
- a business model is more focused on fulfilling consumer demands;
- the newly created value should represent value for all parties of interest, and it should include sustainable business conduct.

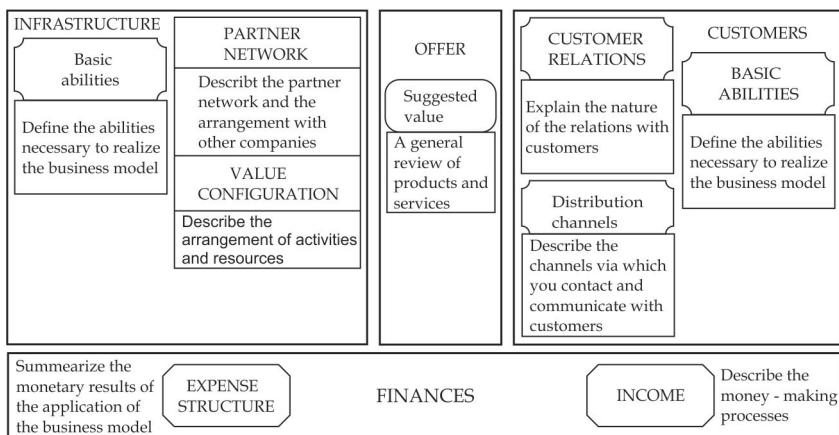
From the abovementioned stems the conclusion that the concept of a business model is very similar to the concept of strategy. The key difference lies in the fact that two organizations can have the same focus group and a similar strategy, but they can implement quite different business models. A business model exists when an organization knows its market, its consumers, their values, and how it creates new value for them [Drucker, 1994, p. 99].

What is more, the question regarding the difference between a business model and a business plan is also posed. A business model is on a higher level of abstraction and it refers to the rational explanation of business conduct, whereas a business plan gives details or plans of conducting business. A business model is the foundation on which a business plan is built, and the plan identifies the necessary personnel, resources, marketing strategy, and the financial aspect for a predetermined period of time. Simply put, a business model precedes the creation of a business plan.

To determine what a business model is presents quite a challenge. There is no standard business model, even though it should entail all activities that describe how an organization should behave on the market. There are numerous tools that can help an organization's management with the development of an adequate business model. One of those tools is the "Business model Canvas" (picture 1) that enables a better understanding of the essence of the business model in general, considering it is one of the more often used models in practice [www.pokreni.se/business-canvas-model/]. It is a dynamic and simple managerial tool that all organizations can implement, and it enables the designing, development, description, improvement, and testing of a new business model. Subject business model is a tool of strategic management in the shape of a visual diagram [Cowan, 2013] that includes:

- consumer focus group,

- a promise of the value to be delivered to consumers,
- expense structure,
- value delivery system,
- customer relations
- income
- main resources (basic abilities),
- key activities (value configuration), and
- key partners.



Picture 1. Business model structure

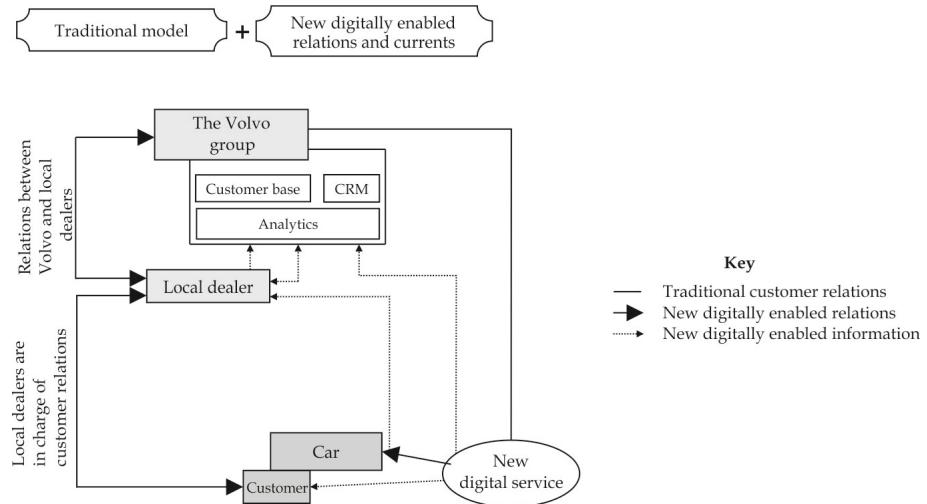
At the beginning of the model are the clients to which the organization delivers value. Of course, the key segment of the stated model is the suggestion of the value to be delivered to customers and it signifies the organization's ability to consider customer needs and to deliver the promised value in a realistic ambiance at affordable prices. This means that key values which are offered should be developed for each group of clients, including cost assessment and the expected income. The next is the system or network that represents the points of contact with the customers via which key value is delivered. This model stresses that an organization should build target consumer and key associate relations of the highest possible quality, which can bring a specific advantage to the model, whether it is resources or activities.

2. Creating an innovative business model

In economic theory, the market is seen as a mechanism that solves all problems, whereas in practice business models were created to deal with market problems. To serve their purpose, business models have developed over time and they have become more and more sophisticated. All organizations, implicitly or explicitly, develop a business model that in essence implies management assumptions as to what consumers want, how they want it and how a company can be organized to satisfy the researched consumer needs,

and to make profit while doing so [Teece, 2010]. Thus a good business plan is extremely important for any organization. The organization's management is in charge of designing a business model. The logic of shaping a business model is seen by the managers/leaders as the result of creating new or reshaping the existing organizational structure in order to take the opportunity of establishing the organization on the target market [Zott, Amit, Massa, 2010]. Research conducted in the USA has shown that business models are truly indispensable for the sustainability of any company's business.

The process of building and modifying a business model is seen as an innovation of a business model and it represents a segment of an organization's business strategy [Geissdoerfer, Martin; Savaget, Paulo; Evans, Steve, 2017]. A thorough strategy, strategic resources, partner networks, and customer relations are components of every business model, and by changing it, their structure is changed. Innovating a business model represents a change in the activity of creating, implementing and validating a new model. Chesbrough (2007) believes that "a better business model is more important to an organization and its management than a better idea or technology". As an example for a better understanding of what a change of the business model can represent, the change that the company Volvo realized is often cited [Business Model, 2013]. An analysis of Volvo's existing business model (picture 2) has shown that it has practically not changed since the founding of the company and everything pointed to the necessity of innovating it.



Picture 2. The change of Volvo's business model

The Volvo corporation delivered vehicles to local dealers who sold them and maintained customer communication. By the advent of the Internet, the preconditions for a business innovation were created, and that innovation was: All cars that were sold were connected with the corporation via the internet with the added option of car control and providing technical advice. This way, new services were created, such as: remotely turning on the heating in cars; tracking a stolen vehicle; door lock control; viewing the dashboard; insight into the condition of the engine; service time, etc. From

the abovementioned, it is evident that an applied innovation into the business model adds significant value to consumers.

The aforementioned business model canvas helps organizations to implement structural and strategic analyses of existing affairs or analyses to create new sources for growth and development. Graphically showing a business model undoubtedly helps the strategic management to clearly and understandably represent business logic and the process of value creation to all interested stakeholders [Fensel, 2001]. So far, there are three kinds of innovation that have been recognized in the practice of innovating a business model, and they are found in the areas of [Linde, Herr, Rehklau, 2006]:

- valorizing delivered value,
- an organization's functioning (the inner chain of industry), and
- the industry of redefining the existing, or creating new industry.

In fact, the kind of contemporary business models mostly depends on the way technology is used. For example, entrepreneurs have created new models online that wholly depend on existing technology. By the use of technology in a competitive environment, companies are able to reach great numbers of consumers to whom they can offer expected value with minimal expense. With the growth of outsourcing and globalization, the reality is that business models must greatly respect strategic sources, complex supply chains, cooperation activities and relational contract structure [University of Tennessee, 2014]. Any change in the suggested business model structure entails the identification of product or service quality, where special attention should be paid to the target consumer group to which the organization is referring and to the suggested value to be delivered. The suggested value [Baden-Fuller, Mangematin, 2013, p. 419-420] should answer the following questions: What kind of value is delivered to the consumers? Which products/services does the organization offer and to which segment of the market? Which consumer issue is being dealt with? Which consumer demand is being met? The attributes of suggested value can refer to: novelty, performance, adjusting to consumer needs, design, brand/status, price, cost reduction, risk reduction [Lambert, 2006], etc. From this stems the fact that the decision regarding the market segment and the quality of the product/service is made in the business model identification phase. A wrong assessment of consumers and expenses is the most common mistake that should be avoided in the suggested business model structure.

Considering the fact that the business model precedes the business plan, i.e. documenting certain managing systems, it is especially important to articulate and understand the concept of business model prior to any sort of documenting. Namely, experience shows that documenting management systems does not reflect a realistic business model, but it is tailored to meet the demands of the prescribed standards. This should be particularly emphasized, since an individual organization can have more than one business model for managing its business portfolio. In any case, new business models can change the essence of doing business and set new competition standards in a given industry [Zott, Amit, and Massa, 2011; Cliffe and McGrath, 2011]. Multiple iteration (renovation) and rotation of an initially conceived business model results in a sustainable business model that needs to be further elaborated into a business plan [Blank, 2005].

3. What is and what is not important for an organization in the process of value creation?

As numerous authors point out, an organization's management emphasizes added value creation when identifying a business model [Afuah, 2004; Tecce, 2010; Casadesus - Masanell, Ricart, 2009; Zott, Amit, 2010]. It is about the value that an organization creates and distributes, as well as the profitability that stems from the creation and distribution of value to customers. Incidentally, practice shows that there is no defined business model in explicit form, which is why the management is forced to create such a business concept that could answer the question of what is and is not important to an organization, i.e. what the risk of realizing set goals and value chain is [Baden-Fuller, Mangematin, 2013]. In that sense, an organization's leadership has a special role in creating an innovative business model.

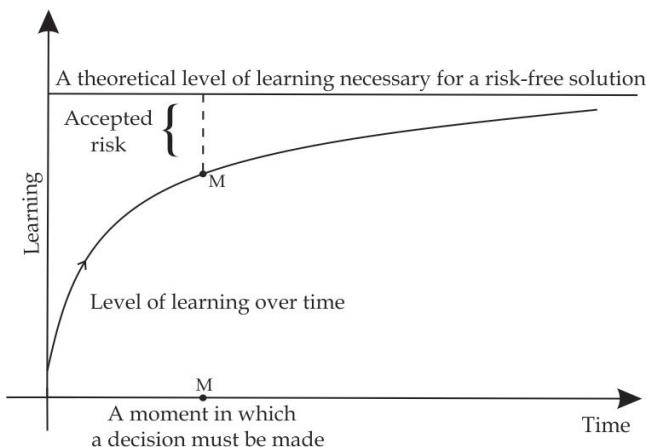
Above all, creating and delivering added value to customers is necessary for maintaining an organization's business sustainability on the target market. The delivery of expected value depends on innovativeness in creating a business model with an adequate integration of different management systems [Božilović, Miletić, 2014, p. 36]. Organizations realize business sustainability on a certain market by realizing all necessary activities through a suitable process. In business practice, numerous domestic organizations have adopted or are in the process of adopting an official management system that should enable a profitable creation of new value to a business model. It is unimaginable for an organization to function without being based on multiple management systems. It is essential to completely understand the business of an organization to enable the creation of added value by the process of management system assessment. An innovative business model [Dwight, 2015] as a clear concept for this purpose gives the necessary information regarding business goals, strategies, politics, and business plans.

The market ultimately verifies whether an organization with an altered business model has created new value. The assessment of management system in the function of creating added value is created by the assessment of individual processes that are essential to the assessed system, the most important being the system of product quality. For each identified process, the management of an organization determines the inbound and outbound outcomes, including selected constants, performance indicators, success evaluation methods and the improvement of the processes themselves, etc. The inbound elements in the process require market analysis, information on customer satisfaction, prognoses regarding the direction of applied technology development [Miletić, et. al, 2017, p. 41] etc. For the most part, the processes being evaluated are defined, even though there are some undefined ones. The undefined segment of a process can be said to be a potential risk for the attainment of goals in the process, since this part of the process is not completely mastered. An example of a process's indeterminacy in an organization is the phenomenon of the so-called technological waste that is difficult to remove and which appears as a consequence of being insufficiently familiar with the process.

The correlation between a directed risk and process indeterminacy points to the conclusion that the main task of the management is to reduce the vagueness via process. The correlation between indeterminacy and learning about a process while making

executive decisions (picture 3) suggests that the way to risk reduction lies in increasing the knowledge about a managed process.

In order to remove any non-compliance when creating added value, improvements in the management system are needed. This means that an adequate assessment of a system can help create added value. In this manner, creating added value in organizations at a lower level of management maturity is directed at a complete understanding and application of the principles and demands of the right assessment standard. At higher levels of management maturity, attention should be paid to identifying the risks of realizing set goals.



Picture 3: The correlation between indeterminacy and the knowledge about a process when making a decision

It is evident that a business model is of great use when identifying what is essential and what is not to an organization, i.e. what its target consumer group is, or what the suggested value (*quality*) is. By identifying the possible risks to the success of a system, attention is directed towards the assessment of an organization, and not primarily to increasing the size of the system, which is important for the sustainability of its business.

Conclusion

Considering the intensity and frequency of change in the environment, an organization's business system must be adapted more quickly and more efficiently for the successful survival of its business on the market. In order to be able to accomplish this, an organization should have a clear picture of the future of its competitive situation and reliable innovative processes. What is important is the way in which an organization creates and delivers value to clients and attains profit. The key to a successful business of every organization is the business model on which it is based.

A changeable situation on the market caused by various factors demands much quicker and more intense adjustment and innovation of business systems to ensure the

survival of an organization. Thus the successfulness of a business model needs to be based on the creation of appropriate relations among all the elements and their harmonization. Each component contains a lot of information on the organization's business model. By changing any element, the entire map of the model is changed and the organization's business model undergoes change which is reflected on the value the organization places on the market.

Bearing in mind the intensity and frequency of change, it is also necessary to create a theoretical framework which could enable the identification and mastering of the process of business model innovation. Taking into account that these are not isolated events but a process that is most likely going to become more and more intense, it needs to be systematized. From the aspect of the quality management's system assessment, the concept of the business model makes it easier to understand business itself in a given organization.

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ROLE OF MARKETING AND SOCIAL NETWORKS IN IMPROVING BUSINESS EFFECTIVENESS

Abstract

Modern technologies offer many opportunities to companies everywhere in the world. Marketing's and manager's job is to get to know all those possibilities, to know their positive and negative side, put it in context and use it in marketing strategy in order to upgrade business of the company, improve sales effectiveness, and finally, raise revenues and value for all stakeholders. This paper contains data on using social networks and technology in advance in company actions, so informations are firstly collected using Facebook, Twitter, Instagram, Google+, Pinterest, LinkedIn, and other social platforms, and the same networks are used to spread informations about business and products, along with feedback used to correct future actions. Informations gathered can be extremely useful, but some can be recognized as unneeded. The main goal of this paper is to show how social networks influence modern businesses and how they can be used as a part of marketing mix in order to improve business effectiveness.

Key words: technologies, social networks, marketing strategy, improving sales effectiveness

JEL classification: M21, M31, M37

УЛОГА МАРКЕТИНГА И ДРУШТВЕНИХ МРЕЖА У ПОВЕЋАЊУ ЕФЕКТИВНОСТИ ПОСЛОВАЊА

Апстракт

Савремене технологије нуде многе могућности за компаније свуда у свету. Посао маркетара и менаџера је да се упознају са свим могућностима, да упознају њихове позитивне и негативне стране, ставе их у контекст и искористе у маркетинг стратегији како би унапредили пословање компаније, повећају ефективност продаје и на крају повећају приходе и вредност за све стакхолдере. Овај рад обухвата податке о коришћењу друштвених мрежа и технологије као предност за активности компанија, и то тако да се прво прикупљају информације преко Facebook, Twitte, Instagram, Google+, Pinterest, LinkedIn и других

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друштвених платформи, затим се исте мреже користе за ширење информација о пословању и производима, а затим се прикупљају повратне информације. Циљ овог рада је да покаже на који начин друштвене мреже утичу на савремено пословање и како се могу користити као део маркетинг микса како би се повећала ефективност пословања.

Кључне речи: технологије, друштвена мрежа, маркетинг стратегија, ун- пређење ефективности продаје

Introduction

Marketing has been a key feature in organizations when it comes to enlargement of customer base and moving products and services towards the customers. However, we must not forget that the world is always changing and moving, and the same goes when it comes to economy, sales and productivity. That is why is important for marketing to understand the changes and always advance, in order to enable effective business, growth and sustainability for long period of time. Development of technology and Internet made a whole new perspective and opened many possibilities for companies, and marketing needs to understand and use it's knowledge of the modern world and customers.

Integration of segmantation, targeting, differentiation and positioning strategies designed to create, communicate, and deliver an offer to target market⁴ - this is the definition of a marketing strategy, and in the modern world technologies transfer market to Internet, and consumers, company and competitors are much closer to each other. This gives companies an opportunity they did not have before – to come closer to targeted customers through use of technology in their advance. Interaction with customers, differentiated and consistent customer experience in sales, services and using advantages of channels and routes are instruments of marketing needed to provide effectiveness and timely response. One of issues considered in this paper are modern technologies and social media and networks, and advantages they provide for the company. Today, customers are constantly moving, they are informed better than ever and always connected, so the purchase has become dynamic, accessible and continuous. That is why companies have to keep up the pace, and move it's marketing, sales and service functions to a digital form.

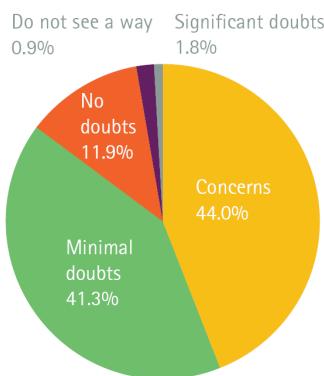
Social media and social networks are a whole new branch of modern technologies, and especially important when it comes to it's role in marketing. Quality and timely informations are of greatest importance, and the marketing's role is to comprehend them in it's strategy, and implement in every day business. This paper takes into consideration some aspects of this inevitable topic, and represents how some of the most successful companies in the world used possibilities of social networks to improve it's business.

⁴ El-Ansary, A.I., Marketing strategy: taxonomy and frameworks. European Business Review, 2006. 18(4): p. 266-293.

Revenue Goals and Improving Sales Effectiveness Using Modern Technologies

Enterprises are always facing certain conditions that affect their business and performances. It is not enough just to organize sales, but they have to worry about improving sales effectiveness and to focus on this field of work in order to get better results. There is always a gap between set goals and results. So the first step is to determine what can marketing do to change this situation for the better. Some of the necessary steps are related to modern technologies and options they provide, so we have ways to improve immature sales methodologies and processes, increase ability to attract, retain and grow sales talent, and drive tangible business outcomes from sales technology. There areas are proved to improve sales in business, but there is still much room to grow. Simply put, companies set revenue goals, but don't know how to achieve them, only because they don't know in which direction to point their marketing strategy.

Figure 1: Attitude of enterprises concerning achieving revenue targets



Source: CSO Insights 2013, Accenture 2013

Sales and service have to be better integrated, and sales leaders now recognize the importance of such integration. It is not a new thing for companies to listen to reactions and impressions of their customers. Still, it is not a well used opportunity, because not many companies actually use those informations to improve future sales and move in the way their customers want them to. This behavior only led to wasted sales opportunities, so there is one solution.

It is not enough just to listen what customers have to say. It is more important to adequately use those informations in order to improve service and customer satisfaction, and the company would be one step closer to achieving set revenue goals. On the other hand, modern technologies can help companies in gathering informations from customers and offering services and products, but it could go wrong for the company if it doesn't listen to its customers – poor customer experience can spread very quickly through social networks and potentially damage the brand. This effect is almost instant, because customer's impressions, especially negative ones, spread through Internet and social networks, depending on followers network of the individual. It is known that

negative impressions spread much faster than positive ones, and could ruin the image of the company terribly. That is why marketing must have a customer-centered point of view, and to embed it through functions of marketing, sales and services.

One of issues that leads the way of doing business is certainly profit. All stakeholders are interested in raising their share of gain, so it is clear that they have positive thoughts on gaining larger market share, and modern technologies enable that in a way that wasn't possible before introducing social networks into customer's reality. Today's customers rely on mobile devices and Internet when informations are needed, so the first thing a company does is to present itself in digital form. Simply put, if you can't be found online, you don't exist, and companies must use it in their advantage. When it comes to social networking, companies can think of them as of specific customer base. Using social networks as a medium for promotion is absolutely necessary in order to rise above the competition, and is considered as one of the least expensive ways to make yourself visible in the sea of different informations. This way, more people are reached, and it is possible to present a new product, for example, and even gain feedback, all using social networks such as Facebook, Instagram, Pinterest and others, and for the lowest expenses possible.

Marketing strategy is designed in order to offer positive customer experience, value for the customer, satisfaction and achieving loyalty using effective marketing communication and delivery. Modern world has new rules, so to have the best positive results, it is needed to include positive customer experience in gaining higher financial outcome. Embedding informational technologies in marketing strategies lead to better communication, product content, and connection between customers, company and competitors. Internet has the power to build brands, connect customers and to enable a competitive advantage for the company over competitors if used properly. Context is of great importance, and the brand is communicated mostly indirectly through increasing number of followers, connections and likes on the market.

Advantages of Using Modern Technologies in Marketing

Marketing needs to address a range of stakeholders through social media marketing, including current and potential customers, current and potential employees, journalists, bloggers, and the general public. "The use of Internet as a medium, and the World Wide Web as an evolving technology has made it less costly and allowed marketers to get information – both of low quality and high quality – more quickly and easily than ever before"⁵. Surveys, observations and experimental research are traditional marketing instruments for gathering informations. Now, the modern technologies allow them to broaden marketing research capabilities, using e-mail, personal and telephone interviews, and electronic networks. Data are synchronized from different sources, so it is possible to determine changes in market and consumer demands from inquiries, comments on blogs and comments on social media sites.⁶ Mobile and internet based technologies have lower costs, faster turnarounds, broader potential,

⁵ McDonald, H. and S. Adam, A comparison of online and postal data collection methods in marketing research. *Marketing Intelligence & Planning*, 2003, 21(2): p. 85-95.

⁶ Alghamdi S., Bach C., "Technological Factors to Improve Performance of Marketing Strategy", Zone I Conference, April 3-5, 2014, University of Bridgeport, Bridgeport, CT, USA, ASEE 2014.

lower respondent error, flexibility in questioning, sounds and graphics, and consumers have greater liberty in participating inquiries.

An important data collection technology is the open source intelligence, which is an information processing discipline. This process scans, finds, gathers, exploits, validates, analyzes, and shares intelligence seeking clients from publicly available digital and print data from unclassified, grey literature, and non-secret sources. The approach is very popular with businesses since it is easy, inexpensive, and produces plenty of raw materials for processing. Data collection technologies like the open source, data mining, and data warehouse technologies assist marketers to gather, analyze, collect, and store huge amounts of data on their markets in terms of consumer experiences, competitors' experiences, and brand experiences⁷.

Figure 2: Social networks are the most important source of information of customers



Source: Global Consumer Insights Survey, 2018

Interactivity of the technologies is one of the most important facts concerning consumers. "Marketing and advertising is evolving with the dissemination of the internet as a tool for commerce and technology⁸." Consumers use interactive and integrated technologies on mobile and internet devices so they could connect to retailers and brands, which means that the technology is directly connected to marketing strategy, because using it leads to focusing on consumers experience. They interact to sellers via websites and social media platforms and shop products, because it is possible to use catalogues of products and services and coupons. This is especially important for younger consumers and companies targeting young people. Young consumers also interact with

⁷ Fleisher, C.S., Using open source data in developing competitive and marketing intelligence. European Journal of Marketing, 2008. 42(7/8): p. 852-866.

⁸ Moore, M., Interactive media usage among millennial consumers. Journal of Consumer Marketing, 2012. 29(6): p. 436-444.

other consumers using social networks more frequent than older consumers, so the impact of using modern technologies in marketing strategy on businesses targeting this population is even larger. Today, more and more people use technologies and influence on restructuring business functions so the enterprise shifts in society.

User stories typically get mixed reviews from customers. "I think user reports are useful. I wouldn't say they are the leading cause of purchasing, but it's another way look at a product based on someone else's eyes, without necessarily 100% trusting what you read. It may be someone else's favorable view, but the story usually includes how it was used, what it was used for, and how it was installed."⁹

The company need a clear picture in order to point out a direction of future growth. That is why timely, quality information is of the ultimate importance. Technologies, like social networks, can be used to gather all sorts of data, but it has to be analysed, so the right informations could be used. Marketing strategy then can be altered based on what customers want and need. The biggest mistake a company could make is to neglect importance of social networks, because they bare multiple possibilities, starting from promotion activities, placins new products, gathering feedback, gathering informations on consumers and other.

Off course, all informations gathered don't mean anything if marketing can't decide on future strategies and actions. Before it is possible, data has to be of high quality, because poor quality of data can turn results in wrong direction. That is why is important to have data management technologies that can develop, execute, and manage practices and programs that control, deliver, protect and enhance valuable data. So, it is important to separate informations of high quality from those of low quality, but with great caution, because it is possible to neglect negative reactions of customers, just because they are, off course, unwanted and harmful for the company and it's business. So, it is easy to deduce that it is necessary to mandate quality data systems and policies, identify critical data quality requirements, and to successfully implement it in marketing strategy. Purely possession of high quality information is not enough for successful marketing strategy. Effective data management systems must be in place to develop, organize, analize, process, present, interpret, and store marketing information into useful marketing and sales plans¹⁰.

Technology offers many ways of dealing with core business competences and functions. Characteristics and nature of technology allows performing these functions, and applying it in marketing. "Search engines are important ways to get people to your (Web) site initially once they want to ensure they return. An excellent way to do this is via a newsletter."¹¹ Technology like the web-based search engines and the internet allow companies to discover new potential clients. They allow existing consumers to include the URL of the company or its advertisement site to their list of favorites allowing them to easily return to the sites and check out new products, announcements, and services.

⁹ Josh Gordon Group, "Improving Marketing Effectiveness", A Case Study, available at http://www.sbe.org/sections/documents/Improving_Marketing_EffectivenessSBE.pdf

¹⁰ Khalil, O.E. and T.D. Harcar, Relationship marketing and data quality management. SAM Advanced Management Journal, 1999. 64: p. 26-33.

¹¹ Sherman, C., Eight streetwise clues for publishing a successful enewsletter. EContent, 2001. 24(9): p. 34-39.

However, this does not ensure that first time consumers will return to the company's site or will regularly check for new products and services.

Studies show that information and communication technology like the e-mail accentuate the advantages of the internet and web technologies. This is because e-mail becomes a push and pull tool that offers consumers a platform with free useful information in the form of e-bulletins and e-newsletters. These are added to webbased technologies to add to the pull strategy of the websites. The Websites first attract new and existing consumers by having a high search engine score increases the probability of it appearing on the first page of the search engine. This is achieved using the right combination of search terms associated with the company, its brands, its advertisements, sales promotions, and offers. The e-newsletters and ebullentins add to the pull strategy of technology for they offer the consumer useful information as well as promotional materials. A consumer convinced of the information, then contacts the company through their e-mail list, makes a purchase online, and requests for delivery online. These web-based tools are the main technologies that improve the pull strategy of marketing¹²."

Technology and Social Media in Marketing

As the technology advances, it might be possible to foresee some more enduring trends and focus research in the future. Rapid advances in technology and the amazing growth of knowledge-based institutions will continue. Although many technologies that are emerging now have yet to be tested, many of them have already shown their usefulness.

Managers are nowadays faced with a dynamic and interconnected international environment, and have to consider many opportunities and threats that Web 2.0, social media, and creative consumers present. It is necessary to have in mind several issues concerning social media: social media are always a function of the technology, culture, and government of a particular country or context; local events rarely remain local; global events are likely to be (re)interpreted locally; creative consumers' actions and creations are also dependent on technology, culture, and government; and technology is historically dependent¹³.

Managers and marketers have to continually stay up to date on technology, customers, and social media, and have to embrace technology, limit the power of bureaucracy, train and invest in their employees, and inform senior management about the opportunities of social media, and the results shall be almost fully promised. Reducing costs through use of technology means that more and more informations shall be available to customers, but the business have to give away some power and control, and the same time avoid embarrassment to the company, if negative consequences of easily spreading informations through social media kick in. That is why is absolutely necessary for the managers and marketers to fully comprehend and understand the importance and possibilities and dangers of using 21st century technologies, and to turn the flow in their advance.

¹² Alghamdi S., Bach C., , "Technological Factors to Improve Performance of Marketing Strategy", Zone I Conference, April 3-5, 2014, University of Bridgeport, Bridgeport, CT, USA, ASEE 2014.

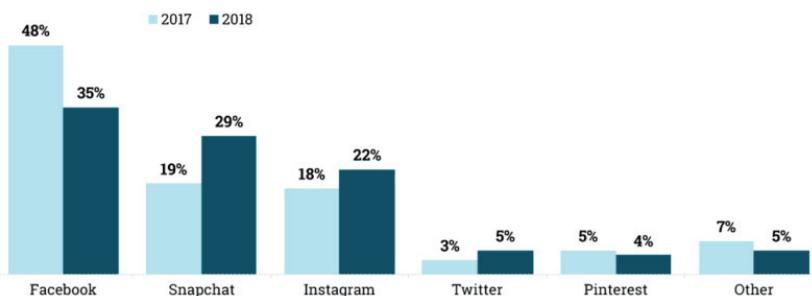
¹³ Harris L., Rae A., "Social networks: the future of marketing for small business", 2009, Journal of Business Strategy, Vol. 30 Issue: 5, pp.24-31.

Examples of using Social Media for Improving Business Effectiveness

Marketing has an important place in business, and it has been recognized for many years. However, the world is constantly changing, so marketing has growing importance, and even greater respect than ever before. That means that marketers have greater responsibility than ever when it comes to recognizing market indicators and directing business towards better results. Modern technologies enabled customers better and easier access to all informations they need, and companies moved their presence to virtual world, besides reality in which they operate.

Unlike traditional media that are often cost-prohibitive to many companies, a social media strategy does not require astronomical budgeting.¹⁴ Social media marketing is using social media platforms and websites to promote a product or service.¹⁵ Data analytic tools it uses enable tracking progress, success and engagement of promotion and advertising campaigns. Social media can be used as a marketing tool, and through passive or active approach, and are seen as a great medium for avoiding costly market researches. Audience is easily reached, and social media platforms are used for placing advertisements, and the best part is that they can be placed to targeted audience.

Figure 3. Most commonly used social media brands in 2017 and 2018



Source: Edisom Research/Triton digital, available at <https://marketingland.com/social-media-2018-time-grow-get-236162>

While platforms such as Twitter, Facebook, and Google+ have a larger number of monthly users, the visual media sharing based mobile platforms, however, garner a higher interaction rate in comparison and have registered the fastest growth and have changed the ways in which consumers engage with brand content. Instagram has an interaction rate of 1.46% with an average of 130 million users monthly as opposed to Twitter which has a .03% interaction rate with a monthly average of 210 million users.¹⁶ So it is easy

¹⁴ Hanna, R., Rohm, A., Crittenden V. (2011). "We're all connected: The power of the social media ecosystem". *Business Horizons*. 54 (3): 265–273.

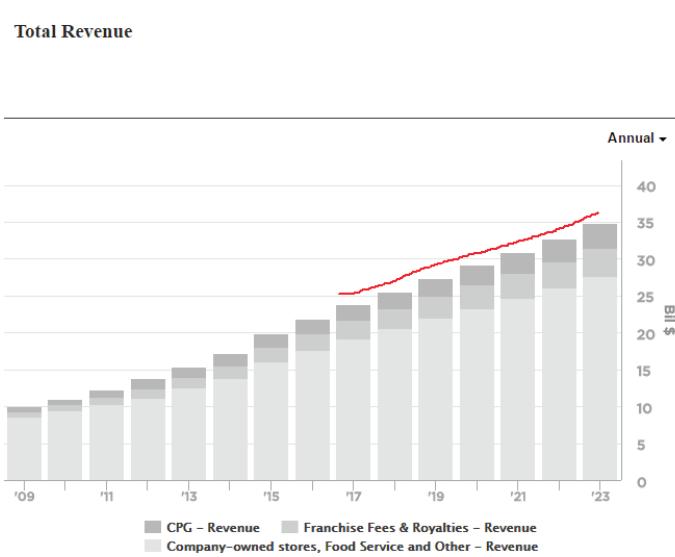
¹⁵ Felix, R., Rauschnabel, P.A.; Hinsch, C. (2016). "Elements of Strategic Social Media Marketing: A Holistic Framework", *Journal of Busines Research*, 2016.

¹⁶ Mahapatra, Lisa (2013-08-09). "Social Media Marketing: How Do Top Brands Use Social

to understand how important is to include promotional activities in social networks. The number of potential customers is great, and targeting audience could significantly influence growth and future revenues of a company. A good marketing strategy can be significantly influenced by informations gathered from social platforms, and the best part is that feedback is fast, and if correctly interpreted, could alter strategy at the early stage, so the results could be modified before greater damage in case of unappropriate strategy.

Marketers target influential people on social media who are recognised as being opinion leaders and opinion-formers to send messages to their target audiences and amplify the impact of their message. A social media post by an opinion leader can have a much greater impact (via the forwarding of the post or "liking" of the post) than a social media post by a regular user. Marketers have come to the understanding that "consumers are more prone to believe in other individuals" who they trust.¹⁷ In 2012, Nike introduced its social media campaign named Make It Count. Casey Neistat and Max Joseph launched a video on YouTube, where they traveled 34,000 miles to visit 16 cities in 13 countries. They promoted the #makeitcount hashtag, which millions of consumers shared via Twitter and Instagram.¹⁸ Nike had an 18% increase in profit in 2012 as a result of such promotional project.

Figure 4. Revenue growth of Starbucks over last decade and sales projection for next five years



Source: Yahoo Finance

Platforms?", International Business Times, 2014.

¹⁷ Sepp, M.; Liljander, V.; Gummerus, J. (2011). "Private bloggers' motivations to produce content – a gratifications theory perspective". Journal of Marketing Management. 27(13/14): 1479–1503

¹⁸ Sarsha (2013). "Move over generation X, Y and Z, here come generation #hashtag: the social media revolution", Presto, 2014.

One of extremely good examples of using social media for marketing and promotions is how Starbucks implemented their idea. They realized how great importance have social media an internet based systems for social interactions and involving and engaging users and customers. They formed My Starbucks Idea (mystarbucksidea.force.com) as a platform with about 300.000 customers and employees who can make suggestions for improvements, vote for suggestions, collaborate on projects, ask questions about Starbucks and, most importantly, express their complaints and frustrations.

This was a great move, because only in first year Starbucks generated about 70.000 ideas from members of community. The platform also allowed connections to customers, so Starbucks offered 20.000\$ prize for the best idea about reusing their used coffee cups. This idea was based on technology of *collective intelligence*, or *crowdsourcing*. Besides that, Starbucks was present on Twitter, Facebook, LinkedIn, Google+, YouTube, Flickr, Pinterest, Instagram, and it enabled them to connect to a great number of people. Facebook is full of Starbucks's posts related to questions, content and updates, and it allowed them to post informations on contests, events, new products, etc. The company counts over 36 million "likes" as of February 2017, and uploads videos, blog posts, photos, promotions, products highlights and special deals. In February 2017, Starbucks had over 11.9 million followers on Twitter, and tweets are posted in a similar way as with Facebook, and in November 2013 Starbucks gave away 100.000 gift certificates in value of 5\$ each to customers who tweeted a coffee to one of their friends or followers. That way they attracted even more followers, meaning larger base of customers and informations in return.

Besides previous, customers of Starbucks have free Wi-Fi and free access to Starbucks Digital Network from all major mobile devices, including tablets and smartphones, so customers can view free premium content online, such as health, news, business, entertainment, local neighborhood channels, etc. As of 2014, Starbucks offers even faster Wi-Fi and network speeds, thanks to cooperation to Google Wi-Fi, and all that is aimed to attract and keep more customers.

The results, although indirectly, were extremely positive. Integrating digital and physical world was the right move for Starbucks, and their operating income was almost tripled in 2010 (\$1.437 billions) compared to 2009 (\$560 million), and the same happened to their stocks price. Sales increased sharply by 2017, and it was all thanks to digital and social media promotions. Thus, we can easily conclude that social media and Internet offer amazing opportunities for business, whether the company who uses this kind of marketing promotions is small, medium or large. Social media represent great potential for every company, whether it is small, medium or large. Nevertheless, every use of social media as a tool of marketing must be carefully planned in details, analysed and applied according to marketing strategy in order to be a success, because it is always possible to make a mistake when it comes to implementation.

Conclusion

Modern, 21st century world is more challenging than ever before for every enterprise in the world, whether it is small, medium or large. On the other hand, there are many possibilities that haven't existed before. One of those is technology we have today,

with all it's challenges, options, and positive or negative relations to it's accessibility to consumers. Spreading negative consumers experience is many times faster than spreading positive experiences, and we can easily understand the extent of such interaction if we know how many users of social media and social networks exist.

That is one more reason why the marketers and managers have to know everything about modern technologies and options they carry, especially when it comes to social networks that nowadays make huge part of consumers life and serve as information system for the customers. Marketing must understand and put into action it's knowledge on advantages and disadvantages of Internet, social networks and modern technologies, so the company can expect positive results from using them. We saw how technology and social networks can be used in order to improve business and sales effectiveness as in example of Starbucks's actions. That is the proper way for marketing to use options that technology offers and to improve the effects of business, sales, and in the end, to boost revenues and raise value for all stakeholders.

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ROLE AND IMPORTANCE OF INTERNATIONAL AGREEMENTS IN REGULATING INTERNATIONAL RELATIONS IN MODERN CONDITIONS

Abstract

All international subjects acting on the international scene are obliged to respect generally accepted norms and basic principles of international law.

The basic acts containing these norms on which the international legal system primarily relies are international agreements, whether contracts concluded between states and / or international organizations, bilateral or multilateral. In that respect, starting from the position of international agreements in the generally accepted hierarchy of international law sources, this paper analyses the role of international agreements and the importance that they, as the basic instruments of regulating international relations and cooperation among contemporary subjects of international law, have in the international legal system.

The aim of this paper is to highlight the manner and consequences of the influence on the legal process in this field, given the legal nature of the international agreements impact in the context of varying international relations, under the influence of a omnipresent globalisation.

Key words: *international agreements, international relations, international subjects, member state, international organization, unification.*

JEL Classification: F00, F20, F23.

УЛОГА И ЗНАЧАЈ МЕЂУНАРОДНИХ УГОВОРА У РЕГУЛИСАЊУ МЕЂУНАРОДНИХ ОДНОСА У САВРЕМЕНИМ УСЛОВИМА

Апстракт

Сви међународни субјекти када делују на међунароној сцени дужни су да поштују општи прихваћене норме и основна начела међународног права. Основни акти у којима су садржане ове норме на које се међународни правни

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систем првенствено ослања су међународни уговори, било да је реч о уговорима закљученим између држава и/или међународних организација, билатерални или мултилатерални.

У вези с тим, а полазећи од позиционирања међународних уговора на лествици опитеприхваћене хијерархије извора међународног права, у раду су анализирани улога међународних уговора и значај који они, као основни инструменти регулисања међународних односа и сарадње међу савременим субјектима међународног права, имају у међународном правном систему. Циљ рада је да се укаже на начин и последице њиховог утицаја на правностваралачки процес у овој области с обзиром на правну природу дејства међународних уговора у условима променљивих међународних односа под утицајем свепријутне глобализације.

Кључне речи: међународни уговори, међународни односи, међународни субјекти, држава чланица, међународна организација, унификација.

1. Introduction

International relations are a very broad field of liturgical activities in which different entities operate and in which different, often conflicting or parallel, manifestations are manifested, interests and connections between those entities. Secondly, in the area of international, especially political and economic relations, the only actors are not only sovereign states, but also other international entities such as intergovernmental, supranational and other international organizations (Јеротијевић and Палевић, 2016, p. 142). Especially favorable were the processes of globalization and liberalization in the modern world, where, in the conditions of the existence of a unified world market, the possibilities of national states are reduced to directly encourage the development of their own economy by setting rules that give priority to national organizations. The place of decision-making is often transferred from state to international institutions, which reduces people's ability to influence direct development of government representatives by direct elections.

The rapid and strong integration of national economies into the world economy through trade, finance, technology, information networks and transcultural co-operation has spurred the prosperity of the world as a whole. In the international political and economic relations of the role of states and diplomats, as an instrument of promoting and protecting the interests of countries remains very important, especially in the field of economic relations. The development of various forms of economic cooperation with other countries and the world, the internationalization of their own economy and the operation of their own enterprises, have now become the national strategic interests of each country in full and true sense (Dašić, 2003). However, the benefits of these processes are not distributed either automatically or evenly from country to country. The facts point to a growing polarization between both developed and underdeveloped countries, and within these groups. Some social groups have supernatural benefits, some are only partial, and some suffer.

The most developed countries that base their power on economic superiority, military superiority and production superiority, increasingly shift their foreign policy

priorities and bind them to the economic sphere, in an effort to realize their interests, among other things, by strong diplomatic economic engagement. Undeveloped countries located at the bottom of the global scale of countries face many problems: insufficient human resources, political instability, poor raw materials, civil wars, high external debt, macroeconomic instability, and so on.

The involvement of developing countries and countries in transition into traditional international institutions (STOs) and various economic integration and trade blocks (EU, NAFTA, ASEAN, ECOWAS, etc.) requires a new model of performance and diplomatic action in order to better protect their economic and political interest in the modern system of international relations where the processes of globalization and integration imply the need for intensive economic diplomatic activity aimed at the realization and protection of economic priorities and interests, in which developing countries and countries in transition can look to the most developed countries and thus manage the foreign diplomatic and external economic activities.

Thus, globalization and liberalization of economic life have led to radical changes in the structure of the priorities of each country's diplomacy, requiring new forms and ways of agreeing and communicating in international frameworks. In the foreground, economic, instead of political priorities, are emerging. Strong diplomatic economic engagement has become an important feature of diplomacy in many countries, and the main preoccupation is how and in what way will provide a better position for the export economy and its companies in the world markets, in order to achieve the most positive effects in economic cooperation with abroad, which or later materialize in appropriate foreign exchange income. In this segment, international agreements play a very important role as one of the most important instruments, by which forms of all forms of cooperation, as well as business relationships with foreign countries are established.

2. The fact and importance of international treaties

States are the original subjects of international law, and their contractual capacity is beyond any doubt. In addition to countries, international organizations and their specialized agencies also appear as agents.

For the area of international contract law, the following Convention is of particular importance: the Vienna Convention on the Law of Treaties of 1969, the Vienna Convention on the Succession of States in Relation to the 1978 Treaties and the Vienna Convention on the Law of Treaties between States and International Organizations and between International Organizations from 1986.

International treaties, "as the immediate and strongest manifestation of will" of contemporary subjects of international law, represent the primary sources of law on the basis of which social relations on the international legal scene are formed, unfolded, and stopped (Avramov and Kreća, 2003, p. 51-52). Accordingly, international treaties can be defined as legal acts derived from the agreement of the will of "two or more subjects of international law" expressed "by the competent authorities" in order to create mutual (reciprocal) rights and obligations for subjects of international law (Avramov and Kreća, 2003, p. 51-52). International treaties, as the primary instruments for regulating international relations and achieving cooperation between law subjects, must

have a foothold in international law, which implies that they can not be in conflict with imperative norms of international law (*ius cogens*). An imperative norm implies “the norm accepted and recognized by the entire international community of states as a norm from which no deviation is permitted and which can not be changed by a new norm of general international law of the same character”. Bearing in mind the fact that the main purpose of concluding international treaties and accepting international rules is their application by States within national legal systems, States Parties can not invoke national law provisions to justify the non-execution of a given contract.

International treaties, by common rule, have a relative effect, i.e. contracts are valid only between Contracting Parties. For third countries or international organizations, but also other entities of international law, contracts are *pacta tertiis nec nocent nec prosunt* - contracts do not create or impose third or any rights or obligations, which is also confirmed by extensive international legal practice. The international courts have confirmed this strictly, that the treaties, whether bilateral or multilateral, impose no obligation on non-Contracting States and that they can not change the rights of these states without their consent (Đorđević, 2007, p. 49-70). This was also confirmed by the Vienna Convention on the Law of Treaties of 1969 and 1986. A clear distinction is made between third countries and third international organizations in relation to contracting parties that may be both States and international organizations. For example, the provisions of the Vienna Convention on the Law of Treaties of 1969 state: “The term Contracting States means a State which agrees to be bound by a treaty, irrespective of whether the treaty has entered into force”. Then, it is further stipulated: “The term third country designates a non-contracting party to that contract” (Službeni list SFRJ, 1972). The same is true in the Convention on the Law of Treaties between States and International Organizations or between international organizations since 1986, and refers to international organizations.

An international treaty is a law for a Contracting Party and it must be carried out conscientiously and in good faith. The obligations of the international treaty are fulfilled and are binding only on the contracting parties, and not their members or members of the Organization. It only binds states or international organizations, not directly and their citizens or members of a particular international organization (although in practice, for example, in the event of non-performance of the contract, they often suffer in an indirect way and nationals of the State party or the member state of the international organization). The one-time concluded treaty of a particular State remains in force, regardless of constitutional changes or changes in government that may arise in that State, as long as there is the same subject of international law.

Today, almost every state is in some way a part of an international order consisting of a corpus of international documents and interstate treaties. For example, many countries and ours, in many important aspects of their legal system, give priority to international law in relation to domestic legislation, thereby reducing their sovereignty in a classical sense. Also, membership in an international military organization such as NATO undermines sovereignty understood as a monopoly on the use of force outside the borders of the state, and individual members of the UN Charter and other international acts regarding the protection of human rights can be interpreted as allowing the interference of other states in the internal affairs of a sovereign States without its consent if human rights violate it drastically and to a large extent and in this way question the monopoly on the use of force within the sovereign state itself.

3. Some international legal aspects of international treaties as sources of law in regulating international relations in a global environment

International treaties, by their action in any segment, lead to different bilateral and multilateral ties between states, states and various organizations of economic or other character. This action leads to the creation of a large number of regional economic integration, as well as international governmental and non-governmental economic organizations.

3.1. International agreements of multilateral character

A multilateral agreement is an agreement in which more than two contracting parties participate. For example, international agreements of multilateral character define the basic legal rules, which are established in the sphere of foreign investments under the auspices of international organizations. These are, for example: rules constituted within the World Trade Organization, in the part relating to foreign investments (for example: TRIPS - agreement, which regulates the issue of protection of intellectual property rights, etc.); then, the Convention on the Establishment of a Multilateral Investment Guarantee Agency (established with the aim of encouraging inflows of investment into member countries under the auspices of the International Bank for Reconstruction and Development); Convention on the settlement of investment disputes between states and citizens of other countries, etc.

Then, in the post-World War II period, there was a need to create an international economic framework, which would consist of: the International Monetary Fund, the International Bank for Reconstruction and Development and an international organization that would work in the field of trade. In order to draft the future International Trade Organization, in February 1946, the United Nations Resolution on the Establishment of the Preparatory Committee for the UN Conference on Trade and Employment was adopted. At the Second Session of the Preparatory Committee, in April 1947, in Geneva, bilateral negotiations were held on customs conventions. Negotiations have been successfully concluded, and the result is concretized within the General Agreement on Customs and Trade (GATT). GATT was only a temporary, transitional solution for regulating international trade at the multilateral level. Conceived as a temporary trade agreement at the outset, it did not have an institutional structure, but gradually evolved. It was the only multilateral instrument to regulate international trade for forty years, until 1995, when the World Trade Organization (WTO) was established. During the 1970s, and especially during the 1980s, there were such economic changes, which can be said to have significantly compromised the credibility of GATT. Given that these decades have experienced frequent recessions, governments in many countries have resorted to the application of all the many non-tariff barriers to trade in order to protect their economies from coming competition. In addition, they have begun to strengthen the tendencies of establishing regional economic and trade integration, which impede the ability of third countries to access markets, and at the same time violates the principle of liberalization of international trade. The results of the Uruguay Round of negotiations are set out in the Final Act, which was signed on April 15, 1994 in Marrakesh. The Final Act consists

of the Agreement establishing the World Trade Organization, with the accompanying annexes and the Ministerial Declaration, with a further 25 different decisions. The most important result of these negotiations is the founding of the World Trade Organization, which began on January 1, 2005. The final act was signed by 111 countries, while the agreement on the establishment of the WTO was signed by 104 countries. Among them are: USA, European Union, Japan and Canada, whose countries account for about 90% of the total world trade in goods and services. The WTO is an international organization that manages multilateral GATT, trade in services (GATS), and TRIPS trade related aspects. Also, the WTO deals with the control of a private business.

More recently, the aspect is placed on the quality of the environment. Access to environmental protection is manifested through the integration of environmental policy into economic and sectoral policies. The basic international treaty regulating issues in this area is the United Nations Framework Convention on Climate Change of 1992 and the Kyoto Protocol, which attempted to make the general obligations (and rights) of the Framework Convention partly concrete and more operative. In addition, in the area of climate change, several other international treaties are also relevant, among which the Vienna Convention for the Protection of the Ozone Layer with the Montreal Protocol on Substances that Deplete the Ozone Layer is of major importance, with several amendments. Due to the complexity of the climate problem, in order to comprehend the international legal aspects more comprehensively, it is necessary to take into account numerous other international and global treaties on protection of the atmosphere, protection and management of water resources, protection of biodiversity, desertification, energy, waste management, hazardous chemicals management, etc. There are also a number of other numerous multilateral agreements in various fields of international law.

The question arises as to how the multilateral agreement works? Are these rules two-fold, or are they only protecting the rich? On the one hand, the World Bank and the International Monetary Fund require developing countries to open the markets as soon as possible, to privatize the economy and to eliminate state subsidies (so-called "shock therapy"), while on the other hand rich countries introduce a number of protectionist measures - agricultural production areas - in order to protect their markets from imports from other countries. Under such rules of the game, the poor countries are condemned to defeat.

The authors of these and similar rules are organizations, banks, industrial giants, wealthy individuals and other lobbyists who lobby for their own interests and in conjunction with influential politicians, make decisions outside the public eye. Their responsibility for world poverty is undoubtedly the greatest. An influential German philosopher, sociologist and professor at the University of Jelj, Tomas Pogi, is the most prominent advocate of the controversial idea that the global economic and political order, the institutions that make up it, as well as the citizens of the countries that support it, are the main culprits for world poverty (Pogi, 2008). Some economists accuse Tomas Pogi of failing to take into account local causes of poverty. Residents of many countries live in absolute poverty, because the governments of the tyrannical, political elite are made up of corrupt politicians and military officials, while health and education infrastructure is non-existent. He replied that this charge is not just because it does not negate the local causes of poverty, but only indicates that accountability for the work of the governments of poor countries can often be traced to an international source. However, we can not

expect the powerful to change politics. Therefore, the real responsibility lies with a citizen who supports such a policy when voting in elections, when he abstains, and when he refuses to politically engage in any other way.

3.2. International agreements of bilateral character

A bilateral agreement is an agreement between two states, most often for regulating only one particular issue or case.

Very important bilateral agreements are those in the field of economic relations. Under the Economic Bilateral Agreement is meant the economic relations between the two countries, based on the appropriate forms of mutual cooperation between economic actors from these countries, and in accordance with their interests. These economic relations and forms of cooperation are defined in the affairs of international business and international commercial law. There are also various forms of economic cooperation between the two countries, such as:

Foreign trade, which consists of: import, export, intra-firm trade, "bonded" trade, finishing and processing, leasing, shering, franchising, factoring, forfeiting, re-export and others.

Higher forms of economic cooperation, consisting of: joint ventures, concessions, technology transfer, long-term production cooperation, scientific-technical cooperation, investment projects abroad, feasibility studies, investment project management, incentives and mutual investment protection, and others.

Financial and banking transactions and foreign payment transactions, which include: credit operations, stock exchange operations, foreign debt regulation, international payments, and others.

International Trade Arbitration Activities, which comprise: international trade affairs, ad hoc and institutional arbitration, and others.

In the competition of multilateral and bilateral agreements, that is, when there is a bilateral issue, a question between the two countries is regulated simultaneously by a multilateral agreement, then, in accordance with the *lex specialis derogat legi generali* rule, a bilateral agreement is applied, with the application of multilateral, if bilaterally directed to it, or if the application of a multilateral contract is more favorable for both parties. This rule of specialty refers to cases where in a certain matter equally applicable to both multilateral and bilateral agreements. However, some new multilateral agreements introduce the rule of exclusive application of their own norms, thus derogating the provisions of the bilateral treaty. Thus, the European Convention on Mutual Assistance in Legal Assistance in Criminal Matters (Article 26, paragraph 1) and the European Prison Extension (Article 28, paragraph 1), all provisions of bilateral treaties, conventions and agreements regulating the field of legal aid and extradition. The derogation would not only apply to provisions governing specific issues, which are not the content of the multilateral convention. In addition, there are no legal impediments that the two countries conclude other bilateral and multilateral agreements between themselves in order to supplement the provisions of the already concluded conventions in order to facilitate the application of the Convention, but not to revise its provisions.

3.3. Place and role of international contacts in business process management

In international traffic, the increasingly important role is played by contracts that are an instrument for regulating and managing business processes in a unique, global economic market.

With the development of international economic relations and international economic relations between business entities and the increased volume of goods and services in international relations, it necessarily led to the development and expansion of a network of increasingly diversified international agreements in this field. They have become the main source of law, which means that they can be the legal basis for regulating certain international economic relations, or they can be the legal basis for resolving certain disputes that may arise in concrete international economic relations.

3.3.1. International treaties (conventions) - Difficulties in application and unification

International treaties (conventions), as multilateral international treaties, generally regulate international economic relations, in contrast to bilateral international treaties, which specifically regulate these relations between two particular states.

However, multilateral international treaties (conventions) have a greater significance as sources of international law, if for nothing else, because they are crucial for the unification of law, because as a rule, there is a greater number of states (states) of the treaty. They are the result of the agreement of the will of still the most important subjects in international relations, the state. However, the method of their adoption often imposes insurmountable difficulties in adopting the texts of the contract and requires long deadlines from the idea to the final adoption of the text of the contract, which is not in line with the accelerated international economic development.

Although drafting contracts, as a rule, experts from the relevant fields are engaged, however, their professional work is subject to the political assessment and will of the states, which are authorized and competent to give the final say on the admissibility or inadmissibility of the proposed solutions. However, from the moment of ratification, the Convention becomes a stronger source of rights in relation to domestic regulations and domestic legislation. Without negating the importance of bilateral agreements, it must be borne in mind that they, like all international treaties, represent only the right for the parties, which means that for a relatively small number of countries. Moreover, they can be without major influence on the development of the rules of international law. However, their influence should not be underestimated, as they often provided an incentive to adopt multilateral international conventions, whose solutions are based on rules that are already in place and checked in bilateral agreements.

Often, as a source of rights in the field of international economic and economic relations, international treaties appear not primarily economically, but rather political, but also contain legal norms that apply to these relations (for example, peace treaties, international cooperation agreements and others similar contracts). The great importance of such contracts is that they have a certain, often high significance for the contracting parties, the states that are obligated to apply these rules in their own legislation, or to harmonize their legislation with such contracts.

International treaties, as a source of rights, bind only countries that have explicitly accepted them, or who have ratified an international agreement containing certain rules. It is understood that in this process, certain differences in the already developed legal culture of different countries, even in the region of the world, but also of different interests, are sometimes difficult to reconcile. J. Vilus, as one of the major difficulties in the process of adopting international treaties, sees the difference between common law, i.e. an Anglo-Saxon legal system characteristic of large economic forces, such as the United States, Great Britain, but also many other states, mainly former colonies under their influence and civil law, the continental legal system, which, in addition to European and Latin American states, includes the former French colonies (Carić, Vilus and Divljak, 2007, p. 55-56). The degree of development of the participating states in the preparation of an international treaty affects the decisions that the contract provides. In this respect, the interests of developed and underdeveloped countries or developing countries are also different. In addition, it should be noted that even when an international treaty has been adopted, it is subject to ratification, ie confirmation in the parliament of the state or another state body, depending on the constitutional regulations of the state. This, as a rule, postpones its entry into force, and sometimes this delay can last for years.

Efforts to eliminate these and similar shortcomings, which came through various proposals for the adoption of international treaties in the UN General Assembly and to be binding on all actors in international economic relations, or that the UN General Assembly recommends that States ratify concluded international treaties, difficult in order to remedy the deficiencies. First of all, because this way of adopting international treaties or adopting recommendations for their ratification, the will of the states is necessary, and on the other hand, the UN General Assembly has no capacity to adopt documents that are the obligation of the states.

In that sense, the best solutions give the unification of rights at the international level. By adopting uniform rules applicable to contracts concluded in various legal, economic and social systems, the removal of obstacles to the conduct of international business transactions contributes to the development of international traffic and the achievement of legal certainty in general. Therefore, the unification of international contract law, and especially the rights of international sales, has become a constant tendency for developed international markets, business people and legal doctrines. The unification of the law would overcome the biggest obstacle in international business transactions, which are very different national legislations, since this is an increasingly intense activity of business entities from different countries participating in international business transactions. This would avoid resolving differences in national legislation based on criteria for conflict resolution (collision method), which are not sufficiently understandable and accessible to the business world, since collision regulations are also national. All this leads to the creation of uncertainty in the international business market. Uniform rules should facilitate the position of contracting parties, provide solutions for every specific legal relationship and more favorable conditions for international trade in goods and services. Also, this would increase the mobility of people, goods, services, capital and information across state borders, which are at the same time the requirements of international business. Therefore, the question of the unification of international treaty law becomes one of the most current issues of the contemporary world.

The advocates of unification are based on the thesis that, by adopting unique legal rules, the space for the emergence of conflicts of law is eliminated, and therefore they

consider the termination of the need to apply collision norms (Kaczorowska, 1995, p. 6-7). From past experience, it can be said that this is not always so simple and that on the road to real unification, it encounters many difficulties. In order to achieve the highest legal uniformity, it operates through international organizations. Three international documents in this domain are significant: the UN Convention on Contracts for the International Sale of Goods of 1980 (Vienna Convention); UNIDROIT Principles for International Trade Agreements and Principles of European Contract Law, as instruments that significantly contribute to the unification and harmonization of European contract law. There are also special documents that lead to the adoption of the European Civil Code, as a general codification of European civil law.

Sometimes the agreement on equalization of rules is also achieved directly between the interested states. The most common instrument for unification in this form is an international treaty. The agreed text is taken over in the internal law with limited deviation (reserve) and thus ensures a high degree of uniformity. This creates a new corpus of rights - international civil and commercial law. The unified law is sometimes applied to all situations, regardless of whether they have a foreign mark (for example, the Convention on the Unified Bargaining Act of 1930), and sometimes only on situations with a foreign mark (eg the UN Convention on the International Sale of Goods since 1980).

Due to the complexity and complexity of the unification process itself, more recently, the harmonization of rights is increasingly being discussed, in order to emphasize that the absolute uniformity does not concern itself, but rather the convergence of the legal systems. Harmonization consists in reducing the differences and deviations between national legal norms, determining the results that regulation in a particular field needs to achieve, without imposing the means to which it will be specifically achieved, and without imposing the legal text itself. However, in the case of harmonization, there remains room for the application of the collision method.

4. International treaties in the process of globalization and regionalization

International treaties in the footsteps follow the processes of globalization and regionalization, as two interconnected and intertwined processes. Regionalization is the connection of two or more economies into appropriate forms of regional integration. Regional economic integrations represent the result of various intergovernmental negotiations, treaties and agreements, the ultimate goal of which is achieving universal economic competitiveness and, as such, are one of the main pillars of economic diplomacy. The basic forms of regional economic integration, arising from various international agreements and contracts are:

- Preferential trade agreement,
- Free Trade Zone,
- customs union,
- a common market,
- unique market (Dašić, 2003).

The single market represents the most developed form of economic regional integration. In it, the means of payment is only one currency, the unique regulation of the functioning of banks and other institutions (a typical example of the EU).

Processes with increasing intensity in the last two decades, such as: the movement of short-term foreign investments based on a speculative course, long-term foreign direct investment, world trade with a policy of reducing the barriers that would shake, a growing share of transnational corporations in world production and trade, global interdependence of production, the movement of people motivated by trade or job search and the development of new forms of communication have led to the development and increasing influence on the global scene of multinational corporations that dominate world production. The most important among them are: World Trade Organization as the first multilateral organization that has the power to subordinate the will of the national governments to its rules, the Permanent International Criminal Court in progress, regional blocs such as the European Union, ASEAN, NAFTA and political coordination groups at global level G7, G8, G10, G22, G77, OECD). These processes have also led to the development of a global civil society and its new actors, such as international non-governmental organizations promoting and protecting human rights both internationally and at the UN level as well as at the national and local levels, influencing the spread of a culture of respect human rights, their integration into domestic legislation and the development of international, regional and national mechanisms for their protection. These actors create new rules in international relations, economics, trade and international law. The number of conventions and documents regulating these areas is growing. New multilateral agreements are emerging: trade, intellectual property, communications, etc., and global (UN Millennium Goals) and regional development goals are being agreed at international level. Strengthening awareness of the common destiny of all nations and their connection with the fate of the planet leads to an increase in the number of international agreements on environmental protection at global level (preservation of the ozone layer, preservation of the sea and the oceans, desertification, climate change).

The new stage of globalization, based on new financial markets and rising global service markets, is facilitated by the rapid development of new forms of communication and the development of faster and cheaper rail, road and air traffic. Removing the barrier in trade, economics and transport has also led to the onus of this development - the global linking of socially undesirable and harmful activities, such as international crime, international terrorism, trafficking in women and children, arms and drug trafficking, which leads to the growing importance of international concerted actions of states, the growth of the number of international agreements and conventions in this area, and thus the development of international law.

Conclusion

We can conclude that globalization as a complex social, economic, cultural, technological, political and geopolitical process has led to enormous mobility of capital and technology, where the organization of ideas and people has gained a growing global and transnational form. Globalization is characterized by an increasing interdependence of national economies with the world economy. Countries in the world are linked to a

multidimensional network of economic, social and political links. Thanks to profit, as a driving motive of production, it was necessary to create a world market and in that way the largest number of countries and regions of the world would be linked to different forms of mutual economic relations.

The integration of individual countries, especially integration into the European Union, is a significant incentive to these processes, which we can not always influence. But relations of exchange on the world market determine relationships among people and these relations are variable and form beyond the will of people. The daily volume of currency transactions exceeds hundreds of times the amount of real goods and services exchanged. This means that the tendency of separating financial flows from the real sphere of production and trade as a result of the phenomenon of globalization of operations is constantly increasing. National economies increasingly integrate into four fundamental areas - trade, finance, production and a growing network of contracts and institutions. A growing network of treaties connects states to the community with multilateral commitments (such as the G77 group consisting of 132 Member States), regional obligations (the European Union and other trade blocs) and bilateral commitments (eg bilateral tax treaties between the United States and other governments). These actors create new rules in international relations, economics, trade and international law. The number of conventions and other international treaties regulating these areas is growing.

When it comes to transitional economies, one of the key elements of their transition is their reintegration into the world economy through trade, financial flows and other elements. For countries in transition, the only way to avoid isolation and permanent lagging behind is the active attitude towards these changes in order to maximize possible positive effects and minimize possible negative consequences of globalization. Countries in transition can see their chance in various economic and other integrations with neighboring countries as well as developed countries of the world, and are guided by their foreign policy and external economic priorities.

If we start from the basic idea that by removing barriers to trade, investing in technology and improving communication, we will drastically reduce conflicts among nations and thus contribute to peace and progress, we come to the idea of creating a new kind of globalization called "sustainable", which contributes to the development of business and free and has a productive impact on developed countries and developing countries. "Sustainable" globalization highlights the significance of the social context - free societies are able to achieve a faster and more efficient growth of the standard of living, economy and free determination of the individual: free spirit, free market and free entrepreneurship.

The great importance of international treaties in regulating international relations, especially business-economic, is reflected in their use as an instrument of unification. Namely, the biggest obstacle in international business traffic is the very different national legislation and the application of collision method, which is not comprehensible enough for the business world. However, the use of international treaties for this purpose has certain shortcomings. Firstly, it is difficult to reach agreement on substantive legal solutions, given the starting differences in legal systems, language barriers and different interests of states. Representatives of many countries, especially those with great power and influence, come to international negotiations with a deep-seated belief in the superiority

of one's own rights. They are very much in favor of unification until the uniform text to be adopted resembles their national law. Work on the text that will later be the subject of adoption at an international conference or within an international organization takes place in the cumbersome working bodies and is often ineffective. Often it happens that in order to reach a compromise between the participants, an imprecise formulation will be adopted for certain controversial issues, or that reserves should be allowed.

When the text of the international treaty is finally adopted, there will be a process of ratification and ratification by the competent authorities of the Member States. A number of ratifications are needed to get the treaty into force and this process usually takes several years, and sometimes it is completely absent. Numerous examples of so-called dead conventions testify to the vain efforts and work of experts in international and comparative law. Finally, efforts aimed at fostering unification can be easily disrupted by the different practices of the courts and other authorities of the member states in the application and interpretation of the uniform text. Given that in most cases

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IDENTIFYING AND INTERPRETING MARKET INFORMATION WHEN MAKING BUSINESS DECISION³

Abstract

This paper makes reference to the identification, origin, and method of creation of market information which, in its short life, represents market signals of different values and the manner in which it is perceived by the companies' managements. The impacts of globalisation, the development of transport, and IT technologies have given a multidimensional line to the market signals and their complexity. The paper presents some of the challenges arising from the growing amounts of information available and exhausting the managements when defining the direction of future development of a company. Actually, the paper aims at making closer the understanding of the difference between data and information, from today's point of view, the interpretation of market signals and their further use in making business decisions, looking through the prism of the constant increase in the quantity of information available in the light of globalisation and IT technologies, as well as possible challenges posed by the increasing amount of information. Finally, the paper presents a part of research that was used for the preparation of a doctoral thesis on information and its role in business decision-making.

Keywords: globalisation, information, environment, market signals, information overload.

JEL classification: D 80, D 83, G14

ПРЕПОЗНАВАЊА И ТУМАЧЕЊЕ ИНФОРМАЦИЈА СА ТРЖИШТА ПРИЛИКОМ ДОНОШЕЊА ПОСЛОВНИХ ОДЛУКА

Апстракт

У овом раду је направљен осврт на препознавање, порекло и начин настајања информација на тржишту које у свом кратком животу представљају тржишне сигнале различите вредности и како их доживљавају руководства компанија. Утицај глобализације, развоја транспорта и ИТ техно-

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логија су донеле мултидимензионалну црту тржишним сигналима и њихову сложеност. Приказани су неки од изазова који настају растом количине доступних информација и исирпљују руководства приликом дефинисања праваца будућег кретања компаније. Управо, рад има за циљ да приближи разумевање разлике између податка и информације, са данашњег аспекта, тумачење тржишних сигнала и њихову даљу употребу у доношењу пословних одлука, посматрајући кроз призму сталног пораста количине доступних информација а светлу глобализације и ИТ технологија, као и могуће изазове које све већа количина информација ствара. На крају рада је дат део истраживања који је коришћен за израду докторске тезе о информацијама и њиховој улози на доношење пословних одлука.

Кључне речи: глобализација, информација, окружење, тржишни сигнали, преоптерећење информацијама

Quantity of available information and today's growth of the quantity of information

The quantity of information is growing at such a speed that even the use of the best resources of information technologies for analysis does not result in a possibility of consideration and forecasting of market trends.

Whether our search for information is of a passive nature or has an aim, it is certain that in the world's ocean of information it is very difficult to find the right information. Obviously, the main reason is the huge amount of information that is available to us at any time in this information era. The fundamental issue is the origin of information and its availability. By 2007, television and radio systems had transmitted approximately 1.8 zettabytes of information (a zettabyte is one thousand trillion bytes), or every person in the United States tweeting 3 tweets per minute for 26,976 years nonstop. According to a new study by IDC, a market research company, the amount of information in the world doubles every two years, putting to the test companies engaged in organising its flow. The force of this flow is compared to a tsunami in the information market. Just for comparison, according to the estimate of scientists, this quantity represents only one percent of the information contained in all DNA molecules of a human.⁴

Globalisation and media, their connection with the growth of the quantity of information

"Positioning – once the heart of the strategy – is rejected as too static for today's dynamic markets and changing technologies. According to the new dogma, rivals can quickly copy any market position, and competitive advantage is, at best, temporary." (Porter, 1996, p. 2)

In the last 20 years the whole world has been living in capitalism (though at

⁴ Sources: <http://www.emc.com/about/news/press/2011/20110628-01.htm>

different stages) and today when information technology (IT) has reached the highest point of the former's development, both these facts are excellent preconditions for globalisation to have its highest swing, irrespective of the global crisis.

Globalisation, the main carrier of transformation in history, generates a multidimensional impact on technology, economy, society, culture, politics, and geopolitics. The driving engines of globalisation are trade, investment, development of all new technologies, and especially information technology. At the same time, it is a process which, through the influence and connection between people, companies, and governments of different countries, is the driver of trade and investment and uses the overall process of technology progress towards economic development and prosperity. Development of IT technologies and transport provides freedom of movement of people and capital without restrictions. Globalisation as a phenomenon has a dual role; on the one hand it uses multifold media tools and generates a need, the same or similar for everybody, and then sells a product or service. This simply means that today, globalisation generates a need and satisfies this need.

Thomas L. Friedman in the book *The Lexus and the Olive Tree* said that today's globalisation is "Farther, faster, cheaper, and deeper."

In short, globalisation is a process that goes beyond the borders of national states and operates economically, culturally, and politically on the environment, leading to knowledge transfer, increasing the exchange of capital, services, products, energy, and alike (Stamatović, Vukajlović, & Cvetačanović, 2012).

Media and the Internet are the holders of information, by their continuous development in information technology from teletype, telephone, fax, messaging, mobile phones, video calls through the Internet, which nowadays represents the primary means of knowledge and the holder of information of the developed part of humanity. The Internet very skilfully uses curiosity, a basic human feature that generates the need for new information. Media and the Internet in the digital and information age do not have any limitation in the amount of available information, which easily leads to its overload. All companies operating in the global or a local market receive and send certain signals but, at a time of huge quantities of available information, it is difficult to identify which information is useful and which is not.

Through the advancement of technologies, especially in transport and IT, the world is becoming an "electronic global village" as described by the Canadian Professor Marshall McLuhan, in his books *The Gutenberg Galaxy: The Making of Typographic Man* (1962) and *Understanding Media* (1964), i.e. a "stage of social development" that is defined as an information society. We can surely say that we are living the future and that the holders of information allow the media to spread and the world to 'shrink'.

The excessive amount of information which the user of the digital (new) media is exposed to implies the growing numbers of e-mails, voice messages, flash news, and electronic images that we are overwhelmed with every day, which results in stress, confusion, impaired ability to control our own lives. Free time is shortened, the global village is increasing, and loneliness grows (Stamenković, 2011). Information overload does not only mean stress in one's life but also impossibility of its processing in a short period of time, which can contribute to the omission of essential, and placing emphasis on irrelevant information.

Dependence on information

"Never mind what industry you're in, how big and well known your company may be, or how clever your strategy is. If you can't make the right decisions quickly and effectively, and execute those decisions consistently, your business will lose ground" (Rogers, & Blenko, 2006, p. 2). Having in mind that access to information today is not a privilege but a standard, it is difficult to make a big differentiation among organisations.

Information as knowledge has always been used for the production of goods and services; organisations benefited from it to become more efficient and effective by regulating the organisational processes, and in addition, processes of optimisation of the production were carried out, and it was used for the implementation of management processes, etc. However, information today is the key, the basis, the fundament through which the objective and the key source of production is achieved. Former primary factors of production such as land, labour, and capital are not sufficient nowadays to achieve a competitive advantage in the market unless the available information and knowledge is used first. Looking at the environment as a source of resources, this approach considers the environment a source of rare and necessary resources which many competing organisations are aiming at. As a result, new drivers have continuous changes, reduction of the need for physical assets, unnecessary of space and time constraints and risk exposures, as well as statelessness in the familiar meaning of the world. Moment, when the companies diagnosed source of a problem, present starting point to design a solution. Managers can use architecture concept introduced the goal and improve people's decisions by carefully structuring how information and options are presented to them (Beshears, & Gino 2015).

Organisations exposed to hostile environments are exposed to greater uncertainty and the idea of the management is to acquire and gain control over all critical resources.

Today we live under constant new requirements caused by changing consumer taste, changing technology, the constant pressure of competitors, merging of companies and capital.

On the one hand, development of information technology on the global level brings rapid exchange of information and all the conveniences and comfort that we are increasingly used to; however, the higher the level of used technologies is, the larger our dependence on them. Our dependence rises to the surface at a time when there is a failure or unavailability of access to it. Because even in times of high technologies it is impossible to prevent the interruption of power supply and similar events.

Negative dependences, for example, are the global spread of computer viruses, a desire to express dissatisfaction by subverting or changing some sites that, whether we like it or not, have implications on our daily life. We are witnessing that the fall of the IT systems of banks has a consequence that we are unable to withdraw money or perform simple payments. We are not able to watch our favourite programme or review the electronic version of the daily newspaper or read our e-mail or electronic edition of a magazine.

Since information is, today, an invaluable resource, it has certainly become a target of terrorist, competitive, biological attacks, so it is mandatory that the makers of strategic decisions in companies are aware that due to the possession or use of information, their capital, capacities, and employees are exposed to constant risk.

Mankind has learned to collect, download, sort, filter, and adjust information

(Glevick, 2012). Media literacy is not merely the use of media, familiarisation with them. Most media illiterate people yield themselves to the media and allow the media to program them, creating their habits in the manner of the use of the media. In this way they "program the way of their looking at the world, influencing the expectations of interpersonal relationships, personal attractiveness, success, fame, health, events that are worthy of media attention, problems and solutions to them" (Potter, 2011). Information is expensive and subject to changes, it has its positive and negative dimension (Cunningham, 2001).

Information is knowledge which decisions are based on (Milisavljević, 2001). The term *information* usually has a general meaning, but frequent use of this term even in normal speech, and in techniques, and generally in science suggests that it is, although pretty inaccurate, still acceptable in communication. This term is used in a similar way as the term announcement, but with one important difference. The term *information* is related to particular valuation of specific technical nature, not from the areas of philosophy and knowledge. Thus information is seen as a quantified and measurable announcement. On the other hand, the term *announcement* often overlaps with the term *data*, i.e. these two terms are not mutually clearly delimited, but it is usually considered that data is the physical realisation of announcement. Data is the carrier of information and is used for technical shaping of the information so that it can be stored and transferred. So, from the technical aspect, information is interpreted data on the phenomenon that the data shows. The task of the information system today is data collection and processing, exchange and transport of information over some spatial distances, as well as analysis of information required at the respective hierarchical levels of the organisational structure.

The information that recipients receive depends on the recipients themselves, their education, processing capabilities, and alike. The subjective value of the information (Wang, & Strong, 1996) means:

- Value inherent (intrinsic) to the user: accuracy, objectivity, confidentiality, reputation of the source;
- Contextual value: relevance, added value, timeliness;
- Representational value: ease of understanding, interpretability, concise representation, consistent representation;
- Access value: access and access security.

Ways of obtaining information and obstacles in the way of getting the right information in the world market

It is often said in modern business that information is "the most expensive resource". Information that is correct and provided in the right time can lead to business progress and success. However, a greater importance of information is in its combating business risk and preventing adverse situations. The basic forms of business information include: news, market research, financial and credit information, company and executive data, industrial and economic analysis, IT research. Basic business information can be divided into the following categories (Moss, 2004):

- Basic resources such as guides, bibliographies, dictionaries, encyclopaedias,

- manuals, yearbooks, internet sources;
- Archives;
- Newspapers;
- Government information and services;
- Statistics;
- Electronic business information.

The value of the information in terms of decision-making can be viewed through certain characteristics such as time frame, objectivity, accuracy, adequacy, availability, completeness, conciseness, and affordability. Use of information in business is of great importance, especially in times of crisis or planning of changes. Adequate information is of paramount importance before starting work, and after finishing work its importance is reflected in the measurement of what has been achieved and planning corrective actions. Using the information can be viewed from several aspects: monitoring, help in decision-making, measuring of the execution and identifying new business opportunities.

The most important element of business planning is to ensure continuous access to information and data that will be guidelines to the crisis management team at the moment when a crisis is on the horizon. If a crisis has already occurred, you can take advantage of certain information that can help organisations to recover quickly and more efficiently, such as going concern documents, access, availability, and security and testing of the processes.

It is normal nowadays that almost all media are possessed by a very low percentage of media conglomerates. With that in mind, there may be situations in which media are possessed by companies that have replaced the freedom of speech by the formula of maximising their profit. The race for profit, not for truth is the current trend of media. Only the increase of the advertising trend rather than journalism is felt.

The strong social impact of the media is recognisable, and therefore it is necessary to legally regulate them differently from other commodities. Free market exists for a large number of other services and goods, which is not the case with the media on the pretext that it is harmful to society, such as: companies are no longer foreign, they are international now. The large conglomerates control the world's media: books, magazines, newspapers, recording and releasing records, TV production, TV stations and cable channels, satellite TV systems, film production, cinemas.

The "global village" is managed by centralised media conglomerates with the greatest size and power in the history of the mankind. It is impossible to control those factories of information which many people and decisions arising therefrom depend on. Today's media empires include: databases, service news, newspapers, magazines, TV and radio stations, publishing, and so on. Digitalisation of the news and capitalism are the initiators of the mass distribution of information and one of the drivers of globalisation. Production of news is obviously a highly profitable industry and it is the heart of modern capitalism.

Today, there are simply no obstacles to unilateral influence. People are simply living the news today, which breaks the established ideas of space and time. In his book *Public Opinion* Walter Lippmann made the difference between the picture of the environment (the world that is really around us) and the pseudo environment (our private perception of that world around us). With this way of life in the "global village" we should not

live under the illusion that we all have the same chance to change the way of life using the media. Monopolistic behaviour aims at one more aspect, commercialisation, for the reason that the basic content of the most of the media is the news.

We bear witness that the traditional role of the media is to control the media processes and work on shaping the democratic thinking. The only product of media is shaping the behaviour and opinions of people. Besides, they have a great impact on the culture.

Obstacles in identifying market signals and types of market signals

Market signals are information emitted by companies, and represent an indirect way of communicating in the market. Most signals carry information that can help in the analysis of competitors and strategy formulation. The market does not recognise another way of communication except the indirect way of communication using market signals. Market can allocate resources efficiently only under appropriate conditions. In the case of a lot of information and competition, people still can make rational choices.(Pfiffer, 2009)

Most signals carry enough information that can help concerning analysis of competitors and definition of strategies. Any activity by competitors in the market, which provides direct or indirect indication of the intentions, motives, goals, or an internal situation, represents a market signal. There are a myriad of signals in the market, some signals are fake, some are bluffs, some warnings, and some signals represent a genuine response to a current situation. Identifying and correctly reading the market signals is the most significant factor in the formulation of strategy. A prerequisite for correct identification of signals is a condition that based on competitor analysis, one identifies the following moves of the competition: future goals, and assumptions about the market and about themselves, current strategies and opportunities.

Reading of the market signals is the second most important information about competitors immediately after the information obtained after comparing the known facts about the competition and their behaviour. A leadership has a very important role in organization with behaviour, values, attitudes, characteristics, skills and abilities present the greatly influences on the decision making (Micić, 2015).

Market signals have two fundamentally different functions; they can be true indications of specific motives, intentions, or goals, or they can be bluffs. Bluffs as signals are intended to deceive other companies in taking or not taking actions that may give an advantage to the company that sends signals. The assessment that can make a difference between the bluff and right signals can be a significant advantage when defining the competitive strategy. "We found that decision effectiveness and financial results correlated at a 95% confidence level or higher for every country, industry, and company size in our sample." (Blenko, Mankins, & Rogers, 2010, p. 3).

For most executives, the decision-making process has more layers. "First, they need to quickly grasp the relevant facts (getting them from people who know more about the details than they do). Second, they need to figure out if the people making the

recommendation are intentionally clouding the facts in some way. And finally, they need to apply their own experience, knowledge, and reasoning to decide whether the recommendation is right" (Kahneman, & Lovallo, & Sibony 2011, p. 53.).

Managers are more committed to their firms ongoing strategies so their ability to recognize unrelated data and other environmental stimuli, are significantly reduced, and so they will "actively ignore" data that are inconsistent with those strategies (Jovanović, 2015).

In his book *Competitive Strategy*, Michael E. Porter defined the types of signals that are mentioned with their explanations. Market signals have different forms depending on the behaviour of competitors. When we talk about different forms of signals, it is necessary to interpret the identified signals in whether they are used as bluffs and how bluffs and true signals can be differentiated.

Prior announcements of moves - The form, character, and time frame of the prior announcement can be a potential signal. Prior announcements of the competitors can be a way of formal announcements in order to take or not to take an action. Prior announcements of the moves, whether they are given or not, doesn't have to have behind any action in practice.

Prior announcements of moves can send multiple signals to the market as, for example, they may be attempts to take measures that reduce the impact of other competitors.

For example, if a company announces expansion of its production capacity so that it covers the planned industrial growth in the production branch, this information can discourage other competitors to expand their production capacities. In the example of the IT industry, there are often announcements of the release of new products or gadgets by which the public is polarised and waits for the release, and a large number of orders, which normally determines the direction in this segment of products. Prior announcement of moves can also be a threat to the actions to be taken in the event the competitors continue with their moves. The third announcements can be related to the test for competitors' feelings and obtaining advantage regardless of whether the announcement should be sent by any action or not. The fourth role of the previous announcement can be communicating of satisfaction or dissatisfaction with the competitive development of the industry. The fifth role can have a joint function with the announcement to announce steps aimed at minimising provocations from communicating satisfaction or dissatisfaction.

The sixth role can be related to avoiding expensive simultaneous shifts in the market of expansion of production capacities, which can lead to too much manufacturing capacity in that branch of the industry.

Communication with the financial community can be one of the ways of prior announcements. For example, publication of the results in the last quarter, the number of produced units, or gathering internal support for further processes.

Announcements of results or actions after the fact - Companies often announce additional factories, sales figures, and other results or actions after their occurrence. Such announcements often carry signals to a degree that is hard to obtain and they are a surprise for the public. So, it can happen that information that is announced in this way can be a turn from the right direction and throwing dust in the eyes. Many have not reviewed such figures relating to market share and they are not subject to audit or not

fully in line with the procedures of control. Often erroneous data are announced with the idea that such data demonstrates a company's commitment to achieve a certain result in the market.

Public discussions of the industry by competitors - It is not unusual for competitors to comment jointly the conditions in the industry, the predictions in sales and price required, future capacities, significant external changes as well as an increase in the price of materials and alike. Such comments can be guided with the idea that the assumptions that exist in the company regarding certain information are to be checked before their building into the new strategy.

These can be conscious and unconscious attempts by companies to equalise the starting positions for all companies operating in the same industry and to minimise the possibility of error and wrong motives by introducing a new strategy.

Such discussions can include requests to regulate prices in the market, solve the surplus or deficit of production capacities, commitment to the work with certain customers and similar. Normally these announcements can often be comments on the state in the industry with a desire to improve their pricing policy or production capacity in relation to the competitors.

Competitors discussions and explanations of their / own moves - It often happens that competitors discuss their moves publicly or at fora with a wish to include other companies as well. The inclusion of competitors in explaining their own moves intentionally or unintentionally can have at least three reasons:

The first reason is that other companies see the logic of the move and follow it or communicate it so that the move is not perceived as a bluff.

The second reason is an explanation or discussion of the move as a preventive move. For example, to discuss release of a new product or a new market as a very large and expensive effort of the company, this would deter other companies to try something similar.

The last reason is to communicate commitment and persistence on the undertaken journey course.

Competitors' tactics relative to what they could have done - Tactics is often a relationship between what the competitors tried to do and what they advertised, taking into account the price and extent of advertising that are actually selected, the size and capacity of the chosen strategy. Such moves have all the important signals about the motives.

The manner in which strategic change is initially implemented - The latest product of the competitors can be initially introduced in the market or sold to competitors. This is just an example of a possible application of a certain strategy and can help between the desires of the competitors to strike a decisive blow in their desire to make a move in the best interest of the industry as a whole. If such interests are in the game, then it is a bluff.

Divergence from past goals - The desire to move away from historically set products or goals by their replacement with a much weaker product can send a very strong signal or suspicion.

Such a decision could lead to a period of continuous observation of other signals

and the competitors' analysis.

Divergence from industry precedent - Divergence from industrial norms represents an aggressive signal.

The Cross – Parry - If an organisation enters a new market on its own initiative and the competitors from that market enter into their market, this move is called cross-parry. Such moves represent an indirect way to defend the market from competitors. Such moves represent measures and countermeasures to protect own markets and can be interpreted as signals of discomfort and later grow into signals of fear. Such intrusions in smaller markets can be interpreted as warning signals. This can be measures for disciplining of the competitors in an industry where major difference between the controlled parts of the market exists.

The fighting brand - A form of the cross-parry is also the fighting brand. The fighting brand is a warning or an obstacle or an impact force to absorb the greatest burden of competitors' attacks. They are often presented as a small encouragement or support before any serious attack. The fighting brand can also be used as an offensive weapon as part of a large campaign.

Private antitrust lawsuit - Using documents from the private antitrust lawsuits can be interpreted as a signal of discomfort or harassment or of tactics with delayed effect. Private lawsuits can be interpreted as a cross-parry. Lawsuits of large companies against small companies very often result in the inferior companies having to pay high court costs in a long time. This may be a signal to small companies to reduce their presence in the market, and thus the suits are used as a signal of pressure on smaller firms.

The use of history in identifying signals - Studying the historical links between communications of companies can identify different forms of potential signals and their accompanying expressions, which can have a possibility of a better and more accurate reading of the market signals. Secure monitoring of market signals and different situations can result in better prediction of certain situations which gives the company opportunities for quicker and more accurate response.

Constant attention to the market signals can be an obstacle. An excessive preoccupation of the management with the market signals can result in playing down business development and creation of a strong position in the market. Knowing the position of the competitors and understanding the market signals can improve the quality of understanding of the market while their ignoring can lead to ignoring the competitors themselves, which is not a task.

Organisations cease to believe the market signals after the entry of new players in the market, by changing the conditions, the recent war operations, or other causes of instability and the increase of the capacity by increasing the process. Signals that are credible allow promotion, regular rise, allowing the company to warn others to planned moves, to plan the expected start and completion of capacity expansion.

Disadvantages of continuous information gathering

Information overload is the term used for the first time in 1964 by Bertam Gross in the book *Managing of Organisations*. It was used and popularised by Alvin Toffler in the book *Future Shock* in 1970.

Increasing the number of websites constitutes an endless source of information and creates dependency on such a method of obtaining information. With this in mind, you come to a new method of obtaining information and writing texts. Lawrence Lessig defines and describes the “read-write” internet culture.

Normally, the issue of the root of information on the Internet and its verifiability and benevolence arises due to its very easy modification. The problem of the omniscient Internet is that there is no one you can discuss the obtained information with, which can lead to misunderstanding or misinterpretation and misuse.

Basics of the information overload are:

1. Enormous growth of new sources of information;
2. The ease of duplication and transmission of data;
3. Increase of data transfer channels (phone, e-mail, instant messaging);
4. Large amounts of historical information;
5. Contradictions and inaccuracies in available information;
6. Lack of methods for comparison of accuracy and processing of different types of information;
7. Pieces of information are unrelated or do not have the overall structure in order to be connectable;
8. Poor signal strength relative to noise.

The following text will present a part of research for the doctoral dissertation oriented to information, its quality, and symbiosis of the quality of information and making business decisions.

The study has been designed as transversal (cross-sectional study), and has been organised for the purpose of description of phenomena (the willingness of companies to respond to change, change management, and information and information quality). The study should provide an analysis of the relation between variables in order to determine their conditionality and connection.

The first level of the research was conducted as a case study in an organisation that operates in the energy sector on the territory of Belgrade, and is a regional company in a global corporation. With occasional small fluctuations, the number of employees was 130. We handed out 124 questionnaires, out of which 102 were validly completed and returned and were taken into account when processing the data.

The second level of research was conducted as a survey on a random sample of the population in Belgrade, Subotica and Novi Sad. In total 400 questionnaires were distributed, and out of them 315 were validly completed and returned and were taken into account when processing the data. The questionnaires were collected by their delivery in person.

The questionnaire consisted of 11 closed questions, of which 5 (gender, age, education, field of work, position in the company) were the independent variables, and 6 were the dependent variables. For 7 questions related to the frequency of viewing certain media, the respondents were supposed to cross an answer, while for 7 questions they

were supposed to assess the quality of specific information.

One hypothesis that has been placed and discussed in the paper: Is there a difference (interaction) in the assessment of the quality and the relation according to the information provided by respondents employed in a company operating in the energy sector and those that are included in a random sample, who have different levels of education and are of different age.

Characteristics of the sample of respondents working in the energy sector (RWES):

Table 1. shows specifics of the RWES sample

Gender	
Male	Female
54	48

Age			
Up to 25	25 to 35	36 to 45	Over 45
7	42	33	20

Education		
Elementary and secondary	College	Faculty
11	11	80

Field of work				
Sale	Management	Production	Marketing	Finance
43	14	19	2	24

Position			
Top management	Middle management	Lower management	Executive position
2	13	15	72

Source: The research from the doctoral dissertation ``Management of the factors of the performance of strategic changes in the organization``

The results show that most respondents were generally satisfied with the quality of information received (47.1%). The respondents were generally satisfied with their relationship to information (53.9%). The respondents (52.9%) were generally satisfied with their ability to process information during the day. The largest numbers of respondents (47.1%) were neither satisfied nor dissatisfied with the quality of information they receive through television or radio. In addition, the largest numbers of respondents (48%) were neither satisfied nor dissatisfied with the quality of information they receive through daily newspapers. The largest numbers of respondents (65.7%) were generally satisfied with the quality of information when they needed to make a business decision, and they were also generally satisfied with the quality of information related to their work (55.9%).

Characteristics of the respondents included in the random sample (RIRS): The

structure of respondents included in the random sample was even by gender. Specifically, within the sample, 150 (47.6%) were male and 165 (52.4%) female.

In the observed sample, 93 (29.5%) of respondents were at the age of up to 25 years, 84 (26.7%) were at the age from 26 to 35, 72 (22.9%) were at the age from 36 to 45, and 66 (21%) of the respondents were at the age over 46.

195 (61.8%) had completed the elementary or secondary school, 36 (11.4%) had completed a college level school or some kind of specialisation, and 84 (26.7%) respondents had university education.

Structure represent: 108 (34.3%) were students, 171 (54.3%) were employed, 18 (5.7%) were unemployed, and 18 (5.7%) were retired.

Table 2. showes specifics of the RIRS sample

Gender	
Male	Female
150	165

Age			
Up to 25	25 to 35	36 to 45	Over 45
93	84	72	66

Education		
Elementary and secondary	College	Faculty
195	36	84

Structure			
Student	Employed	Unemployed	Retired
108	171	18	18

Source: The research from the doctoral dissertation "Management of the factors of the performance of strategic changes in the organization"

Based on the results, it can be concluded that the highest percentage (45.7%) of respondents within the covered population were mostly satisfied with the quality of information they receive, and also with their relationship to information (46.7%). The respondents (49.5%) were generally satisfied with their ability to process information received during the day. In the highest percentage (34.3%), they were neither satisfied nor dissatisfied with the quality of information received through television or radio, meaning they expressed neutral attitude. The highest percentage (41%) of respondents also expressed the neutral attitude, that they are neither satisfied nor dissatisfied in relation to the quality of information received through daily newspapers. In the highest percentage (43.8%) the respondents were generally satisfied with the quality of information when a decision has to be made.

Assessment of the information quality when a decision is to be made, respondents in the groups 1-RWES and 2-RIRS with different levels of education

The survey asked the respondents to assess quality of information when they needed to make a certain decision, with 1 being the highest level of satisfaction and 5 the lowest. Table 3 shows that the respondents in the first group with the completed college or some kind of specialisation are the least satisfied with the quality of information when they need to make a certain decision. Respondents with completed elementary or secondary school in the second group of respondents were the least satisfied with quality of information when they needed to make a business decision (the highest values are mean values).

Table 3: Assessment of quality of information when a decision is to be made by the two groups of respondents with different levels of education

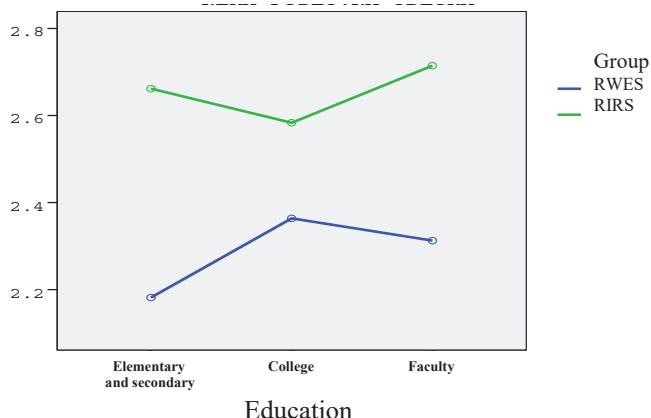
GROUPS OF RESPONDENTS	LEVEL OF EDUCATION	Mean MEAN VALUE OF THE ASSESSMENTS OF QUALITY OF INFORMATION WHEN A DECISION HAS TO BE MADE	Std. Deviation STANDARD DEVIATION	N
1-RWES	Elementary or secondary school	2.18	.751	11
	College or some kind of specialisation	2.36	.674	11
	University education	2.31	.518	80
	Total	2.30	.559	102
2-RIRS	Elementary or secondary school	2.66	.811	195
	College or some kind of specialisation	2.58	.874	36
	University education	2.71	.704	84
	Total	2.67	.790	315
Total	Elementary or secondary school	2.64	.814	206
	College or some kind of specialisation	2.53	.830	47
	University education	2.52	.650	164
	Total	2.58	.756	417

Source: The research from the doctoral dissertation ``Management of the factors of the performance of strategic changes in the organization``

Diagram 1. illustrates the ratio of the mean values of assessments by two groups of respondents. It can be seen that the mean values with the respondents in the first group are the highest with respondents with completed college or some kind of specialisation, whereas with the respondents in the second group, they are the highest with respondents with completed university education. It can be seen that the respondents of the second

group are much less satisfied with the quality of information when they have to make a decision compared to the respondents in the first group.

Diagram 1: Difference in assessments of quality of information when a decision has to be made by the two groups of respondents with different levels of education



Levene's Test of Equality of Error Variances is $0.000 < 0.05$, meaning that the variance of the dependent variable is not the same in all groups, so the more stringent significance level (0.01) for the evaluation of the results of the two-factor analysis is taken.

Assessment of information quality when a decision has to be made by the respondents in the groups 1-RWES and 2-RIRS of different age

The survey asked the respondents to assess quality of information when they need to make a certain decision, with 1 being the highest level of satisfaction and 5 the lowest. It can be seen from Table 4 that the respondents in the first group at the age over 46 assessed quality of the information as the worst when they have to make a decision (the mean values are the highest), whereas in the second group, the respondents from the age of 36 to 45 assessed as the worst quality of information they receive when they have to make a decision.

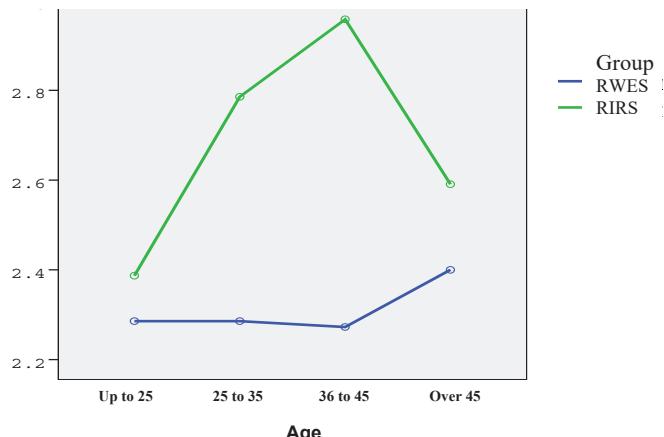
Table 4: Assessment of quality of information received by the respondents of the two groups of respondents of different age when a decision has to be made

GROUPS OF RESPONDENTS	AGE	MEAN VALUE OF THE ASSESSMENTS OF QUALITY OF INFORMATION WHEN A DECISION HAS TO BE MADE	Std. Deviation STANDARD DEVIATION	N
1-RWES	Up to 25	2.29	.488	7
	26 to 35	2.29	.457	42
	36 to 45	2.27	.517	33
	Over 46	2.40	.821	20
	Total	2.30	.559	102
2-RIRS	Up to 25	2.39	.752	93
	26 to 35	2.79	.729	84
	36 to 45	2.96	.740	72
	Over 46	2.59	.841	66
	Total	2.67	.790	315
Total	Up to 25	2.38	.736	100
	26 to 35	2.62	.691	126
	36 to 45	2.74	.747	105
	Over 46	2.55	.835	86
	Total	2.58	.756	417

Source: The research from the doctoral dissertation ``Management of the factors of the performance of strategic changes in the organization``

Diagram 2. illustrates the ratio of the mean values of assessments by two groups of respondents. It can be seen that the mean values of the first group are the highest with respondents of the age over 46, whereas with the second group, quality of information was assessed as the worst by the respondents aged 36 to 45. It can also be seen that the respondents of the second group are not satisfied with the quality of information when a decision has to be made.

Diagram 2: Difference in the assessment of quality of information when a decision has to be made by the two groups of different age



Levene's Test of Equality of Error Variances is $0.000 < 0.05$, meaning that the variance of the dependent variable is not the same in all groups, so the more stringent significance level (0.01) is taken for the evaluation of the results of the two-factor analysis.

The impact of the interaction between the groups of respondents and the age is given in Table 5. In the column Group of respondents/Age, Sig=0.111, which is more than 0.01, so it can be concluded that there are no significant differences in the assessments of quality of information by the respondents of different age when a decision has to be made, observed in the two groups of respondents. It means that the impact of the interaction between the groups of respondents and the education is not statistically significant. After the impact of independent variables, we proceeded to analyse separate impacts. Actually, the column Sig for the group of respondents shows the value of 0.000, and it can be concluded that the separate impacts of the group of respondents influence significantly on the differences in the assessment of quality of information when a decision has to be made. However, Sig for the age is 0.350 which is higher than 0.01, and it can be concluded that the separate impact of the age does not influence on the differences in the assessment of quality of information. The amount of the influence by the group of respondents is given in the column η^2 (Partial Eta Squared), and it can be seen that it is 0.033, which is an extremely small impact.

Table 5: Comparative analysis of respondents of different age in the assessment of quality of information they receive when a decision has to be made

(I) Age	(J) Age	Mean value of the difference		Standard error	Significance of the error (Sig)	95% Confidence interval	
		Lower limit	Upper limit			Lower limit	Upper limit
Up to 25	26 to 35	-.24	.097		.065	-.49	.01
	36 to 45	-.36(*)	.101		.002	-.62	-.10
	Over 46	-.17	.106		.396	-.44	.11
26 to 35	Up to 25	.24	.097		.065	-.01	.49
	36 to 45	-.12	.095		.563	-.37	.12
	Over 46	.07	.101		.889	-.19	.33
36 to 45	Up to 25	.36(*)	.101		.002	.10	.62
	26 to 35	.12	.095		.563	-.12	.37
	Over 46	.20	.105		.241	-.07	.47
Over 46	Up to 25	.17	.106		.396	-.11	.44
	26 to 35	-.07	.101		.889	-.33	.19
	36 to 45	-.20	.105		.241	-.47	.07

Source: The research from the doctoral dissertation ``Management of the factors of the performance of strategic changes in the organization``

Conclusion

Managers involved in gathering information in the market and their processing face great challenges every day. It must be an even greater challenge to determine the true direction of moving of the company, despite all the information available to us. False and tactless interpretation of the market signals certainly leads the company in the wrong direction, and we are witnesses that it often happens without any possibility for a second chance. No matter whether the market is of local or international character, it is always an equation with many variables whose solutions are not always unambiguous.

The immediate environment of an organisation can be dynamic or stable. The dynamic environments changes rapidly, the more minimal and slower are the changes, the more stable is the environment. If the decision-makers have to monitor a number of different components in the environment, then such a system is complex. If the number of monitored components is low, such a system is simple. It is thus simply imposed that the environment that is more complex and dynamic is at the same time more uncertain, which makes the job of the managers difficult and requires a lot of information for making appropriate decisions. Reducing uncertainty is achieved only by gathering information and its processing.

It should not be forgotten that people carry everywhere with them their prejudices, religion, cultural assumptions, education, which undoubtedly have a direct impact on the realisation of their projects. Market signals are differently interpreted as different people and cultures differently interpret negotiations, contracts, realisation of projects, and their outcomes. There is no one-sided understanding or a template that certainly gives the ability to always recognise successfully real market signals. Notwithstanding the above, this does not relieve companies from their obligations to monitor the market and market signals, and to make decisions about the company's future based on them.

Based on the results, it can be concluded that, although the respondents were generally satisfied with the quality of information they receive when they need to make a business decision, they have nevertheless expressed a neutral attitude towards television, radio and daily newspapers as a source of information (in most cases, they are not satisfied). Based on this, it can be concluded that business people are increasingly turning to the Internet and getting information through electronic media. Actually, the Internet provides a lot of information in a short period of time and can provide information of the print media and television at one place, whereby the reader is available to filter out what is most important for them.

All this can be sublimated into the famous world chess champion Robert Bobby Fischer's sentence when he was asked how many moves he could see ahead during a game of chess. The answer was: the only one, the best one!

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