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- INSTRUCTIONS TO AUTHORS

THE INFLUENCE OF ECO-MATERIALS ON FURNITURE AND INTERIOR PRODUCTION IN MACEDONIA

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Abstract: The modern style of living very often dictates us to spend great part of our time in a working atmosphere i.e. in business space with business services, in restaurants, as well as in hotels. That is why it is very important these kinds of environment to be planned in a way that would remind us on a cozy domestic atmosphere.

In the interiors, sustainable materials still have the epithet of timeless materials which never go out of fashion. However, the special moment in choosing the material depends on an individual's lifestyle.

Recently, more emphasis is put on the quality and longevity of natural (eco) materials, because not only they are good for people and living environment, but also the same ones are with an unsurpassed quality. The materials used as their replacement cost less, but their quality is not nearly with the same quality and longevity.

The term eco-material represents a term which widely includes natural resources derived directly from nature, and the same ones can be used for various projects in interior design. With the use of natural materials in the home, there is a warm feeling which is also felt in the nature itself.

In Macedonia the use of eco -materials is different, depending on the type of production of the furniture manufacturing companies. On the basis on the researches that I made of some Macedonian companies of this type, you will learn what materials, and in what percent and what purpose they are used for.

Key words: Ecological, green, design, material, furniture design, interior design.

Introduction:

The green or eco- friendly interior design includes design- solutions of interiors which include the use of eco-materials used to design the look and the atmosphere of the home. With the use of eco-friendly interior design, not only that it positively influences health of people living in this type of home, but it also captures harmony of the interior, which gives itself a feeling of tranquility and fulfillment, and yet reduces the living costs in the home.

(Carla J. Nilson, David A. Taylor, 2012).

“The interior is natural protection of the soul.” - Coco Chanel

The concept eco-design in the section of construction is defined as: “creation and responsible management of healthy built living environment, based on effective use of resources and ecological principles.”

Ecological and green design represents any form of design which minimizes ecological destructive influences with emulation and integrity with natural eco systems, well known as **eco-design**.

As such, the eco-design strives to provide a framework of ecological adequate system of design and management with incorporation of anthropogenic ecological values, in spatial time scales. (Fan Shu-Yang, F. Freedman, B. and Cote,R.2004).

The principles of eco-design can be applied within framework of continuum of spatial dimensions, such as individual homes, settlements, industrial zones, as well as making products. Therefore it can be concluded that eco-design can be applied for improvement of the already existing environments, also for planning new ones. It can also be used widely in the development and production of certain products.

With continuous increase of human population and industrial production, also grows the concern for the living environment, and the main reason for this is extraction and use of materials, use of products and their final recycling or destruction. Within the framework of this context, eco-design is well known as a strategy which is applied for reduction of influences in connection with production and consumption of products.

According to what has been said so far, interior architecture as a discipline controls design of interior space, and also it has a potential to control and give direction to ecological and green parameters of interior design. (W. Wimer, 2004).

1. Application of eco-material in Macedonia

Materials are part of our everyday life. They are met in every single segment by which we are surrounded, and depending on their type they are characterized with the a variety of features. The choice of material for a given product

is vital. It spends natural resources as much as needed energy for production. It is based on technical needs such as: price, hardness, temperature stability, density, as well as resistance of the material itself. (Mike Ashby, Kara Johnson Elsevier, 2002).

Natural or eco-materials represent materials derived directly from nature can be used for different types of projects for home design, where they give the home the warm atmosphere felt in nature. Natural materials used in interior design are: wood, bamboo, wooden girders, stones, leather, metals etc.

On the basis on researches made for eco materials and their use in the world, I have made a survey in some Macedonian furniture manufacturing companies, as well as their use of eco materials in their production:

1. **SIMPL – MEBEL** (established in 1998, in Radovish with activity – production of upholstered furniture).
2. **GUN INTERIER**(established in 1990 in Gostivar, with activity – production of dining Room tables and chairs and club tables).
3. **JUMIS** (established 2008 in Kochani, with activity – production of upholstered furniture and flat surfaces).
4. **DRVO PRODUKT** (established in 2002 in Pehchevo, with activity – production of dining tables and chairs and club tables).
5. **ZLATEV INJINERING** (established in 2016 in Shtip, with activity- production of flat furniture).
6. **PIRAMIDA** (established in 1993 in Strumica, with activity – production of flat furniture).

On the graphic display, a percentage presence is represented of eco-materials:

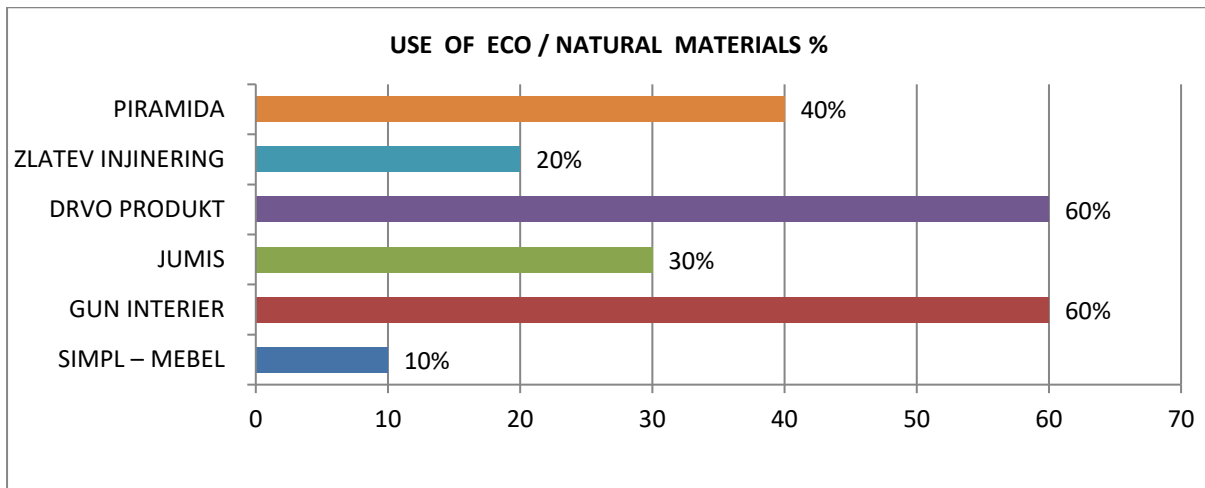


Chart 1 : Use of eco/ natural materials in Macedonia

From the graphic display it can be noticed that according to the type of the furniture produced by the Macedonian companies, eco materials are used for different purposes. So the percentage use of the eco materials depends on the purpose of the companies. The companies which produce dining tables and chairs, use eco- materials for making a construction of their products, while, the rest of them use these materials for production of details, or for fastening and twisting of the construction of the product.

However, during their production it can be noticed a use of artificial – conventional materials whose use is much more present than the one of the eco-materials.

On the graphic display, a percentage presence is represented of eco-materials and also of artificial – conventional materials, used by the surveyed companies.

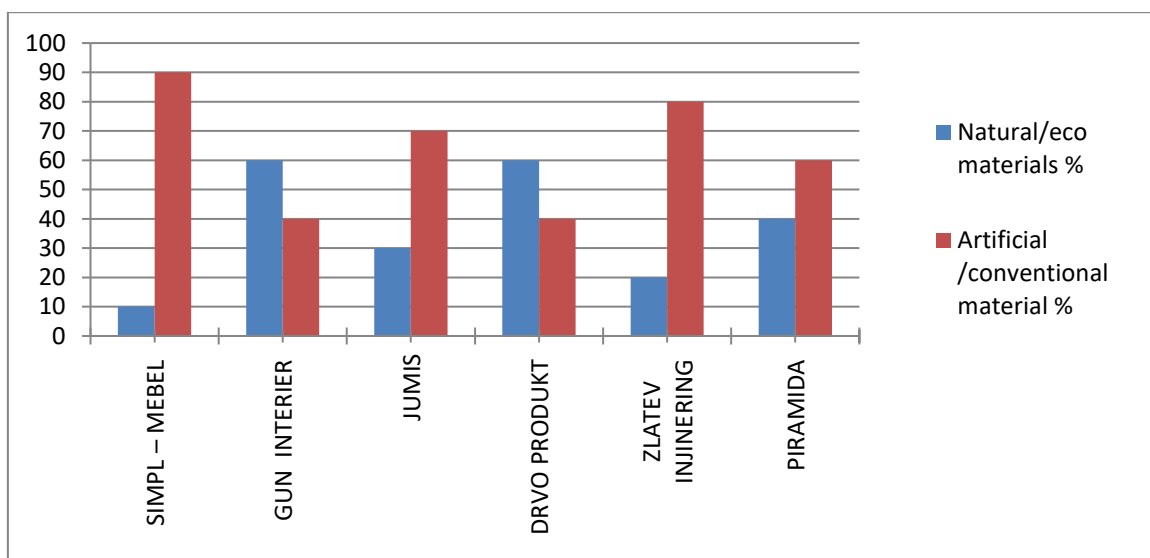


Chart 2: Use of eco materials versus conventional materials in Macedonia

For each company a different percent of the use of eco material is noticed, but still, it is on a lower level in relation to the application of the use of conventional material.

Often in selecting materials, the crucial role have some decisive factors, among which are quality and economic factor.

In continuation, on the graphic display, the quality and economic factor are represented with their influence of the selection of materials, which are supposed to be used by the surveyed companies, for production of their products:

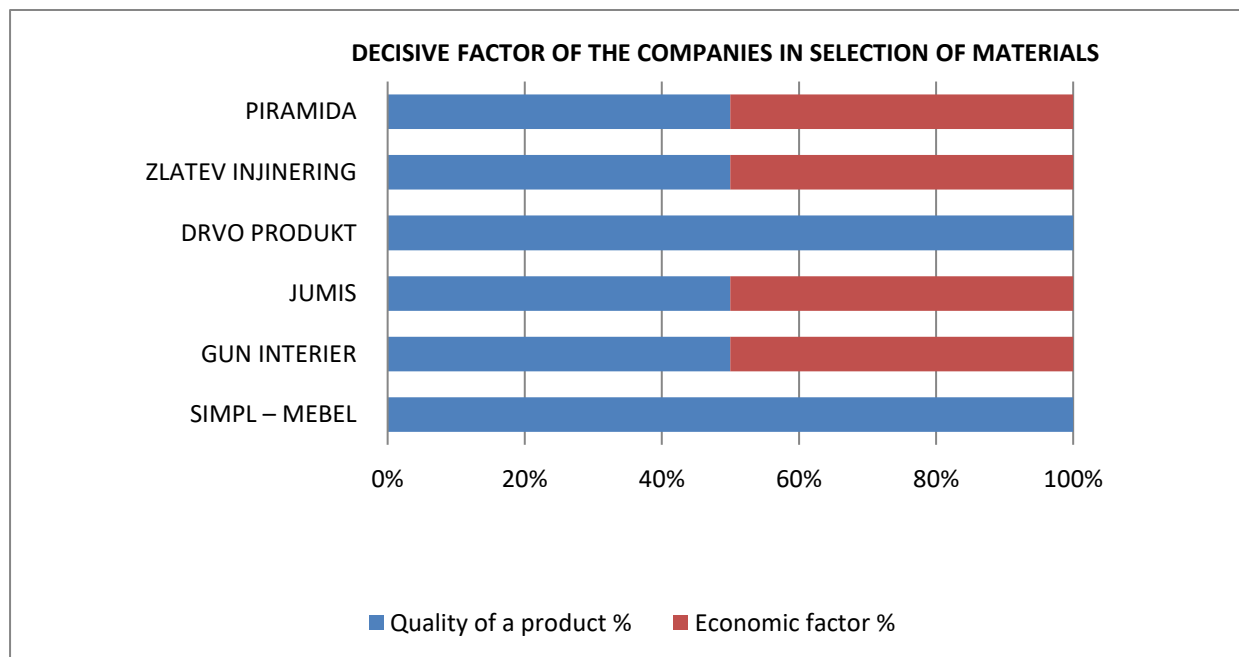


Chart 3: An influential factor in the selection of materials among the surveyed firms in Macedonia

From the graphic display it can be seen that, in general, the companies in Macedonia strive to use materials which will give a good quality of a product, but at the same time they will also satisfy the economic factor, i.e. they will not be too expensive (GUN INTERIER, JUMIS, ZLATEV INZHINERING and PIRAMIDA); there are also companies

which put quality on the first place, not paying attention how the same one would influence the final price of the product (SIMPL - M and DRVO PRODUKT).

Materials used by the companies supplied from various markets, and their percentage relation are presented in the following graphic display:

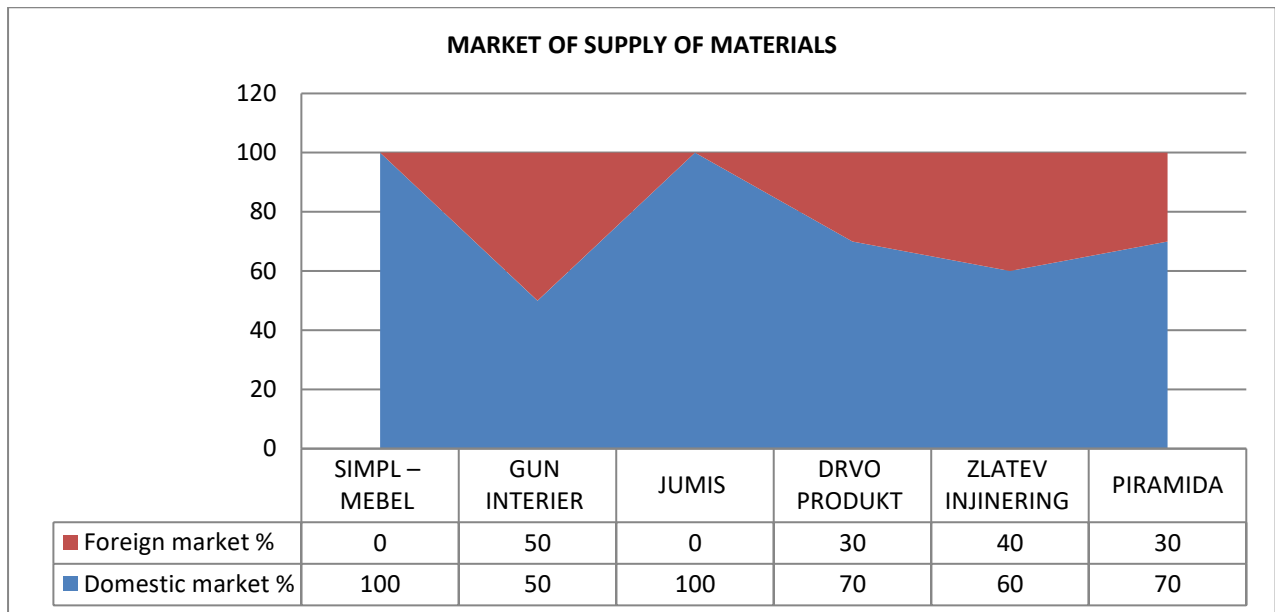


Chart 4: Market of supply of materials to the surveyed firms in Macedonia

From the above given graphic display, it can be concluded again that material used in Macedonian production of furniture are mostly supplied not only from domestic but also from foreign market, but each they are supplied in a different way by each of the companies.

CONCLUSION

On the basis on the made researches based on natural/eco materials, their characteristics and divisions, as well as the way they are used, a survey of a few

companies in Macedonia for furniture production was made, from the surveyed results it can be concluded that in R. Macedonia, the companies for furniture production use eco-materials for different use and in percentage. In general, these eco-material are used by the companies which make dining tables and chairs, for production of design constructions. The other companies which make corporeal furniture and sitting furniture, mostly use artificially made material, while eco - materials are used by them to make details or for tightening of the product construction.

SURVEYED FIRM	SIMPL – MEBEL Radovish	GUN INTERIER Gostivar	JUMIS Kochani	DRVO PRODUK T Pehchevo	ZLATEV INJINERING Shtip	PIRAMIDA Strumica
PRODUCTION	Upholstery	-Dining chairs -Dining table - Coffee table	-Upholstery -Flat surfaces	-Dining chairs -Dining table - Coffee table	Flat furniture	Flat furniture
USED MATERIALS	-Wood -Metal - Plywood -PU soft foam -Furniture fabric	-Massive wood - Steamy beech -Boards -Wood glue -Water paint -Acrylic paint -PU soft foam -Eco-leather/ furniture fabric	-Wood -Metal - Plywood -PU soft foam -Furniture fabric - Leather - Glass - Boards	-Massive wood - Steamy beech -Boards -Wood glue -Water paint -Acrylic paint -PU soft foam -Eco-leather/ furniture fabric	-Wood -Boards - Plywood - Cork	-Wood -Boards - Plywood -Metal
TYPE OF MATERIALS	10 % Natural 90 % Artificial	60 % Natural 40 % Artificial	30 % Natural 70 % Artificial	60 % Natural 40 % Artificial	20 % Natural 80 % Artificial	40 % Natural 60 % Artificial
DECISIVE FACTOR OF THE COMPANIES IN SELECTION OF MATERIALS?	100 % Quality	50 % Quality 50 % Economic factor	50 % Quality 50 % Economic factor	100 % Quality	50 % Quality 50 % Economic factor	50 % Quality 50 % Economic factor

Table 1: Survey results from the questioned firms

MARKET OF SUPPLY OF MATERIALS?	100 % Domestic market	50 % Domestic market 50 % Foreign market	100 % Foreign market	70 % Domestic market 30 % Foreign market	60 % Domestic market 40 % Foreign market	70 % Domestic market 30 % Foreign market
EXPERIENCE WITH ECO MATERIALS?	20 years	28 years	10 years	16 years	2 years	25 years
THE MOST USED ECO MATERIALS?	Beech tree	Massive wood steamed beech	Leather	Massive wood steamed beech	-Beech tree -Cork -Water paint	-Beech tree -Eco boards
PART OF PRODUCTION BASED ONECO MATERIALS	Strengthening the construction of products	Construction of products	Upholstery	Construction of products	Details	For the outer part of the product (parts that are visible)
THE MOST RECEIVED PRODUCT BASED ONECO MATERIALS?	/	Chairs	TDF Sets	Chairs	Table	Kitchen

Table 2: Survey results from the questioned firms

The reason why Macedonian furniture manufacturers use eco-materials, than the conventional ones, is mostly because of their price. But the question, whether in their further production they would use mostly eco-materials, the most frequent response is positive one, because they are easily maintained, they do not pollute the living environment, and they are long-life materials compared to the artificial ones.

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GOING GLOBAL - ACTING LOCAL: MARKETING STRATEGY OF SIEMENS IN SERBIA

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Abstract: When a company has been operating in the world for 170 years, and for 125 years in one specific country, it more than surely deserves to have its business and marketing strategy considered. There are not so many companies that have achieved this and not so many companies can serve as an example of how a global company can be domestic. This is the case with Siemens in the world and Siemens in Serbia, and there is probably no company which has influenced the industrial and economic development of Serbia in such a powerful way as Siemens. This is a sufficient reason for studying the marketing strategy of Siemens, with the focus of this paper on studying the business and marketing strategy of Siemens in Serbia, in order to identify the marketing strategy that has brought this company to global success and which can be used by other companies in their presentation in the global market.

Key words: *Siemens, marketing strategy of Siemens, marketing strategy of Siemens in Serbia*

1. Introduction

Since Werner von Siemens invented the first pointer telegraph and together with Johann Georg Halske founded the company “Telegraphen-Bauanstalt von Siemens & Halske” in Berlin with 10 employees (1847). What followed was opening of London office “Siemens, Halske & Co.” headed by William Siemens (1850), the office in St. Petersburg (1855), Brussels (1871), Paris and The Hague (1878), Vienna and Warsaw (1879), Stockholm and Turin (1880), New York (1886), Tokyo (1887), Rio de Janeiro (1888), Budapest (1890) and Chicago (1892). From establishing

the Russian state telegraph network (1853) to the Digital Hub in Singapore (2017), from discovery of the dynamo machine by Werner von Siemens (1866) to MindSphere (2016), through sales difficulties during World War I and World War II to the overcoming of the crises, from employees’ first shares in company results (1858) to present Business to Society concept, Siemens has become during this 170-year-long period a worldwide global company, with around 377,000 employees in more than 200 countries/regions (Wegener and Karczewski, 2017). Today, according to Siemens – Global (2018) “Siemens is a global leader in electrification, automation and digitization, and one of the world’s largest manufacturers of energy efficient resource saving technologies and a leading provider of power generation and transmission systems, as well as medical diagnosis and infrastructure and industrial solutions in which the company has a leading role”.

In its global business and marketing strategy, the company applies the principle of local operating by opening its own companies in foreign countries, which requires large investments in the research and development of each individual market, the costs of adapting to domestic economic, cultural and political conditions, but it also brings great benefits.

In its 170-year-long history, Siemens has been operating for 125 years in Serbia. A few companies in the world have such a long tradition of doing business in a country and business in global. Such a long history and successful operation of Siemens in the global market, as well as its long tradition in Serbia market and the importance of company for the economy development in Serbia, is certainly a sufficient reason to study its business and marketing strategy. There is not much literature on this subject, so the aim of this paper is, through the study of the marketing strategy of one such successful company in global market as well as in Serbia market, to contribute to the study of Siemens marketing strategy, as well as to pay homage to importance of Siemens in Serbia.

The first part of this paper is focused on the study of key elements of the Marketing Strategy of Siemens, the main competitive advantages and the analysis of competition in the global market, while the second part is focused on the study of Siemens marketing practice in Serbia. The last part relates to the conclusions we have reached in this analysis - what the elements of the marketing strategies of successful global companies such as Siemens are, which can serve as a guide to other companies operating under the conditions of global market competition.

2. Marketing Strategy of Siemens

The focus of Siemens marketing strategy is on careful segmentation and targeting foreign markets and on long-term positioning in them through the development of core competitive advantages.

2.1. The core elements of Marketing Strategy of Siemens

Segmentation, targeting, positioning (STP): The STP model according to

Hanlon (2018) plays an important role in creating marketing communications plans that allow marketers to prioritize propositions, then develop and provide personalized and relevant messages to different segments of the audience. STP is focused on commercial efficiency, selecting the most important business segments, and then developing a marketing and product positioning strategy for each segment.

Rakita (2012) explains that the significance of the segmentation of the market in international marketing, as a strategic approach to international market targeting, except in respect of more adequate selection of foreign markets, has a great importance in the process of planning, organizing and controlling international marketing activities, given its preventive character, which enables successful international market selection. In international business environment, the significance of segmentation is particularly increased due to the greater heterogeneity of the market in demographic and cultural terms, as well as in the socio-political and economic-developmental terms (Jović, 2002; Rakita, 2012).

According to Bhasin (2018) “Siemens uses geographic and demographic segmentation strategies for the products for B2B businesses and demographic and psychographic segmentation strategies for the products and services intended for retail customers and differentiating targeting strategy to target MNC’s and government organizations to sell its products bundled with other offerings. The company has positioned itself as a brand having a global presence and as a pioneer in electrical engineering and automation processes, and uses customer benefit positioning strategy to achieve that”.

Competitive advantage: What features distinguished Siemens from other companies and enabled it to have a 170-year-long history of successful business?

Research and development (R&D): This is a key component of the Siemens marketing strategy which implies constant investments in the development of innovative and sustainable solutions for the customers, in accordance with the company's strategy and safeguarding of competitive advantages. This is confirmed by Annual Financial Report of the company (AFR, 2017) according to which “in fiscal 2017 company reported research and development expenses of €5.2 billion, compared to €4.7 billion in fiscal 2016. The resulting R&D intensity, defined as the ratio of R&D expenses and revenue, was 6.2%, thus above the R&D intensity of 5.9% in fiscal 2016. Additions to capitalized development expenses amounted to €0.4 billion in fiscal 2017, compared to €0.3 billion in fiscal 2016. As of September 30, 2017, Siemens held approximately 63,000 granted patents worldwide in its continuing operations. As of September 30, 2016, it held approximately 59,800 granted patents. On average, company had 37,800 R&D employees in fiscal 2017”.

Innovativeness: From the beginning, Siemens was defined by its innovativeness. Its innovativeness started with the pointer telegraph, then with the dynamo machine and, as can be seen today in innovations like MindSphere, an operating system for the Internet of Things (ToI). Over time, key creators of the company history combined scientific curiosity with entrepreneurial action to make Siemens the leading standard-setting company and master of the entire value chain of electrification in the way that few competitors can do it (Wegener and Karczewski, 2017).

Internationality: Operating in Russia was just the beginning. It soon became clear that the company had an international ambitions. But a lot of effort was required to establish the company as a local partner and a member of local society. To achieve this, it was not enough to simply speak the local language, it meant understanding attitudes and local customs, and acknowledging them, and applying them wherever they are consistent with the values of the company as a whole (Wegener and Karczewski, 2017). The company is viewed not as a German company, but as a local company in each country. This is what makes Siemens truly international.

Focus on quality and customers: This quality also emerged early in the company's history. According to Wegener and Karczewski (2017) this quality and customer focus is visible, for example, in Siemens' founding of a digital hub in Singapore and its collaboration with customers, partners and representatives of civil society there, to address the major questions of the future facing the city-state.

Proven itself in crises and ability to change: Crises are part of company's history, but it has always found ways to overcome them, and come out stronger each time, improving its main advantages.

Responsible action: Werner von Siemens incorporated this value into the company's strategy from the very beginning. He thought that responsibility requires all employees to act as though the company is their own, and creates an “ownership culture” that is brought to life every day.

Competitive analysis: A global company has many competitors, but in this paper we will highlight some of the main competitors in several of the company's major business sectors.

Amor, Valls, Casserras and Cortegiani (2013) point out that one of the company's main competitors certainly is General Electric Co. (US), then Bombardier Inc. (Canada) and Alstom SA. (France) in the rail manufacturing sector, ABB Ltd. in energy sector, and Philips Electronics N.V. (Netherlands) in healthcare sector.

2.2. Marketing mix of Siemens

The Marketing mix as a set of controllable variables serves to achieve a higher level of customer satisfaction and, at the same time, achieves its objectives (Kotler and Keller, 2017).

Product: Siemens focuses on electrification, automation and digitalization. It operates in ten divisions: Building Technologies, Drive Technology, Energy, Healthcare, Industrial Automation, Mobility, Financing, Consumer Products, Services and Software. The Building technologies division provide products, services and solutions in its marketing mix that optimizes the performance, energy costs and infrastructure of buildings (Mba skool, 2018). The Energy management division provides cutting-edge products and services covering the entire energy value chain like turbines and generators to virtual power plants or intelligent grid management and innovative storage solutions. Healthcare is separately managed business, with powerful mix of unique products and services like Medical Imaging, Ultrasound or Healthcare IT. Within the hardware and software portfolio of the company MindSphere, cloud-based, open IoT operating system that connects products, plants, systems, and machines has already been mentioned, enabling to harness data generated by the Internet of Things (IoT) with advanced analytics (Siemens – Global, 2018).

Price: Siemens is present in different sectors, so the company's pricing policy is different for each of them. According to Annual Financial Report of the company for 2017 (AFR, 2017), "Power and Gas businesses gives Siemens a profit margin of 11 – 15%, Energy Management 7 – 10%, Building Technologies 8 – 11%, Mobility 6 – 9%, Digital Factory 14 – 20%, Process Industries and Drives 8 – 12%, Healthineers 15 – 19% and Siemens Gamesa Renewable Energy gives Siemens a profit margin of 5 – 8%. These percentages show that the company was profitable in fiscal 2017 thanks to the policy of lower prices achieved by a mix of lowering production and installation costs, and positive effects of project execution and completion. Investments in R&D are still high, as can be seen in the previous section".

Place: Siemens is one of the leading global business leaders with business units in more than 200 countries and with over 370,000 employees. Siemens operates all over the world on all continents and in almost every country like Austria, Australia, Brazil, China (also see Ahsan, Qazi, Shahabuddin and Khan, 2014), Chile, Denmark, Egypt, India, Japan, Serbia etc. Table 1. shows the company's presence in particular countries according to the revenue and the number of employees in fiscal 2017.

Promotion: Siemens has a very intensive approach to its marketing mix strategy to reach the desired audience. It uses both traditional and modern marketing tools, such as TV ads, online videos and print ads and social media as well (Facebook, Twitter etc.) to promote its campaigns. Some of the famous Siemens campaigns are: "Answers", "Face the nation", "Good Morning America", "Meet the press" and "Ingenuity for life" (Mba skool, 2018).

Table 1. Global presence in fiscal 2017

Country		Share of total Worldwide
Americas		
Revenue ¹	€23.5 billion	28%
Employees ²	76,000	20%
Germany		
Revenue ¹	€11.1 billion	13%
Employees ²	118,000	31%
Europe (excluding Germany), CIS³, Africa, Middle East		
Revenue ¹	€32.2 billion	39%
Employees ²	113,000	30%
Asia, Australia		
Revenue ¹	€16.2 billion	19%
Employees ²	70,000	19%

1 As reported in FY 2017; by customer location

2 As of September 30, 2017. With beginning of FY 2018 part time employees are included to the full extent. Prioryear information is presented on a comparable basis

3 Commonwealth of Independent States

All figures refer to continuing operations.

Source: Siemens-Global, 2018

3. Marketing Strategy of Siemens in Serbia

Siemens has been operating in Serbia for 125 years since 1887, but it was actually present long before. The first product of Siemens & Halske, which appeared in Serbia, was the arc lamp, which was used for the first time to illuminate the National Theater in Belgrade in 1882, and the second one was the first telephone in Serbia (1883). According to Marković, Antić and Šarenac (2012) from the first arc lamp in Belgrade during 1881-1882, Siemens began to play a key role in the electrification of Serbia, through the first electric power station in Dorćol in Belgrade (1893), and then the first Serbian hydroelectric power station "Under the city" near Užice (1900) which is also the first electric power station built according to Tesla's principles of polyphase alternating current system in Serbia and the other in the world, after Niagara in America. Then, hydroelectric power plants were built near Leskovac (1903), Niš (1908), Ivanjica (1911) and Zaječar (1909), with Siemens equipment installed

in each of them. 1923 Siemens delivers state-of-the-art electronic trams for the needs of Belgrade's city transport, and the first automatic telephone exchange system by Siemens started operating in Novi Sad (1927) and then in Belgrade (1931). In 1941, "Srpski Siemens Električar a.d." was founded, and in 1945 "Genex" company started representing Siemens, and in 1960 Siemens started production and technological cooperation with EI Niš, after which the Factory of High Frequency Devices, together with Siemens and Genex, founded joint venture company under the name "EI VF-TEL" in 1990 (Marković et al., 2012).

According to Siemens-Serbia (2018) in 1996, April 8th, the local company Siemens d.o.o. Belgrade was founded, which currently employs about 1750 employees engaged in all areas in which the parent company is active, and in 2005 Siemens bought the factory Loher Elektro Subotica, which produces generators for windmills, in which about 1600 of total employees work in.

Operating through a local company is one of Siemens's key approaches in its global marketing strategy. Local company operates in the field of electrification, automation and digitization, which are also the areas of Siemens's long-term progress, and in order to fully take advantage of the market potential in these areas, Siemens d.o.o. Belgrade is grouped into nine divisions, where the healthcare division is additionally allocated as part of the business that is managed separately (Siemens-Serbia, 2018). These divisions produce a wide range of products and solutions for the successful handling of fossil fuel power plants, the use of renewable energy sources, economical, reliable and intelligent transmission and distribution of electricity, efficient and integrated transportation of people and goods by rail and road or supply of modern medical and laboratory infrastructure.

These products are distributed to public and private companies, such as utility services or, for example, public or independent electricity producers, engineering, procurement and construction companies (EPC) or industrial customers, for example, oil industry and gas industry, all over Serbia, but also in the region and beyond (Siemens-Serbia, 2018). According to Marković et al. (2012) the company has developed very successful cooperation with some of the largest Siemens customers in Serbia, such as EPS, EMS, NIS-Gazprom Neft, FIAT, Kolubara and many others, through partnerships and joint ventures.

As an important part of this marketing mix within Siemens's marketing strategy in Serbia, throughout its 125-year-long history in this market, when promoting its own products or those belonging to its partners (such as Telefunken), Siemens used a large number of advertisements published in daily or monthly press and professional journals stated until 1941. The central part of almost every

advertisement in that time was dedicated to the drawing or photographs of the Siemens product with the description of the features of Siemens equipment, and the accompanying graphics were paid special attention. According to Marković et al. (2012) part of the material distributed in Serbia was printed in Cyrillic according to local market affinities. In addition to the telephone, Siemens' orientation to the radio, in the sense of production and marketing, is very interesting, considering that the radio at that time was still a luxury product and considered as a privilege, but it was especially interesting for the company, both from the production and marketing perspectives, because the device was portable and it could be used out of home.

Experiments were carried out with the radio set in the car, which was also a challenge in the sense of production and marketing at that time. Siemens introduced their radio devices to potential customers and partners at fairs and radio shows, for example, Belgrade radio show in 1936. In addition, Siemens also participated in broader marketing campaigns aimed at promoting the use of electricity in households, with the help of Bipel, ie. the propaganda bureau for the use of electricity in Serbia (1937), and what is most interesting, the first neon sign in Belgrade was actually the Siemens commercial for Telefunken (Marković et al., 2012).

Since that time, technology has progressed drastically, but the needs of marketing to adapt to the economic, social, cultural and political conditions of one country have remained the same.

The marketing strategy of Siemens in Serbia has been affected by numerous turbulent circumstances. The company has had to leave the market several times due to political circumstances, but for example, during the economic sanctions in Serbia, Siemens played an important role in providing assistance.

There were other economic and socio-cultural difficulties that the company successfully overcame, which is confirmed by 125 years of its successful business in Serbia.

Since the beginning, the company has had a long-term orientation towards the Serbian market, which shows numerous innovations and investments, where the company has never given up its core elements of marketing strategy - investments in research and development, investments in education through student support programs, sponsorships in the field of science, culture and sports, investments in people and the environment, through socially responsible behavior. According to Marković et al. (2012) through Siemens Educational Program *Siemens Generation 21* companies have been helping students and professors in technical sciences to gain the latest knowledge, and encourage young people to become interested in technical professions. Within this program, Siemens has organized a competition for elementary and secondary school students called *Create the Future*. Within the framework of environmental protection, Siemens Serbia launched the internal project "Siemens Green Week", as well as the project "Energy Efficiency and Environmental Protection" and many others projects aimed at raising the awareness of employees and all others of environmental protection.

Siemens has become an integral part of the domestic economy that provides a constant contribution to economic progress in all regions and all sectors of the economy as a promoter of significant cultural, scientific, artistic and sports events, which further confirms that the company wants to remain permanently in this region.

The history of Siemens in Serbia represents a significant part of the history of Serbian economic development, and company that has been present in Serbia

for 125 years is an important part of development of Serbia.

Conclusion

In its global marketing strategy Siemens applies a strategy of careful market selection and diversification based on key competitive advantages that involve constant innovation that has been its key aspiration since the beginning. Research and development require the largest investments of the company, as well as the internationalization, which means being present in every country. The company's priority in production and marketing is also providing of high quality products and services, as well as customer, employees and the environment care, and prove itself in crisis circumstances. This marketing strategy, in which one of the main business philosophy of Siemens - to be a good citizen of the country in which you work – (which was the case with Siemens in Serbia) has brought the company to global success. It could serve as an example for other companies in their attempt to succeed in the global market - how to think global, and act local.

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DESIGNING MARKETING CHANNELS: MULTIPLE MARKETING CHANNELS AT WINERY “MAČKOV PODRUM”

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Abstract: Designing marketing channels in order to penetrate targeted market and to attain desired position in that market requires making various decisions related to the channel structure, selection of channel members and organization of activities that need to be performed in those channels in order to deliver the product/service to customers. This paper is about the process of making decisions involved in designing the marketing channels of the company. Seven phases of the Paradigm of the channel design decision are discussed. Winery “Mačkov podrum” from Irig, Vojvodina, is taken as the example of the company that successfully combines several channels to attain market presence and coverage.

Key words: Marketing channel, marketing channel design, multiple marketing channels, marketing channel strategy, final consumer, intermediary

1. Introduction

Intensive business changes, business innovations, new technologies based on the Internet, shorter lifecycle of products and educated customers, have made it very difficult for a company to attain sustainable competitive advantage in today’s global market. Globalization, digitalization, the Internet, mobile phones and social networking have made customers more mobile, educated, informed and connected. Channel managers can no longer rely only on traditional and conventional marketing channels if they want to stay successful and competitive in the market.

“Product differences whether based on technological superiority, design

innovation, quality or brand identity, can be copied, matched or even improved upon by competitors from all over the world in a relatively short period of time.” (Rosenbloom, 2006.). Rosenbloom (2006) argues that, for modern companies, it is very difficult to build sustainable advantage focusing on product differentiation or lower price. Cheap labor, more flexible business politics and laws of some world regions have made these two business strategies easy to overcome. Products can be manufactured, and presented at the market at lower prices, characteristics and design can be imitated and adopted thanks to advanced and innovative technologies thus the implementation of multichannel strategies may be crucial for attaining the sustainable advantage in targeted markets. Offering the advanced and superior value to customers can be done by applying multichannel strategy and synergy of all channels in order to meet customer’s needs and standards.

Designing marketing channels is a process that requires making a sequence of choices and decisions related to the structure of marketing channels, channel procedures, the choice of intermediaries, organization of relationships and activities of all channel members and conflict resolution.

„The company’s own field sales force channel, the distributor channel, the sales rep channel, the catalogue/mail order channel, the online channel, the call center channel, and several other may all be needed by the same company to serve customers effectively and efficiently.” (Rosenbloom, 2006; Friedman & Furey, 1999). Channel managers make decisions to select among possible alternatives of channels in order to create efficient channel mix that will serve targeted customers with desired amount of product, in due time, at the location they prefer, at the acceptable price. Making such decisions takes serious researching and planning.

When applying multi-channel strategy, it is of vital importance to create, combine, integrate and coordinate all elements of the channel mix. Multi-channel strategy, its development and implementation implies planning, researching, investment in infrastructure and work organization, educating personnel and making long-term commitment. Problems in delivering the superior value to customers may cause in their deep dissatisfaction and they might leave the company and transfer their transactions and loyalty to competitor’s business.

2. Marketing channels

Marketing channels are, formally, chain of interdependent organizations whose role is to make product and services available for users (Kotler, Keller 2006).

Basically, marketing channels are the routes that products and services go through on their way from producers (manufacturers) to final consumers or business users- a link between producers and final users. The main purpose of marketing channel is to have the right product delivered on the shelf of the store when the customer wants it, and at the price customer is willing to pay for it. Marketing channel manager must decide which intermediary, or more of them, are

the best suitable to deliver the product to the market the producer wishes to enter.

The crucial point of every marketing channel is the *customer* (whether it is the *final customer or business buyer*) and all efforts and activities of channel members need to be focused on the end users and their satisfaction.

The essence of marketing channels is consisted of following components: (Lovreta, Končar, Petković, 2018):

- Organized system in which participants together undertake integrated and/or coordinated actions
- Agencies and institutions that take place as participants in marketing channels
- The functions of marketing channel members
- Connections between suppliers and buyers, and
- Marketing tasks in the process of connecting producers and consumers

It is significant that marketing channels are designed in accordance with the overall marketing and positioning strategy of the company and may be the critical point of differentiation and attractiveness of some company in the market. “In short, a strong channel system is a competitive asset that is not easily replicated by other firms and is, therefore, a strong source of sustainable competitive advantage. Further, building or modifying the channel system involves costly and hard to reverse investments.” (Coughlan, Anderson, Stern, El-Ansary, 2006)

„It is the quality of the channel mix rather than quantity of channels that has the most influence on the size of a firm’s customer base “(Rosenbloom, 2006).

Decisions that the company takes related to marketing channels and their design, length, intensity, members, leadership and conflict resolution are, in fact, crucial for positioning the company in the market, since the company uses its channels to communicate to market participants. Those decisions affect other elements of marketing mix, promotion techniques, product/services prices, market positioning and shape the opinion and attitude of consumers towards the product and the company, and channel managers need to bear that in mind when designing or modifying existing channels.

The *principal participants* in marketing channels are *producers* (manufacturers, originators), *intermediaries* (wholesalers, retailers and specialized intermediaries) and *final users* (individual consumers or business customers). Other specialized participants, involved in transfer of products and services to the spot of their final utilization are: brokers, manufacturer's representatives, agents and other specialized intermediaries (transport, warehouse, merchandising, delivery, assortment, labeling, financing, crediting, insurance, arrangement, promotion, research etc).

Channel members are involved in the performance of *channel flows* or functions in the channel: *physical possession, ownership, promotion, negotiation, financing, risking, ordering, payment and information sharing* (Coughlan et al, 2006). Physical possession, ownership transfer and promotion move forward through the channel, from manufacturer to final consumer. Ordering and payment move upwards the channel, from final consumers to manufacturers. Negotiation, financing, risking and information sharing move in both direction and among different channel members.

According to Profesor Kasturi (1994) of Harvard Business School there are eight generic channel functions:

- *Product information*- customers look for information about specific products (especially new products and technologically complex and changing products). Product customization- if technical modification of products is necessary to meet customer's requirements.
- *Product quality assurance*- when a customer needs the assurance of product's integrity and reliability because of products consequences for the customer's own operations or production.
- *Lot size*- depends on the characteristics of the product and the amount of money that customer needs to spend to buy specific product
- *Assortment*- product need to be available to customer when needed; customer may need various products once, or may need special size or amount of specific product
- *Availability*- customer requires the channel to support a high degree of product availability, especially important for customers whose product usage rates are not easy to predict (like spare parts). Customers are not willing to wait until product is delivered to the store or the office and might rather turn to the competition
- *After sales services*- installation, repair, maintenance and warranty- often the quality and availability of these services influence the initial sale
- *Logistics*- transporting, storing and supplying product to the end user may be complex task such as transshipping or hazardous products transport and increase investments for the company and costs for the customer.

Besides channels that are used to transfer goods and services forward, towards the final users, there are *reverse channels* that are driven in opposite direction, from final consumers towards manufacturers. These channels are used to return unwanted and damaged products (for replacement or reparation) and for recycling (packaging, plastic, glass bottles, organic waste, old and broken technical products etc). Sometimes the company itself uses reverse channels to withdraw products from the market, when there is the malfunction or damage to the line of products discovered after the product was released to the market.

Organizing marketing channels is done in two steps: designing marketing channel in accordance to defined goals and plans, and then structuring channels through determination of adequate relationships between participants in the channel (Lovreta, Končar, Petković, 2018).

3. A paradigm of the channel design decision

Rosenbloom (2013) determines *seven phases in marketing channel design*:

1. *Recognizing the need for a channel design decision*
2. *Setting and coordinating distribution objectives*
3. *Specifying distribution tasks*
4. *Developing possible alternative channel design*
5. *Evaluating the variables affecting channel structure*
6. *Choosing the best channel structure*
7. *Selecting the channel members*

1. Company needs to design new channels or to modify existing channels when it wishes to penetrate the market with some new product or a line of products, when enters a new market with the existing product, if new market is opened, when some components of the marketing mix have been changed, when merger or acquisition took place or a new company

has been established, when company changes intermediary policies or the availability of certain intermediaries has changed, because of new technologies, conflict or behavioural problems within the channel or when a company periodically evaluates the costs and benefits of used channels.

2. Distribution objectives need to be explicitly stated and congruent with other marketing mix areas and with the long-run objectives and strategies of the company, since these decisions affect the image of the company and its ability to generate the sales and customer's loyalty. Channel objectives may include growth in sales in existing markets or by reaching new markets; structuring new channel to achieve new performances such as specific time frame, place, utilities; improving the performance of existing channels; maintenance or improvement of market shares.

3. The third step in designing marketing channels refers to specifying the set of various distribution tasks that need to be carried out in order to deliver the product/service to the customers in the manner that will evoke their satisfaction. In this phase the channel manager needs to gather available information on target market and desired customers segments including their shopping patterns and habits. Tasks such as promotion, product features info, creating offer and special offers, tryouts, orders and specific orders and desires processing, special packaging, inventory maintenance, in-time delivery, transporting and storage, credit and financing, warranty service and product return procedures, repair and technical assistance, need to be detailed and specified to avoid malfunctions in performance of designed marketing channels which could lead to customer's abandoning the company.

4. After all tasks and eventual problems that might emerge in the distribution, are taken into consideration and analyzed, marketing channel managers need to develop alternative channel structures. Taking into consideration market that the company is planning to cover with its products or services, characteristics of target customers segments and the specifics and quality of distribution that it desires to achieve, marketing channel managers need to develop the distribution network by choosing among following channel dimensions: number of channel levels- the length of the channel, intensity at different levels and the type and number of intermediaries that are going to be used at every level of the channel. At this stage it is necessary to consider the specifics of particular industry, market demand level, the market size and the size of target segment, availability of intermediaries and, in accordance to these parameters, to design the channel network that will maximize the profits and minimize overall costs and investments.

The company may sell its products through direct and indirect channels. *Direct channel* represent the type of sales where the company sells its product or service directly to the final consumer of business user, without intermediaries. Direct channel includes direct sales, direct marketing, special stores and infrastructure owned by the manufacturer or the originator of the service and every channel structure where the product or a service is transferred from the manufacturer or the originator to the final user directly. Direct sales is, however, not necessary limited to direct channel since it refers to every direct contact between the seller and the buyer and therefore might represent selling-buying process between the manufacturer and final consumer, the manufacturer and intermediary, the intermediary and the final consumer etc. Direct marketing, on the other hand, refers to all activities where the seller and buyer interact directly: direct

sales via direct mail, telemarketing, mobile marketing, catalogue, vending machine, sales force, interactive television, social networks etc. *Indirect channels* include intermediaries in the process of transferring the product from the manufacturer to final user.

Intensity is related to the number of intermediaries at each level of the channel. *Intensive distribution* refers to situation when the company uses all available outlets, intermediaries and opportunities at each level of the channel to place its product in the market. This strategy enables high brand exposure and makes consumer's convenience a priority (easily accessed products such as milk, newspapers etc. are sold using this strategy). *Selective distribution* enables better control over the marketing channel than intensive distribution and refers to a situation when a company chooses several intermediaries, among many available, to distribute its product. This strategy is used when a company sells its products only in some chosen outlets and may require the intermediary to add some value to the product (specific service, store ambience, customer education etc) When a company chooses only one intermediary to distribute its product to carefully chosen segment of customers (such as specific and expensive products) it is referred to as *exclusive distribution*. This distribution strategy creates strong interdependence between the manufacturer and its intermediary. Since this approach requires the intermediary to promote the product, add a special value to it and to maintain the certain level of sales, it is necessary for the intermediary to have special skills and knowledge to handle all activities that are required by the manufacturer.

In today's overcrowded market and various customer segments companies need to create complex distribution networks in order to reach additional segments of customers and to gain more market coverage.

Multiple marketing channels, international channels, hybrid intermediaries, contractual systems, integrations, corporate systems, strategic alliances, and many different agreements and networks are used by companies all in order to attain competitive advantage and to keep satisfying market position.

The types and number of intermediaries that are going to be used, as well as the number of levels and intensity of marketing channels need to reflect the overall marketing and business strategy and objectives of the company.

5. The channel managers need to evaluate all variables that might affect channel structures. *Market variables, product variables, company variables, intermediary variables, environmental variables and behavioural variables* (Rosenbloom, 2013) are the main categories of variables that might influence channel structure.

Market size, market density, market structure and geography and all characteristics of target customers segments (including their buying patterns and habits) need to be taken into consideration. Further, channel managers need to consider all product characteristics and specifics that might influence the channel structure such as: bulk and weight of the product, perishability, unit value, standardization degree, technical and nontechnical specification, newness and product prestige and image. The size of the company itself, its financial capacity, goals, strategies and objectives and managerial expertise are also factors that need to be analyzed. The availability of intermediaries, costs, services they offer, special skills, business portfolio are to be systematically inspected. External environment variables such as the state of the competition, economic procedures and rules, political and legal constrains, social and cultural factors, technology and all other factors that might affect the effectiveness of channel system are to be

analyzed. The behaviour of channel members and possible conflicts need to be predicted.

6. Channel manager, after careful consideration and expert analysis of all available data, research results and information, chooses the optimal channel structure to cover desired market segments and to maintain the economic viability of the channel. In reality, even though the company undertakes all analysis and calculation, accurate methods for calculating and predicting punctual costs of the chosen channel network and its return of investments. Although several attempts have been made in this direction and some alternative methods have been developed, every one of them lacks punctuality and comprehensiveness.

7. Based on the objectives of distribution, marketing and distribution strategy of the company, background information on the distribution performances of some intermediary, territorial coverage, sales competency, reputation and availability of the intermediaries that operate in certain area, the channel manager makes choices among several alternatives. According to enlisted criteria and requirements, the channel manager needs to gather as many information of previous accomplishments and results, financial situation, references if available, motivation and then to choose members of channel network. At this point it is necessary to establish the channel leader and conflict resolution procedures.

„Marketing channel design should result in a developed distribution system, capable of surviving in competition with differently designed marketing channels. If not, individual participants in a particular marketing channel could define strategies contrary to interests of other members of the marketing channel, which would, in the long run, undoubtedly, lead to business failure both of the marketing channel system as a whole, and the less viable members of the marketing channel.“ (Grubor, 2008)

4. Multiple channels at “Mačkov podrum” winery.

“Mačkov podrum”, a winery from Irig, Serbia, is relatively young and very ambitious winery managed by enthusiastic and professional management, with explicit objectives and vision to gain wide market coverage and to deepen the loyalty of satisfied wine lovers. This company produced its first wine in the year of 2006, and is ever since present at numerous wine festivals, exhibitions and various cultural manifestations all over Serbia. “Mačkov podrum” became very recognizable brand as a result of marketing and promotional efforts of a small, but very dedicated team of experts.

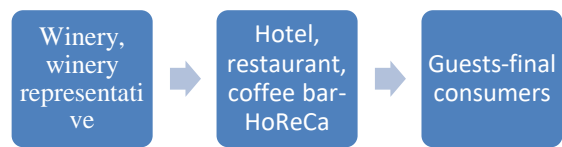
The main production complex, with the capacity of 200 000 bottles of wine, is placed in Irig, Vojvodina surrounded by 32 hectares of vineyards with the finest sorts of grapes grown. This Winery produces 150 000 bottles of the finest wine for Serbian wine market and for export. This winery produces wines labeled as “Mačkov podrum” wines (wines of high quality and middle price category) and in 2016, the line “Sunčani breg“ (wines of high quality and lower price category) was introduced to Serbian wine market.

“Mačkov podrum” winery developed very complex multiple channel system of wine distribution to gain desired territorial coverage and to reach as many customer segments as possible. For the Serbian market the intensive distribution strategy is implemented.

4.1 “Mačkov podrum” marketing channels

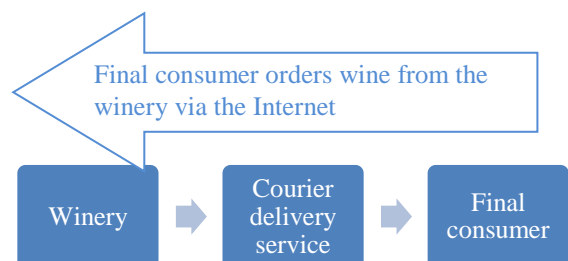
1. The winery- HoReCa- final consumer marketing channel is designed for wines with the label “Mačkov podrum” and it aims to reach the customers of high middle class and high class with a lifestyle that includes the consumption of wines of high quality.

Picture 1: Winery- HoReCa marketing channel



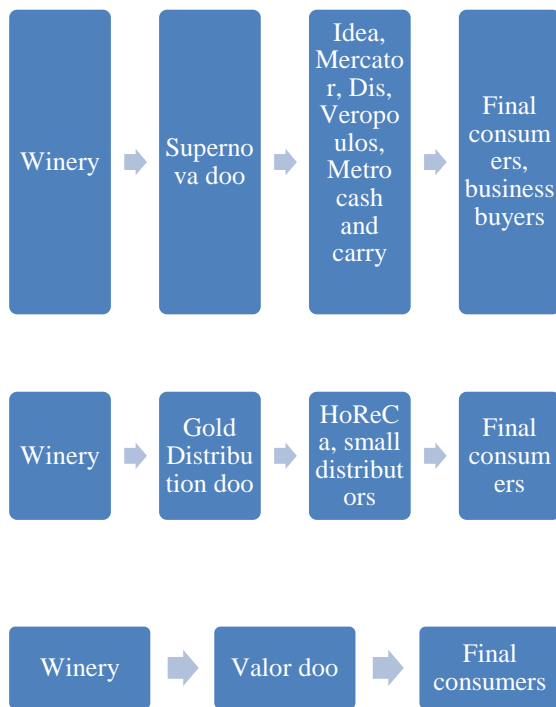
2. The consumer can order wine via the **Internet** (by filling out the online ordering form), but, only 2-3 % of overall orders come through online ordering. One reason for this is a result of the fact that “Mačkov podrum” wine is a specific, exclusive and sensitive product that needs to be smelled, tasted and consumed prior to buying and online marketing channel is not capable of providing the consumer with that unique experience. Another, very important reason, comes from the fact that online paying in Serbia is not developed enough to ensure the safety and efficiency in this line of business. Third, reason is related to previous attempts of this company to develop online marketing channel which resulted in failure. In fact, when the customer orders wine via the Internet, the winery personnel sends ordered amount of wine by courier delivery service. Usual packaging contains 6 bottles of wine. It happened, on several occasions, that some bottles in the package were damaged and in such occasions the courier delivery service did not deliver remaining undamaged bottles to the ordering address, and did not report damage of the package to the winery.

Picture 2: Internet based marketing channel



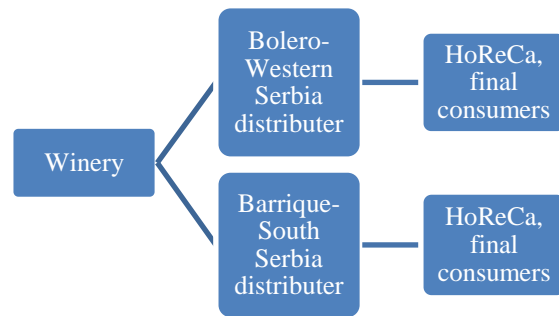
3. Winery operates several channels with different intermediaries (distributors) for different *wine markets in Serbia*. The structure of these channels is a result of availability of intermediaries, their reputation, reliability and their business organization (territorial coverage). The winery operates wine distribution through three big distributors. Supernova doo distributor covers distribution to big wholesalers such as Idea, Mercator, Metro cash and carry, Veropoulos and DIS who then sell wines to final consumers and business buyers. Gold Distribution doo handles distribution to Delhaize group, restaurants and smaller distributors. Valor doo handles wine distribution for Northern Serbia and the rest of Vojvodina.

Picture 3: Winery- big distributor channels



Western Serbia market is covered by Bolero distributor, and Niš, Kruševac and Southern Serbia is covered by Barrique from Kruševac.

Picture 4: Winery- small distributor channels



The winery transports its wines to Univerexport warehouse directly, without any intermediary.

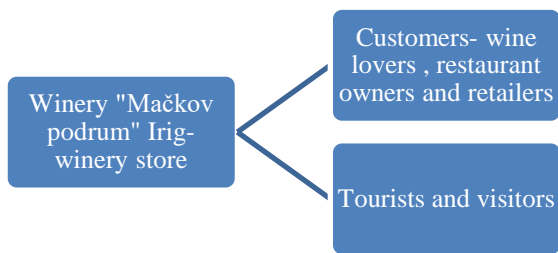
Picture 5: Winery- Univerexport channel



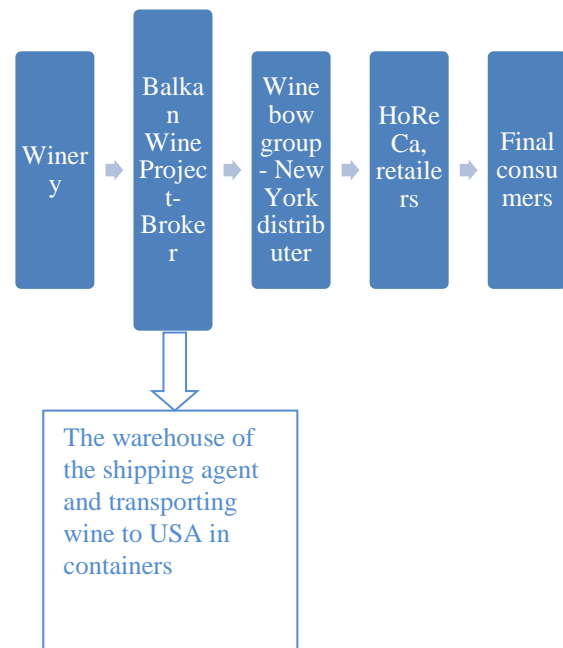
4. Customers (consumers- wine lovers and business buyers- small restaurants and retailers) may purchase wines *in the winery store* at Irig. This is a *direct channel* used by the winery to sell its wines directly to customers, but is also used to obtain more information about the customers experiences and wishes.

Another activity is also very developed at winery - *tourism*. Customers are invited to spend some time in the winery, to explore the vineyards, to get familiar with the wine production process, to take part in harvesting of grapes and to taste wines. This channel generated the increase in sales and is very appreciated by the management of the winery.

Picture 6: In Winery sales and tourism- direct channels



Picture 7: The export channel to USA market



5. “Mačkov podrum” company *exports* its wine to USA for nine years. Previously some deliveries were made to markets of Poland, Great Britain, Switzerland, Slovenia, Austria, Montenegro and Bosnia and Herzegovina, but because of the lack of experienced, devoted and reliable distributors in these countries management of this winery left these plans for future, since the development of continual delivery system and the image of reliable and responsible business partner is the imperative of this company. The winery exports its brand “Portugizer” to the market of USA. This wine is sold under the name of “Agrina Portugieser” with the different label (in accordance with USA market requirements) with the origin specification. Wine is exported with the participation of Balkan Wine Project broker, who was granted the exclusive right to handle the “Agrina Portugieser” distribution for the USA, who places shipment in the warehouse of the shipping agent and then uses the transport company to ship the cargo to New York. Winebow group accepts the shipment and places it in the warehouse. From there the wine “Agrina Portugieser” is distributed to hotels, restaurants, coffee bars and retailers.

„Customers all over the globe are demanding more channel options for gaining access to product and services while technology has made it possible and economically feasible for firms to offer a wider array of channels, especially Internet-based online channels.“ (Rosenbloom, 20016) In order to attain and maintain competitive advantage at dynamic and ever-changing global market and to deepen customer’s devotion, it is the imperative for companies to integrate new technologies and online channels in their multichannel mix, to create synergy and to improve cooperation and trust among all channel members, to resolve conflict within the channels more efficiently, too coordinate and to control their multiple channels and to provide more effective service to customers.

„What implication does the channel flows paradigm hold for modern global management? Actually it is a very straightforward and pragmatic one: global marketing requires more efficient and more coordinated channel flows.

Fortunately the awesome technology provided by the Internet and worldwide web has made meeting this challenge much more feasible, particularly because with the exception of physical products, all eight channel flows can be implemented via the Internet. Managing the ownership, promotion, negotiation, financing, risk, ordering and payment flows mainly via the Internet is commonplace today in both business-to-consumers (B2C) and business-to-business (B2B markets).“ (Rossenblom, 2010)

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SWOT ANALYSIS - THE TOOL OF ORGANIZATIONS STABILITY (KFC) AS A CASE STUDY

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Abstract: The study is an effort to test the role of SWOT analysis as a marketing implementation strategy to provide stable condition for organizations. In more detail SWOT analysis is independent variable and organization stability is dependent variable. The methodologies depend on the several problems by reviewing books and journals, as well as tracking down the information the KFC (Kentucky fried chicken) as a global brand and chain food. The result shows that accurate information which is obtained to managers through the analyzing and classifying with the application of SWOT and PEST has the importance role to make strategic plan and stable the organization for a longer time. To conclude, these strategies are playing and leading the essential role the organizations to conduct the best or at least optimal solutions with time and location respectively.

Key words: SWOT analysis, Organizations stability

Abbreviations:

KFC – Kentucky fried chicken.

SWOT - strengths, weaknesses, opportunities and threats.

PEST - Political, Economic, Socio-culture and Technology factors.

4p - Product, price, promotion and placement

1. Introduction

To understand and create better condition for stability in an organization, the board of any organization have to understand the matter of fact familiarize their purposes

and goals of the organizations and matter of importance know or get their inform of the organizations vision and mission.

One of the crucial steps is reviewing in any organization to obtain optimal performance and organize their aims and goals; they need to check out or review internal and external factors regularly that would directly affect the organizations accomplishment and general improvements. The skillfulness of management is to study these external and internal factors. Also evaluate and properly apply these skills to sketch or distinguish them from organizations or purely makes them stand out.

Organizations that have mission and vision will make effort towards achieving their short term and long term missions and visions. The goals and objectives are need to pursue strongly with high sense of commitment and passion in order to realize stability continuous progressing. It is worthy to annotation that the managing an organization to confirm stability, in the other hands the particular strategic planning process should be employed for this purpose of this exercise SWOT analysis which is part of strategic planning instrument will be considered.

1.1 Study problems and questions

One of the most important threats which is conflicting the managers of organization is when they will make a decision they cannot make a right decision, especially decide through their products price and choosing the place to take the out puts of the companies, at the recent days, there is an effective way or reality tool to sort the strategic plan for the companies which are called (SWOT Analysis), and depend on this position the study problem include some of the questions which are this study attempts to find out suitable and acceptable solution, such as:

Q1) What are the significant of SWOT analysis in companies planning especially Kentucky Fried Chicken (KFC)?

Q2) How can the SWOT analysis stabilize the organization for a longer time globally compare to the others?

Q3) Does organization needs to apply SWOT Analysis for running their business or is there an alternative?

2. The concepts of SWOT analysis (definitions and visions) by the recent scholars.

SWOT analysis is a technique which is used to analyze the strengths, weaknesses, opportunities and threats of business (Ommani, 2011) and it is one of the several strategic planning implements that are used by businesses and the other organizations, on the other hands, all factors (Internal and external) are related to the effort, both positive and negative see fig (1) and it's identified and addressed. In order to achieve this task, the process involves four areas of consideration: strengths, weaknesses, opportunities, and threats. It should be noted that, when identifying and classifying relevant factors, the focus is not just on internal matters, but also external components that could influence the success of the project. (Osita et al, 2014).

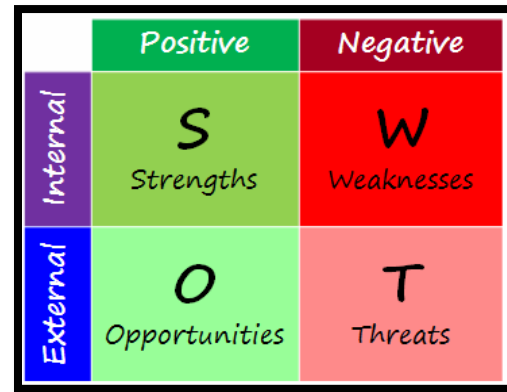


Figure (1) SWOT matrix designed by (Author, 2018)

In addition, “SWOT is the acronym for a company’s strengths, weaknesses, opportunities and threats. According to the advocates of SWOT, strengths refer to inherent abilities to compete and grow strong. Weaknesses are the inherent deficiencies that cripple growth and survival. Strengths and weakness are mostly internal. Opportunities are the good chances and openings available for growth. Threats are externally wielded challenges, which might suppress inherent strengths, accelerate weakness and stifle opportunities from being exploded. To succeed in any field, weaknesses must be overcome through strengths and threats must be transferred into opportunities. The four elements of a SWOT are analyzing undertaking as part of a wider strategic planning.” (Kaczmarek, 2016). Also “SWOT refers an acronym of strength, weakness, opportunities and threats. The first two factors (strengths and weaknesses) are related to internal organizational factors, while opportunities and threats cover a wider context or environment in which the entity operates. The first are likely to be under control of the organization but the latter one, although they are no less important when looking at the impact on the enterprise, are not.” (Oreski, 2012).

In addition, (Kaczmarek, 2016) focused on that SWOT elements in more detail are divided into internal and external elements which are clear in other words, the SWOT analysis is based on two pillars: the internal analysis and external analysis of

the organization. The strengths and weaknesses belong to the internal field of business, and threats and opportunities belong to the external environment. The tables (1, 2) are clearly show explanations below:

Table 1. Internal Factors. (Kaczmarek, 2016)

Strength and description
<ul style="list-style-type: none"> - Employees with in high level of Knowledge and capability. - Good foundation and basic for team work and delegation of responsibilities. - High engagement external services. - Strong leadership of top management. - Attractive maintenance department for new employees.
Weaknesses description
<ul style="list-style-type: none"> - Number of employees with low willingness for personal development. - Too much focus on “daily activities and problems” and low planned maintenance and innovation. - Dealing with high numbers of priorities. - High fluctuation of production planning. - Ineffective and unclear communication. - Lack of appropriate rewarding system.

Table 1. External factors. (Kaczmarek, 2016)

Opportunities description
<ul style="list-style-type: none"> - Continuous personal development. - Advanced technology. - Long term relationships with supplier. - Friendly and safe workplace. - Standardized equipment. - Lean organization. - Further new diagnostic method development. - Supporting software tools for activities
Threats description
<ul style="list-style-type: none"> - Lack of availability operators for clean, inspect, lubricate and tighten, and preventive maintenance. - Centralization of decision making investments and modifications. - Limited value of stock spare parts. - No time for preventive maintenance (only weekend). - Decrease of maintenance budget. - Lower availability external services. - Decrease on employee's engagement and motivation. - Higher dependency on external services. - Legal constraints. - Aging machinery and installations. - Aging employees. - Decrease of quality and life time of components

But its difference, according to Eggerts viewpoint (2012) with service sector which is focused on that SWOT analysis of bank is here:

1- Strength

It includes good financial fundamentals, good domestic brand recognition, strong and growing presence, loyal customer, experienced executive management

2- Weaknesses

Focused on eroding market position, presence performing below expectations, heavy reliance on wholesale funds, high cost brick and mortar infrastructure.

3- Opportunities

Export of image to other markets, global growing wealth, well positioned to benefit from improving conditions.

4- Threats

The fourth element is threats which include increasing global regulation and foreign target markets

2.1 The Advantage and disadvantages of SWOT analysis

(Oreski, 2012) emphasizes that the SWOT analysis is simple and useful for organizing information, especially for preliminary research, on the other hand, it also as a basis for more applied and theoretical work. One of the advantages but at the same time disadvantage of SWOT analysis is the fact that it is the method of valuation. The emphasis on the evaluation of the work seems more applied than theoretical. SWOT has proved very useful in understanding the environment of the organization and, consequently, in the strategic planning of their growth and development. and SWOT is use to assess a business or a proposition. This shouldn't be restricted to a business you own, but also to use it for your competitor's business. (Fine, 2009).

On the other hands the "SWOT analysis was used simply because the first contact

with the firm made it clear that the sales manager had no idea of how to structure the complex situation. As the authors see it, there were not real alternatives to SWOT. With only one participating person, a rather restricted time frame (for interviews and the number of interviews that could be expected), SWOT seemed as the best option. As mentioned earlier, the application of SWOT was made through several meetings allowing the sales manager to reflect on both the issues and the situation and on the methodological approach for structuring the problem. The time between meetings made up a more productive and interactive analysis. By starting out discussions one day, the sales manager became more attentive to the SWOT factors discussed, and at next meeting he could always add on new relevant issues. However, it was also clear that the analysis could not have been applied without the technological knowledge of the facilitator. Application of SWOT requires a good information and sound knowledge base to succeed. The sales manager did not have sufficient knowledge especially about the external SWOT factors, and the direct engagement of the facilitator as an expert was a requirement for carrying out the analysis. In terms of using SWOT with an illustrative purpose, it is the authors' perception that the manager did get so much insight into SWOT methodologically that he could be able to apply it himself or take on a facilitator role." (Vega, 2004).

"Typically used at the enterprise level, but can be applied at higher levels, for example, in strategic plan in tourism of the destination. Strategic planning for the destination could be a difficult task as there are many possible strategies derived from the assessment of environmental factors. But the decision without a systematic approach would result in less effective strategies." (Oreski, 2012). As well as, SWOT analysis is used commonly in firms and classrooms.

Normally, it's the centerpiece of situation assessment. (Valentin, 2005).

In addition, Downey & Technical Information Service (2007) concentrated on when using SWOT analysis, it should be ensured that the internal and external factors are prioritized so that time is spent concentrating on the most significant factors. This should include a risk assessment to ensure that high risk or high impact threats and opportunities are clearly identified and are dealt with in priority order. Also the analysis is pitched at the project or business activity level rather than at a total company level, which may be less actionable. While, the issues identified are retained for later in the strategy formation process.

2.2 SWOT and PEST analysis and strategy formulation

(Fine, 2009), emphasis that the questions are crucial even today in business, and should be the starting point when looking at either a new product, or to see how to improve the net profit for a company or organization.

1. What product/s are we selling?
2. What is the process we have in place to sell the product?
3. Who are our customers, who are going to be interested in our product?
4. What ways can we deliver the product to the customers?
5. What are the finances needed to create and sell this product?
6. Who will oversee all the stages from having an idea, to having enough finance to complete the task?

However, a well-established SWOT analysis can benefit a company to understand itself better and it is an important guideline for making a proper marketing strategy plan (Huiru, 2011).

Furthermore, PEST analysis is a scan of the external macro-environment in which an organization exists. It is the one of the beneficial tools for understanding the political, economic, socio-cultural and technological environment that an organization operates in. It can be used for evaluating market growth or decline, and as such the position, potential and direction for a business.

- 1- **Political factors:** this factor is consisting of government regulations such as employment laws, environmental regulations and tax policy. Other political factors are trade restrictions and political stability.
- 2- **Economic factors:** These affect the cost of capital and purchasing power of an organization
- 3- **Economic factors:** this feature is including economic growth, interest rates, inflation and currency exchange rates.
- 4- **Social factors:** this factor also has an impact on the consumer's need and the potential market size for an organization's goods and services. Social factors include population growth, age demographics and attitudes towards health.
- 5- **Technological factors:** this factor is influence barriers to entry, make or buy decisions and investment in innovation, such as automation, investment incentives and the rate of technological change.

In addition, PEST factors can be classified as opportunities and threats in the SWOT analysis. Figure (3) shows full detail about it. Also, it is often useful to complete a PEST analysis before completing a SWOT analysis. (Downey & Technical Information Service, 2007).

INTERNAL	EXTERNAL
Build on strengths	Exploit opportunities
Resolve weaknesses	Avoid threats

Figure (2) Strategy formulation (Author, 2018)

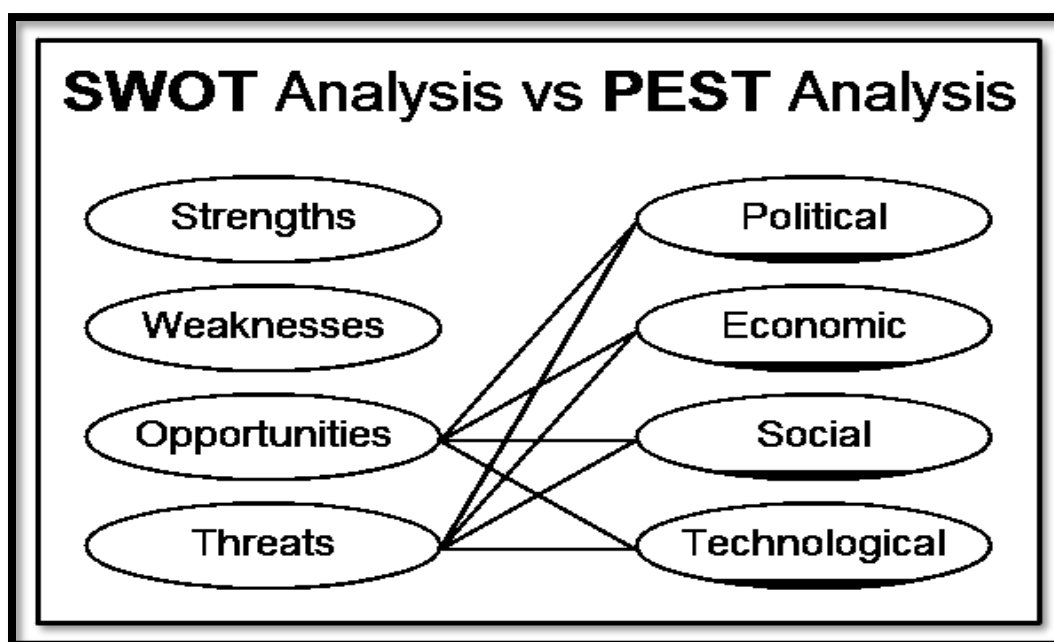


Figure (3) it can be seen SWOT Analysis vs PEST Analysis (Author, 2018)

3. Illustration of KFCs SWOT analysis

To illustrate the theories of this research, formulating marketing strategy with using SWOT analysis, PEST and 4p of KFC.

3.1 Introduction to the KFC

Kentucky Fried Chicken which is termed to KFC is a chain of fast food restaurants based in Louisville, Kentucky, in the United States. Plus the KFC products are involves fried chicken, grilled chicken, related southern foods see fig 4.



Figure (4) demonstrates KFC's products (web page)

Furthermore, the 4 p's of KFC marketing as a marketing mix are include:

1. Product: KFCs products have the special raspy for chicken products.

2. Pricing: during pricing the KFCs products keep the different points in the mind like they adopt the cost base price strategy. Likewise, pricing of the product contains the government taxes and excise duties and then they come at final stage of control the price of their products. Then, KFC prices of products are a bit high according to the market segment and it is also compatible to the standards of their products. On the other hands the total pounds of chicken served in KFC restaurant annually equal to 1.914 billion,

and total KFC chicken pieces sold annually is 5.89 billion and total retail sales is \$8.9 billion.

3. Promotion : KFC uses the bill boards the major source of advertisement and one of the most important thing that they uses media especially the newspapers to promote their products.

4. Placement: placement of the KFCs product is not important but the placement of the restaurant is key that it can easily judge that the KFC target the place for their restaurant, which is well known and is in the Porsche area where the income level of the people is high then the middle class level.

Table (2) SWOT analysis of KFC

Strength	Opportunities
<ol style="list-style-type: none"> 1. Delicious and well liked recipes. 2. Strongest category among nearest competitors. 3. Well global penetration. 4. Well recognized brand logo. 5. - Strong cash flow via franchisee and license fee. 	<ol style="list-style-type: none"> 1. -Undeveloped markets in many countries. 2. Increased 18-25 age groups. 3. Increasing trends to take meal out of homes.
Weaknesses	Threats
<ol style="list-style-type: none"> 1. Most KFC items have close substitutes in market. 2. No product innovations. 3. Lack of control in joint venture arrangements. 4. - Inconsistent quality of service in many outlets. 	<ol style="list-style-type: none"> 1. Other cheap alternatives available. 2. Bird flu. 3. Cannibalization of own products. 4. Changing health trends of customers. 5. - High calorie food.

Source: (Author, 2018)

4. Conclusions

This case project has conducted and pointed the role of SWOT analysis, in terms of gathering and collecting information in to the interior and external environments of the organization with annual data base , while SWOT is simplifying the actions however, managers need to skill limitation for the factors that can effect on the organizations products and services after this strategy SWOT analysis depend on PEST analysis to limit the strength, opportunities, weaknesses and threats, and all of these elements have expressed the other things or indirectly related such as financial, staffs, knowledge and make new product or the same product of the competitive organization. Moreover, according to KFC's statistics as they claim that KFC stabilities related with their marketing strategies and there are a good SWOT analysis and accurate PEST to the segment the market especially they can succeed to choose the product, logical pricing, attractive promotion and factual market or placement.

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THE ROLE OF COMMUNICATION MANAGEMENT IN SPORTS WITH SPECIAL EMPHASIS ON HANDBALL

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Abstract: Communication management plays a significant role in all aspects of social life and is increasingly representing an inevitable segment for the successful functioning of organizations. Hence, the topic of this research in order to perceive how is communication management perceived in the world of sport in the Republic of Macedonia. The main emphasis is on researching the leadership for communication in handball in the Republic of Macedonia. The significance of this work is especially pointed out in terms of the fact that sport is the basis for the development of young people in a country, both physically and mentally, and should be an indication of the creation of healthy individuals. Therefore, the internal and external communication in sports clubs will affect their achievements, the development of their image and the achievement of efficiency of sports organizations. Sport is a sensitive topic from the aspect of being directly related to the citizens as users of their services. Whether these clubs will be successful depend on how they function, what is their approach, the quality, how they communicate with the public, inside the clubs and how they communicate on a wider level, sports clubs among themselves. Bearing in mind that this work is concentrated on a serious methodological approach which analyses relevant documents, statistical indicators, as well as qualitative analysis of an interview, it can be concluded that very little attention is paid to communication management. Its significance and role is not properly understood and all this has further reflections and the negative results in sports in the Republic of Macedonia. In addition, there is a need for legal changes, training of the involved people in the field that will enable more serious approach to this scientific discipline, which would improve the efficiency of sports organizations in the Republic of Macedonia.

Keywords: *communication, sports, handball, management, organizational structure.*

INTRODUCTION

The approach to effective implementation of communication management using all available resources and tools applies to all types of activities and organizations, as well as the organization of sports and sports recreation. Within the communication, the management team usually uses the media tools in order to transmit the specific message. In order to implement effective communication management, there should be a clear and consistent communication plan that will determine the organizational responsibility and the types of communication that will be used in it.

However, the key role for the achievement of success in organizations is certainly, management, or management teams of different profiles, because they need to know how to effectively manage their team, as well as they need to know the overall structure of the organization.

Accordingly, the sport also becomes a productive activity where professional segment relies on the laws and conditions of the closest environment, that is, the market. Because of this, certain internal structures arise, whose effective organization is due precisely to the quality management of the selected management team of the sports club itself.

Communication management framework in sports organizations, involves realization and implementation of processes necessary for ensuring the timely and complete creation, collection, segmentation, preparation, distribution, finding and utilization of the ultimate organizational information and available resources. When talking about communication in handball, it should be emphasized above all that communication itself is a kind of interdisciplinary field related to all branches of industry, sports, business, etc. as well as to everyday life of each person on the Earth. All the work and sports activities are based on communication between shareholders who participate in the process of connecting, i.e. communicating. Without a successful handball communication, the team as a separate group of people would not be able to reach their goals and succeed in their intentions. In a word, communication is the most important and crucial part of a successful team. In addition, communication in handball is crucial in order to achieve a successful relationship with the spectators and the audience. The aim of sport is to connect people of different nationalities, age, religions through successful intercommunication.

METHODOLOGY OF THE PAPER

The main goal of this paper is to understand the role of communication management and its carriers in the field of sports recreation, more precisely handball and handball clubs in the Republic of Macedonia. The subject of this paper is aimed at perceiving the application of communication management in handball sports clubs, how much it is applied, whether there is an application and understanding of it, and how well these issues are regulated. For the theoretical part of this paper, standard methods of secondary research are used, for which, information on the process of

implementation and determining the effectiveness of communication management in handball sports clubs in the Republic of Macedonia was collected through secondary data sources, as well as their connection to the effective functioning of the sports organization. The primary source of information is a structured interview made of 12 questions, more than 10 respondents who are in charge of sports clubs. The results of the paper are based on qualitative analysis of the interview and other relevant databases, scientific and professional domestic and foreign literature, as well as various documents and information relevant to the subject of the research.

Consequently, in order to prove the hypotheses of this paper, several different methods were used to meet the basic methodological needs - objectivity, reliability, basis and systematicity of it.

During collecting, segmentation and analysis of the data, the following methods and techniques were used: data analyses, the content of the information analyses, the data relevance, checking, both primary and secondary contents and information from the already conducted research.

ANALYSIS OF THE RESULTS OF RESEARCH

If we were to analyze the handball and the sport in general over the years, we will come to the conclusion that there were positive changes, and the handball today differs from that in the past. The same can be said about the communication in the handball as well as the communication itself which is much more developed than in the years of the last century and much earlier in history. This expansion of the development of communication in the handball is directly related to the prevalence and influence of the sports industry on it.

An undeniable fact is that sport is increasingly taking up space in the society, among people, as well as in their diverse cultures and traditions, considering the fact that a lot of people in their daily life are more committed to sport in general, some as passive active observers, some as direct participants on the field, on the playground. In the Republic of Macedonia, there are several handball clubs that are present across several cities. Such as Men's Handball Clubs: Rabotnicki, Vardar in Skopje, as well as RC Gyorche Petrov, Handball Club Delcevo, Handball Club Metalurg and Rabotnicki, as well as Handball Clubs Strumica, Kavadarci and Ovche Pole.

On the other hand, Vardar and Metalurg are part of the Women's Handball Clubs in Macedonia. It is interesting that women's handball players have only two handball clubs that have achieved much greater success in their activities in the field of sports, unlike male players with far more handball clubs in several cities in Macedonia.

However, with the greater commercialization of the success of the women's handball athletes, since 2008, there was significantly increased interest in the female public about the handball, which was followed by the creation of several junior, independent and amateur handball clubs in most cities in Macedonia. So there are other women's handball clubs such as Vardar SCBT, Vardar Junior Women, Kumanovo, Ovche Pole, Pelister, Prilep and Gyorche.

On the other hand, in the field of the men's handball clubs, the newer ones like Pelister, Prolet 62, Prilep, Ohrid 2013, Radovish, GRK Borec, Zomimak-M and Metalurg 2 stand out. Handball juniors like Vardar Junior and other smaller and amateur clubs are included in these clubs across several cities.

Sports clubs are autonomous organizational forms in relation to the sports and social environment, due to the independent component in the selection of resources and the setting of goals, as well as the ways of their realization¹.

The development of management in the economy is also imposed in other areas of social life of people. Managers of the sports organizations existed long before the concepts of sports manager were created. Many sports organizations have a centuries-old tradition, as today and in the past these organizations were managed by a group or an individual.

Management can refer to profit and non-profit organizations and its applicability is different in those areas. Sport as a whole belongs to non-profit organizations and hence we can talk about the specific application of the principles of management. But today, the high level sport is more organized in the system of the profit organizations, which, like other business organizations, inevitably appear on the market. Having in mind that for the sports organization, the most important goal is to produce top results out of the human resources (athletes), the management in the sport makes functional content, the basic one. This means that without a sports organization, the management can not realize its functional content; and vice versa, the sports organization has no connecting and stimulating power of action and development without the management. In the sports organization, the management provides integrity in all processes and resources that are relevant to governance, and primarily translating ideas into successful implementation of goals.

¹ Havelka, N. i Lazarević, Lj. (2011). Psihologija menadžmenta u sportu. Beograd: Visoka sportska i zdravstvena škola

It ensures the functioning of the entire system of the sports organization, i.e. the establishment of a system of talent selection, provides expert work and creates general conditions for preparation of the athletes for the highest achievements, creates preconditions for organizing sports competitions, provides materials and functional means, and finally provides communication with the sports public.

As in all organizations, the sports managers communicate with the employees (who are not managers) or with managers from lower levels of management. Here, it is important to note that informal communication in sports achieves greater efficiency. The sports organization, by its very nature and essence, strives to not constitute a strict hierarchical organization, and pursues more towards the establishing of quality interpersonal relations. It creates friendship and community in which informal communication plays an important role².

Sending it to the recipient of the message, the subject who receives the given information and from which a certain response is expected. The sender has a portion of the responsibility for whether the recipient can understand the information in an appropriate and expected manner.

In addition to the analysis of the relevant document and theories related to communication management, this part also includes analysis of the results obtained through interviews of more than 10 participants (relevant people from sports clubs in the Republic of Macedonia).

They were asked 12 previously structured questions related to communication management and were asked how they perceive them, if they implement them and also other questions needed to obtain an overview and information about the attitude towards communication management in handball.

The interview was carried out with managers, secretaries and other relevant responsible people from the following sports clubs: the Academy of Handball Club Metalurg, Handball Club (HC) Zeleznicar, The Union of Sports in Macedonia, HC Vardar, HC Eurofarm, HC Pelister, HC Prilep, HC Prolet, HC Spartak Kisela voda and HC CEMS. Unfortunately, several clubs and the Agency of Youth and Sports were not willing to cooperate and therefore I could not receive answers to my questions.

From the answers we received from the interview with the relevant persons in handball, and upon the conducted qualitative analysis of the interview, we can conclude that effective communication management is one of the main tools for achieving the success of the handball clubs in the Republic of Macedonia; and a small part of the interviewed responsible persons in the handball clubs understand its significance. From the results of the research we came to the conclusion that the handball clubs in the Republic of Macedonia need some improvement and upgrading of the models of effective communication management, especially in the framework of the realization and implementation of certain sports projects and events in the country and abroad. This means that the communication management and the success of the handball club strongly depend one on another, in the same manner as the success of the handball club is closely related to the projects and events attended by the club in the country and abroad.

² Temelkovski, S. (2009). *Sportski menadzment*. Skopje: Agencija za mladi i sport i Sojuz na sportski federaciji na Republika Makedonija.

The handball clubs in Macedonia need to improve and upscale the communication management models having known that communication and management are living things that develop simultaneously with the development of the society, therefore, handball clubs should constantly keep up with the world of communication trends and communication management. Also, the research suggests that there is a need for improvement and modernization of the handball sports clubs, i.e. they should be provided with quality equipment, information, including efficient distribution of such information to the users of the services. Special emphasis should be placed on the role of the modern technology in the efficient communication management, and at the same time, the success of handball clubs in the Republic of Macedonia.

Nevertheless, it has to be accentuated that there is need to introduce organizational units for communication management as part of the handball clubs. These units shall intensively deal with implementing and carrying out communication management practices. I also believe that trainings for communication managers should be organized. Moreover, participants from handball clubs should attend those trainings and implement knowledge and recommendations from those trainings. As the chief recommendation I point out the need to implement legal acts with which handball clubs in Macedonia will have to see the importance of communication management, i.e. implementing the term communication management in the Law of sport in the Republic of Macedonia, its definition and its processing.

Communication is a prudent process in managing organizations all over the world. It is a complex process in which one has to work thoroughly and with much devotion in order to attain a successful

communication process. Bearing this in mind, communication is always regarded as something that has to be enhanced in order to obtain success in functioning of one organization and its projects, implementing and anticipating, determining targets, needs, resources, condition statements as well as successful managing of the whole team and the projects included in the activities of the sports organization in this case.

If the Republic of Macedonia changes its approach in organizing and managing sport through implementing compulsory obligation for establishing rules and procedures for communication management, appoints communication management experts as well as modern technical equipment for the support of the communication management, this will create the possibility to establish efficacy in both individual and group sports.

In order to establish an effective communication system in handball, it is vital to create all compatible information activities in Macedonia that have to be constructed, compatible and on a quality level, while emphasizing the necessity for possessing modern information technology, programs and personnel that will manage them. In light of this discussion, in order to implement an effective communication information system in handball, it is necessary to organize the organizational fulfillment of the normative conditions and assumptions in order to enable the collection, processing, interpretation and distribution of information and data that are prudent for the development of handball in Macedonia .

CONCLUSION AND RECOMMENDATIONS

The results of the paper point to the need for successful and effective communication management that will contribute to successful realization of the set up goals in handball. All of this will be accomplished through successful communication management in each sports club individually, as well as through mutual communication between all sports clubs. In this context, we can draw a conclusion that the handball clubs in the Republic of Macedonia need some improvement and upstaging of effective communication management models, especially as a part of the realization and implementation of sports projects and events in the country and abroad. With the help of the effective communication management, the handball sports clubs in the country can use, and learn how to use, all available information and resources that can contribute to successful implementation of certain short-term and long-term sports projects.

The communication management plays a great role in the sports organization and sports recreation within the handball clubs in Macedonia, especially in support of the implementation and realization of a certain sports events and projects, at the same time contributing to the successful operation and mutual communication of the organizational sports clubs and their external and internal surrounding.

However, we must emphasize the need for introduction of organizational units for communication management within the handball clubs that will intensively deal with implementation and realization of the communication management. It is also necessary to organize trainings for communication managers that should be attended by the representatives of handball clubs who will be tasked with

implementation of the acquired knowledge and recommendations. The most important recommendation is to make legislative amendments and to establish legal norms that will emphasize the necessity for sports clubs to appoint responsible persons for communication, to establish procedures for internal and external communication, to develop communication plans and programs, as well as to establish models for effective communication.

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TOBACCO PRODUCTS STOCK MANAGEMENT ON THE CASE OF THE RETAIL CHAIN IN THE REPUBLIC OF SERBIA

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Abstract: Companies nowadays have profit as a main goal with optimal costs and other resources. However, how to achieve the optimal costs and resources are the main issue and problem for all companies? Is the way to achieve them the same for all organizations, industries? Of course not, every company organize its business in accordance to the environment and internal needs. This paper are based on tobacco products stocks analysis, data are collected for the retailer operating in the urban, city area in Serbia. In order to complement analysis stock level data for observed tobacco product used in paper, temperature and retail sales data have been collected. Mentioned data collection, analysis and research were implemented in order to set up an adequate model which should be used in the retailer future projections of the stock level and optimization of the costs.

Key words: *stock, OOS, distribution, logistic, tobacco products*

INTRODUCTION

Internet and technology changed everyday life and environment people live, digitalization and new devices widespread and accessible, all resulting changes in all segments of the society. Logistics systems have been dynamically changing over the past period, the development of new innovative hardware and software solutions will impact their changes in the future. Today's business is characterized by the final consumer, his needs and satisfaction. Therefore, retailer should organize business in such a way to develop a long-term relationship with that consumer and satisfies all his needs and

wishes. The significance of the retailers supply chain and its set up on the proper way are core for the satisfying of the end customer. Well organized supply chain should give opportunity to retailer to operating without out of stocks (OOS) and optimizing costs (transport, inventory, storage etc.). Modern retail systems that operate mainly in several markets, have a problem of organizing the supply chain and achieving its efficiency and effectiveness at the same time. There are numerous ways for organization of the companies worldwide, however the organization of distribution, storage and stocks sometimes does not only depend on the retailer, but also on the product.

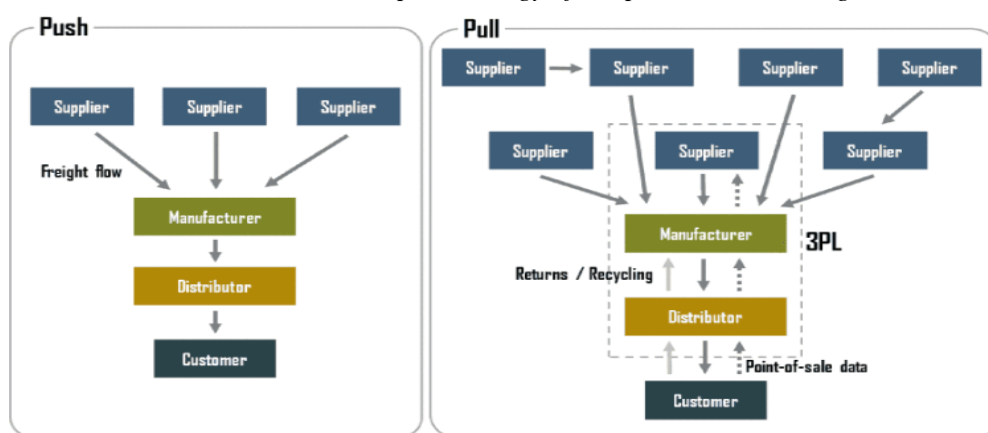
The main aim of the paper and research it is based on w be to observe stock level of the tobacco product brand, data is collected from one retail chain in Serbia, in the paper the tobacco brand will be called brand A. Analysis of the brand A stock level trend, discovering the correlation of the observed variables and other impacting factors, all in order to set up an adequate model which can be used by the retailer in the future for everyday work with tobacco products stocks and its costs calculation.

1. ORGANIZATION AND EFFICIENCY OF THE RETAIL DISTRIBUTION

Technological changes, digitalization, globalization and other mentioned trends in modern ways of business led to a trade revolution. Retailer as an end link in the supply chain has connection with consumers, knows them and their needs and because of that become marketing channel leader. The trade modernization

policy in marketing channels leads to integrated and global trade which is the leader in the emergence and development of modern management (Končar & Leković, 2013). Changes in the way of organizing the procurement and distribution process were necessary based on it. The intensity and importance that Internet and technology changes have had on the modern organization of distribution are viewed through a push and pull strategy of production and logistic.

Scheme 1. Push i pull strategy of the production and logistics

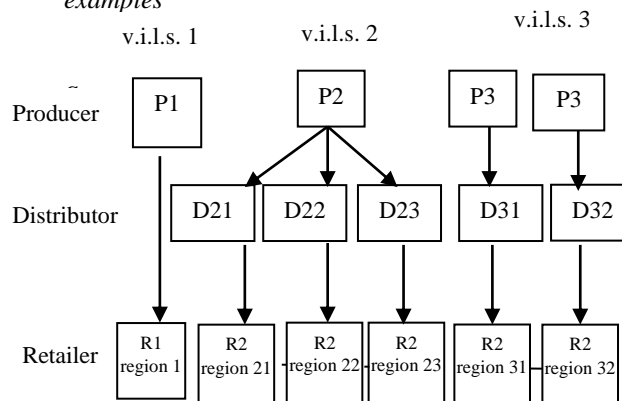


Source: (Rodrigue, Comtois, & Slack, 2009)

A push strategy of commodity flows can be described as a vertical organization within which separate entities supply the next link in a chain and that chain communication flows in one direction. The pull system is based on the two-way communication, the client has the highest point in the chain, and he is the last chain participator, because of data which is obtained from the point of sale (PoS). This way of organizing supply chain implies the interaction between participants in order to achieve as much efficiency as possible within the chain. Information is crucial, as well as data collected and used at the right time by each participant. Today retailers operate beyond the national borders, big international companies operating all over the world, the result is their horizontal and vertical integration with other participants of the marketing channel. Retailer as an intermediary in distribution channel has

the task to directly distributing goods to end consumers (Koncar, 2015). Large, modern retailers mainly have several different horizontally integrated retail systems, as well as vertically integrated supply systems.

Scheme 2. Vertically integrated supply chain – examples



Source: (Stankovic, 2014)

The vertically integrated supply chain 1 is based on the distribution of manufactured goods on the retailer's territory. The whole territory achieves larger control, efficiency of business processes and performance, lower costs due to economies of scale etc. A vertically integrated supply chain 2 is organized with several distributors of one producer are divided into so-called divisions by region of distribution. A long-term relationship is achieved on the distributor-retailer relationship, main characteristics of this system are consumer-oriented orientation, greater flexibility, and however more complex and demanding organization of business, less efficiency of individual business processes, more costs due to reduced economies of scale and orientation to permanently changing requirements of the customers. Finally, the vertically integrated supply chain 3 starts from the division of the producer itself into regions where each producer has a distributor that supplies a retailer in that region. Characteristic of this chain type is the long-term relationships between all participants of the observed chain occur, firstly relationship between the producer and the distributor, and then the distributor and the retailer. Each retail system, depending on its organization, development and needs, has a different way of distribution. The most important factor which determinates the choice of the distribution model are stocks and their management within the system.

2. STOCK MANAGEMENT OF THE MODERN RETAIL CHAINS

The aforementioned technology development and customers' centric approach have added value to the stock management within retail systems. An adequate stock management policy and choosing the right distribution model are the basis for the success. Customers dictate offer, and therefore the dynamics of moving and organizing the stocks of a

modern retail system. Stocks represent a puffer between input and outputs streams of material goods, these puffers arise as soon as the difference between the time and the quantitative structure of the input and the outflow stream occurs (Gereke, 1991). Nowadays retailers have large amount of data available which can be used for reading stocks level status of each product in real time and adequate planning of them. Consequently, there are many different systems and ways to organize inventories and access to their planning and identification. In order to determine and adequately set up necessary inventory level for normal operating, decisions about that must be made at the highest level. For normal functioning of a production or retail system both crucial aspects of inventory management must be contained (Božić & Aćimović, 2016):

- **Quantative** – with what is being managed (what makes the assortment), how much goods (all items) should be in stock and how much quantity is needed to renew stocks,
- **Financial** – it is a consequence of the way in which product assortment is structured and a stock management model, and it represents the incorporation of a structural and quantitative inventory into a rational financial inventory management.

The empirical part of this paper will be devoted to quantitative planning and stocks analysis, whereby financial effects will be ignored, assuming that the company has economies of scale, quantity of products sold as a main target. It is necessary to make synergy and optimize the entire procurement process and stocks level regardless on the inventory management approach used in company. When it comes to inventory management itself, the literature has different approaches. Two general approaches used in inventory management are (Božić & Aćimović, 2016):

- **Continuous filling system**, implies that the stocks level are continuously monitored and that their filling is carried out after falling below a certain level, the amount of newly ordered goods is fixed. In this case, the ordering quantities are fixed, and period between the two orders is variable.
 - **Periodic system**, implies ordering at fixed intervals, regardless of available stocks level, the size of the order is predefined to provide average stocks level. In this case the interval between the orders is fixed, and ordered quantities are variable. Therefore, this system is also called the fixed interval system. The level of stocks within this system is determined by periodic stocktaking of goods in all facilities in which the stock tracked goods can be present.
- c. Replenishment, delivery and speed of filling in shelves.
 2. Centralized - there is a function in charge for the procurement process for the entire retail chain. This feature takes care of the following:
 - a. Ordering goods at certain time intervals, depending on the capacity of the warehouse, distribution centers,
 - b. Distribution to retail facilities,
 - c. Refill, the filling speed of the shelves

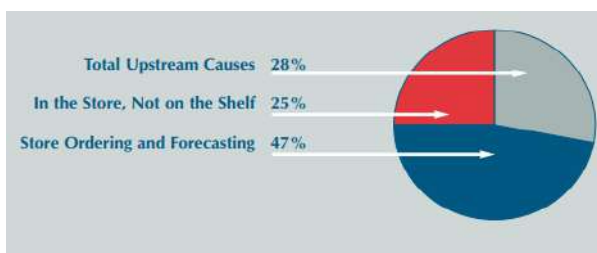
In practice, large retail chains are choosing inventory management system according to their distribution and inventory organization. However, retailer must consider product type and its sales before making a decision about used inventory management system, so one retailer can use different systems for different products. The organization of the procurement of each retail system dictates the further flow of inventories and the way they are organized, as well as their costs, planning. There are two ways in which large retailers organize the procurement process (Gruen & Corsten, A Comprehensive Guide to Retail Out-of-Stock Reduction in the Fast-Moving Consumer Goods Industry, 2007):

1. Decentralized - each store orders goods for itself, in this case it is necessary at the facility level to consider:
 - a. Availability and up-to-date information on current stock level and turnover status,
 - b. Prognosis and ordering process,

As well as stock management and organization of procurement depends on the company itself and its targets, and depends on the products that are purchased, i.e. stored. The largest number of modern retailers are supplied capillary; it's a small number of retailers that completely centralized their stocks. However, and these modern retail chains acquire daily consumption products decentralized, in most cases process of distribution is done by the producer or wholesaler itself. Because of the products that are in consumers focus every day and whose turnover is exceptionally high FMCG (Fast-moving consumer goods), companies have to have properly set supply and distribution chains. Marketing orientation for big companies implies targeting of different segments with brands that are specially created to fulfill the needs within (Corstjens & Corstjens, 1995). Various customer groups are targeted with different segments, but each one of them is "empty shelf" sensitive, meaning the inability to buy desired product during the process of purchase. Since the customers opinion and their loyalty are the basis of today's companies' success, this represent really huge problem. Increased customers intolerance to the fact that product is missing in the object (OOS), with the increase of their importance and technology development lead to the fact that OOS is becoming

more and more important topic since 90's (Schneider, 2009). This is a problem because huge number of customers will seek for some other company product or similar product, and part of them will continue buying that substitute long-term. However, there are customers that in case of lacking the product in the store they will buy the same product in some other store that can become object of their everyday shopping; so, in every retailer interest is not to have OOS. A lack of stocks has negative influence on retailer's business, directly is leading to decrease of sales volume, customers are giving up on purchase, changing retail store or mostly buying cheaper substitute (brand or product) (Grubor, Milićević, & Đokić, 2016). Research about OOS is in the focus especially in the last years; supply chain, logistics, distribution, stocks are gaining bigger importance because of extremely high costs and long-term consequences regarding the relation to end user. This is the reason why is conducted huge number of researches globally. One of those global researches was conducted 15 years ago on developed market with already set retail system, where were tested P&G stocks within largest retail chains. This research showed that usually reasons for OOS occurrence are problems in planning, while in lesser volume those are upstream problems and logistics and CRM disorganization within those retail objects.

Chart 1. Reasons for OOS origination: Global average



Source: (Gruen, Corsten, & Bharadwaj, 2002)

Mentioned research was conducted in 29 countries and involved over 71.000 customers that were looking for 32 different kinds of FMCG products within modern retail system. On the following chart is shown what customers did in case of OOS in retail object; data that are presented are average on the mentioned sample level so they cannot be applied on one specific country, but they are indicator of customers behavior on developed market.

Chart 2. Consumers respond on OOS, global average



Source: (Gruen, Corsten, & Bharadwaj, 2002)

The largest number of customers in case of OOS was searching for products on the other place, which influenced retailer the most, while lesser percentage of customers bought some others company substitute and even lesser percentage of those who bought the same company product, and more than 20% of them that didn't even make a purchase process. This research confirmed previously stated theoretical facts and as a result it gave mentioned losses for retailer and manufacturer, because both of them lost end user loyalty that dictates market demand.

All mentioned theoretical facts are confirmed on developed world market by global research, however the question is what result will be if the research is conducted in our country? This kind of research would require a huge amount of resources, both financially and human, so in this paper we will focus only on tobacco products and trend of their stocks within one modern retail chain.

3. TOBACCO PRODUCTS STOCK MANAGEMENT ON THE CASE OF RETAIL CHAIN IN REPUBLIC OF SERBIA

Market of tobacco products is still underdeveloped in the Republic of Serbia, but even so, it is one of the most developed market in the region, on which operate big, international companies. With those characteristics, Serbian market has various number of cigarettes and other tobacco products, and even though prices are increasing due to tax, they are way lower than the prices in EU. Tobacco companies alongside with other industries colleagues are segmenting customers groups with certain brands and they are competing each other. Market segmentation can be defined as a process of market dividing to separate consumers' subgroups that have common needs or characteristics and choosing one or more segments to which bidders will target their marketing offer (Schiffman G. & Kanuk, 2004). Sales of tobacco and tobacco products in the Republic of Serbia is strictly regulated with big number of legal and executive acts, therefore tobacco sales and traffic can be done only by certified retailers. Tobacco and tobacco products, unlike other daily products, can be sold only on certified point of sale which is the only place where the communication with customers is possible. That is the reason for investing huge amount of funds in the PoS organization and communication and above all in relationship with retailers and their employees on PoS. As Serbian tobacco market is still underdeveloped, there are various number of different local and international brands with whom customers can be targeted by the companies. When the cigarettes are mentioned we cannot skip the fact those are products that cause smoking addiction, one of the most common addiction, so for the end users is really important to have

wanted product in the moment of purchase. The biggest number of retailers in Serbia leaves distribution of cigarettes and other tobacco products to wholesalers, while small number of them are supplied centralized. This way of organizing the distribution gives high importance on the relation between three participants in the channel; between manufacturer, distributor – wholesaler and retailer. With development of technology and techniques each one of the participants can track its sales, stocks, costs and other parameters related to tobacco products in real time. All data are basis for making qualitative sales plans, plans of stocks and organization of distribution. To see success of tobacco stocks planning, we came into possession of sales data and stock data of one of the largest retail chains in Serbia and we made an analysis and forecast of future development trend. Cigarettes are products with highly expressed seasonality as independent variables that have an impact on stocks, so we observed average monthly temperatures in Serbia and monthly sales of observed cigarettes, brand A. As we can see in Table 1. the correlation coefficient is 0,7927; interdependence between our observed variables, the value of stocks on one side and temperature and sales on the other side is extremely strong. Determination coefficient is 0,6284 and it shows that this model covered almost 62,84% variations of dependent variables (stocks), while the rest of 27,16% of stock variations are explainable with other factors. Adjusted determination coefficient shows that with model is included 60,52% of stock variations. F-test, i.e. Friedman test has table value of 27,055 while $p = 0,0$ which is less than 0,01 so we can conclude that this model is highly statistically significant. At the end, standard error is a measure that represents accuracy of predictions and in this case it is 2.273 cigarette packs.

Table 1. Basic statistical indicators view and model significance appraisal

Regression Summary for Dependent Variable: Stock A						
R= .79270824 R2= .62838635 Adjusted R2= .60516050 F(3,48)=27.055 p<.00000 Std.Error of estimate: 2272.6						
	b*	Std.Err. - of b*	B	Std.Err. - of b	t(48)	p-value
Intercept			-9464.53	1952.658	-4.84700	0.000014
Stock A	0.803191	0.090980	15.26	1.728	8.82824	0.000000
Temperature	-0.076344	0.091775	-6.52	7.835	-0.83186	0.409609

Source: Author

First column, parameter b^* represents standardized values of this parameter for each and every variable. On the basis of other part of the table, column B, we can create formula of observed model:

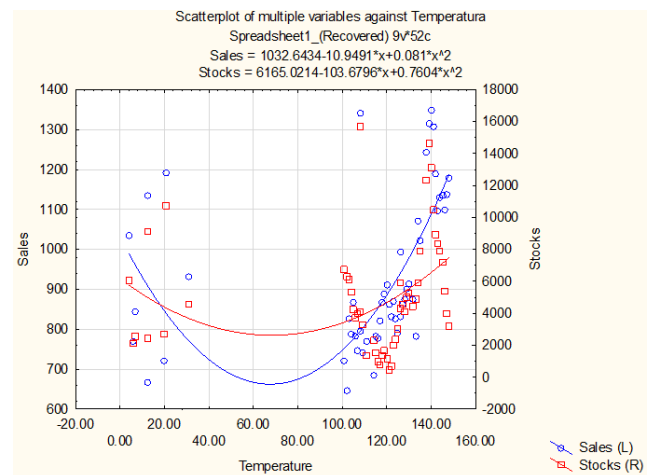
$$y = -9.464,53 + 15,26x_1 - 6.52x_2$$

These parameters show stock values if all others independent variables in this model have zero value. Next column is standard error for each independent observed variable of this model. Then we have a column with table values based on t-test. At the end, there is a p value according to rated t-test, on the basis of which we conclude the following:

- Parameter a (it is only theoretical value and has no economic significance) and parameter b_1 are statistically significant, because their value is less than 0,01.
- Parameter b_2 is not statistically significant, i.e. it has no impact on stock trend of observed retailer.

This multiple model will be shown also by chart with square trend, unlike previously presented results of multiple line regression.

Chart 3. Analysis of tobacco product A within the one Serbian retail chain: The correlation between stocks level, sales and average temperatures in the observed time period



Source: Author

The scatterplot above shows that observed variables (temperature, stocks and sales of product A) have a quadratic U shape (concave up) that fits them and describes the best, the correlation between them is curvilinear. Based on calculated regression equation it can be concluded that observed retailer will have in stock 6.165 packs of cigarettes in case he does not sell product A; sales development trend and stock trend is positive so we can conclude that it is a brand that will have sales increase and stock increase also and that is a brand of cigarettes that is not susceptible to seasonal influences and variations.

Based on calculated regression the retailer could infer that product A stocks will be 6.165 packs of cigarettes in the case there are no sales at POS. The observed product A has positive sales and stock trend, however it is not susceptible to the seasonal variations and influences.

CONCLUSION

In the past period market has been changed, it has been turned to the consumer and its requests. Logistics has been given much more important role and all large companies have in their focus to observe the organization of its chain value not only from the aspect of funds, but also from the aspect of the quantitative flows. With the new way of distribution retailers became leaders of marketing channel and now they dictate its dynamics; organization of distribution and supplies dynamics are now starting from the retailers and their requests.

Republic of Serbia is still undeveloped market looking from the aspect of how retail network is composed and from the aspect of development of tobacco market that was studied. Cigarettes and other tobacco products retailers are getting from the wholesalers, in the exact agreed time and in line with dynamics of consuming. Consumption dynamics and inventory management dynamics of one brand in one of the biggest retailers in Serbia is shown here.

Observed brand A has exceptionally large initially stocks, trend of sales growth, trend of stocks growth in the future was not susceptible to seasonal influences, i.e. average temperature was not statistically significant. Based on everything stated, as a logical conclusion we can say this is a brand that is present on the market for

years and it has loyal customers which number is still increasing. In case of OOS, this brand consumers will probably decide to go to other retail object to buy it; considering the fact this is a tobacco product, not some other daily consumption product, there is small number of consumers that will buy a substitute. Brand would face a real problem if a consumer wouldn't find brand A and in next retail object; in that case consumer will switch to some other substitute. OOS of tobacco products is highly specific and today is almost inadmissible due to characteristics and habits that these products are causing, because sales is moving almost perfect in accordance with stocks, which can be seen on this example. In the future growth and advancement of PoS from the aspect of tobacco product storage, and also from the aspect of stocks planning and stocks management in modern system is expected.

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INFLUENCE OF FOREIGN DIRECT INVESTMENTS ON ECONOMIC DEVELOPMENT OF THE REPUBLIC OF SERBIA

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Abstract: The paper analyzes the importance of foreign direct investment and their impact on the new economy as well as the motivation factors for foreign direct investments. Process of integration of the world economy influences the changes in the attitude of the countries of the recipients of capital in relation to foreign direct investments. Today, there is a favorable climate on the investment in developing and transition countries, because these countries no longer watching with suspicion. FDI entry controls are customized adapting to selective state policies in order to boost their investment volume.

The effects of foreign direct investment in developing and transition countries are not equal, as all countries do not have the same performance. The success of securing FDI inflows depends on the chosen strategy of each country and on the overall level of social and economic development of the country. The ability to government and domestic companies is to optimally take advantage of foreign direct investment. The paper analyzes the positive and negative effects of direct foreign investments for certain macroeconomic indicators of the Republic of Serbia.

Key words: *importance of foreign direct investment, FDI investment motives, macroeconomic factors, economic growth and development, Republics Serbia.*

INTRODUCTION

Foreign investment, in its widest sense, implies all types of investments of foreign legal and natural persons in the economic activities of a country. Foreign Direct Investment (FDI) are starting to become more intensified in theoretical and

empirical research of economists after the Second World War. The continuous globalization process resulted in the changing attitude of many countries about the importance of foreign direct investment. Developing countries in the FDI are no longer looking at suspicions, but on the contrary, in their economies, they seek to create favorable business conditions that will be attractive and supportive for foreign investors. The role of national governments is the proper choice of a quality strategy for attracting foreign direct investment are of paramount importance.

Since foreign direct investments of transnational companies are recognized as one of the basic channels by which developing countries gain access to state-of-the-art technologies whose diffusion plays an important role in explaining economic growth, there is also a competitive struggle to attract foreign investors. However, with all the positive effects that transnational companies can have on the recipient's country, the potential social costs that may arise should be assessed. Foreign direct investment does not represent a solution to all problems and their positive impact depends on the conditions prevailing in the host country.

We see that the attitude towards foreign direct investment has changed over the past twenty years. The growth of globalization and liberalization has caused the need to support new, more productive activities, that is, there is a need for the production of goods and services capable of sustaining competition and survival on the market. Today, most of the countries are considered to be an important source of funds for activating their own potentials necessary for development. Today, developing countries, which for a long time have been cautious and omitted from participating in international operations, liberalized in the early 1990s the regime and policies for attracting foreign investment.

Foreign investments, in addition to obtaining capital, significantly contribute to internal and external liberalization of national economies, reintegration into international division of labor, change of ownership through privatization, sectoral restructuring of the economy, introduction of modern managerial and marketing knowledge, easier acceptance of developed technologies, intensification of research development activities, as well as easier access to important international financial institutions and markets around the world.

Today, foreign direct investment is one of the key elements of the transformation process in the market economy in the countries of the Visegrad Group, where existed a centrally planned economy was developed. It was considered that foreign direct investment would lead to the accelerated economic growth of these countries, however, they did not always yield the expected positive results. However, it is assumed that the development effects of FDI will occur later if an appropriate policy towards foreign direct investment is adopted and consistently applied.

At the end of the last millennium, the Republic of Serbia was confronted with

numerous problems, which had a negative impact on its economic development. The deep economic crisis caused by long-term isolation, war conflicts, obsolete technology and the lack of capital for the overcoming of key development problems prevented a better development of the country. In addition, from the aspect of external liquidity and solvency, Serbia was among the most influential countries in transition. For the above reasons, foreign investments represent the most important development opportunity of Serbia, but also of other transition countries, which are trying to improve their national economies and rank among the competitors on a global scale. In order to do this, they must carefully devise strategies to attract foreign investment, since only in this way can they provide a congressional position in a modern business environment, which is an important condition for the faster development of their economies.

Foreign capital has a significant impact on the integrative processes of industrialized countries, and has affected developing countries for the past ten years. In a large number of countries, there is a tendency of liberalization of national regulations governing foreign investment, which, with numerous bilateral and multilateral agreements, leads to the creation of a more favorable climate for the implementation of foreign investment projects, on a global level. In the literature it is basically emphasized that the realization of investments and trade constitutes the basic "support pillars" of the globalization of the world economy.

It is important to point out that there is a significant conditionality between the legal regulations of national legislations and the inflow of foreign capital, as well as its contribution to export orientation and faster growth of gross domestic product, market openness, technological development, reduction of unemployment of the country of receiving capital.

MOTIVATIVE FACTORS FOR FOREIGN DIRECT INVESTMENTS

Movement of capital in the international capital market depends on the mutual interest between the provider and the beneficiary of the capital. The goal of a foreign investor is to achieve maximum profits, while the goal of capital users is to develop rapidly without losing their economic independence. Capital investor realizes profit using advantages such as: capital, new technologies, knowledge and experience, new brands, management, marketing, etc. At the same time, the beneficiary of the capital has its interests, such as: reducing the differences in technological development, the rate of economic growth, the inflow and outflow of foreign exchange, the increase in competitiveness, employment, the standard of living of its population. Every investor who wants to invest in any country must be motivated. In order for foreign investors to invest capital in a country, they must be motivated to invest. Although the main motive of foreign investors is the achievement of profit, it is possible to distinguish two basic groups of foreign investors. The first group includes export-oriented investors, and the second group includes investors oriented to the domestic market.

Export-oriented investors primarily expect that in a country where they want to invest capital there is a stable political climate, so that their investment would not be compromised. They demand that there is a highly skilled workforce in the country, which is a prerequisite for the production of sophisticated products. In addition, a mobile and flexible workforce, which can quickly and easily be adapted to perform various types of jobs. Foreign investors who are not export oriented, want a large part of the domestic market to market their products, expect that the country's economy has an upward growth, in order to grow consumption and a stable legal

framework that allows business under conditions that are known at the time of investment, etc. If there are such conditions in the country, the inflow of foreign capital can be realized faster and on a larger scale. However, if one of the above general conditions is not met, there is a decrease in foreign investments, that is, a reduction in the transfer of realized profit to the country of origin of capital.

Investment motives for foreign direct investors

The motive of each investor is to make as much profit as possible. So, in order to investment engagement abroad, it is necessary that the country's profit rate in the country of the recipient of capital be greater than that which can be achieved in the country of origin of capital. Apart from making profits, important motives for foreign investments are the following: market size and quality, infrastructure development, labor force qualification and political, or macroeconomic stability of potential foreign investment countries. In modern business conditions, motives for foreign investments are very complex and interconnected. Capital exporting countries have many positive effects, such as: increasing national income, improving their own position in the global market, gaining an appropriate position in international political and economic relations, and the like. Thus, foreign investment motives are much wider than achieving financial profit and necessarily involve expanding the activities of the parent company globally, in one of the following ways:

Supply-oriented (supplies, delivery), FDI undertaken in order to obtain production resources. This is mainly about the investment of developed countries in underdeveloped countries in order to provide cheap raw materials and labor;

Demand-oriented (demand, demanding), FDI that are motivated by demand. In this case, capital usually moves between the two developed countries in the expectation that higher demand in the second developed market will justify investment, which will be more profitable than direct exports;

Trade-oriented (trade), FDI, whose motive is the expansion of trade, also explains the movement of foreign direct investment (Vidas-Bubanja, M., 1999).

Strategic motives of the TNK for investing abroad can be represented by a division given by Dunning in 1992, according to which it is possible to distinguish four types of international production: production in order to provide resources; securing the market; achieving greater efficiency and production in order to acquire strategic resources-advantages (Bahar Bayraktar-Sağlam, Selin Sayek Böke 2017).

Motives for investing abroad can be classified into three basic groups: strategic motives, subjective and economic motives (Kovač, O 1988).

Strategic motives of investors, consist in securing the target market and installing the necessary technology. Respecting the rationality principle, it is necessary to provide appropriate physical resources, workforce, technology, management, marketing and organizational skills at a lower cost, in order to achieve the highest efficiency of production. An important strategic motive is the choice of a country in which there is a rule of law and generates knowledge and technology. In addition, it is necessary to take into account the degree of corruption and crime in the country in which they want to invest, as well as the type of technology that the strategic partners intend to install in it.

The subjective motives of foreign direct investment are diverse, and the four most important ones are:

a call from abroad for business engagement outside national borders, if it comes from a reputable and high place; *foreign investment as a result of fear of losing market*; *to follow others and to go into areas that are currently attractive*; and *the strong pressure of competition on domestic markets*, can be a motive for investing and compromising competition in the competitors market (Kovač, O. 1994).

Economic motives of FDI relate to a number of factors: advantages of economies of scale; marketing and management experience; technological advantages and advantages of financial potentials and differentiation of production (Kovač, O. 1994).

Generally speaking, the motives for foreign direct investment relate to the following: seeking new markets, that is, extending the existing business; reduction of transport costs, that is, rationalization of foreign direct investment; exploitation of resources in order to gain control over strategic resources, which can be material (oil, coal) and human (labor); advantages of a particular location; profit making; strategic behavior; cheaper labor; lower prices of raw materials and energy; completing its production process; opening new facilities abroad, and avoiding payments the prescribed legal obligations.

Unique motives of capital users

One of the motives of foreign capital users is the creation of conditions for increasing social assistance as well as the comparison of costs and social benefits generated by the inflow of foreign investments. Social benefits or gains from foreign direct investment are manifested through various positive influences. Such a creation of profits by a multinational company, which is then taxed, ensures substantial inflows into the state budget.

One of the most common fiscal measures used by Governments to attract foreign capital is exemption from paying taxes on profits for a certain period of time. Furthermore, there is the possibility of creating new jobs and related to that transfer of knowledge, technology and management skills.

Using the comparative advantages of a local economy with the economy of a foreign investor's level can be an important element for the exit of domestic production to the world market. The entry of foreign companies into the manufacturing sector can lead to the strengthening of competition, which increases the pressure on more efficient business of the rest of the sector. Another important motive of the country of capital beneficiaries is the fact that foreign direct investment is not included in the debt side of the country, and countries have additional motivation to provide as much foreign investment as possible with respect to other items in capital and financial account of balance of payments.

Potential social costs of foreign direct investment can cause a reduction in employment due to the rationalization of labor i take it or, on the microniv, due to the demands of unsuccessful domestic enterprises. Furthermore, distortions in the labor market can occur, that is, the amount of "good" jobs can be reduced and the amount of "bad" jobs increased (workers' salaries with the same abilities or changes are changing due to foreign direct investment and mismatch in the labor market structure). In on macro level, there may be a deterioration in the current account of the host country's balance of payments, if firms they were created by foreign direct investments have got of imports more than export, for example, from their central offices abroad.

The motives of the countries of foreign direct investment users are the social benefits that will be achieved in them, in the transfer of new technologies, knowledge, as well as their significant impact on economic growth, employment, foreign trade, investment and environmental protection in the host country.

Opponents of foreign investment often stress the fear of the rise in the impact of multinational companies on economic policy and country stability, and the achievement of a monopolistic relationship between the multinational company and the country of foreign investment users.

RESEARCH OF THE INFLUENCE OF FOREIGN DIRECT INVESTMENTS ON THE ECONOMIC DEVELOPMENT OF THE REPUBLIC OF SERBIA

Foreign direct investment can significantly affect the economic development of the country of the recipient of capital. This type of investment affects the increase in income, the increase in the technical composition of the production factors, the increase in productivity and the increase in employment. „Import the capital increases budget revenues through revenue growth“ (Kragulj D., Miličević D., 2007).

The Republic of Serbia, as the last among the European countries that entered the transition process, has the advantage of using the experience of other transition countries in terms of the effects of the FDI inflow. These experiences should be used to make the most of the positive effects of FDI for the development of the domestic economy. However, given that the Republic of Serbia has begun reforms at a time when those countries in other countries are already ending, this may represent a potential restriction for higher inflows of quality FDI in its economy.

For these reasons, the Republic of Serbia must conduct an active policy towards the FDI, which implies intensive promotion of the country and targeting investors, with the continuous improvement of the domestic investment climate, with various economic policy measures.

„Foreign direct investment plays a very important role in the rapid and stable economic growth of the country: directly (through capital inflows) and indirectly (through transfer of technology, knowledge in the field of new technologies and management of the real production sector, which give us a chance to conquer new markets in the global market. and strengthening competition in the domestic economy)“.(Ivana, S. D. and Darko, M. M. 2017) In the initial period of the transition process, FDI mostly went to the existing capacities of the transition countries, enabling better use of available resources and productivity growth, and in the next phase of transition, after exhaustion of existing reserves (bringing the end of the privatization process), long-term economic growth can be achieved through „*Greenfield*“³ Investments. „In the Republic of Croatia for the period from 1993 to 2005, only slightly less than 20% of total foreign investments relate to greenfield investments“ (Bilas, V. Franc, S. 2006)

FDI influenced the process of transition in a direct and indirect manner. „Direct effects can be reduced to those effects, which are related to economic growth in key industrial branches, trade and development of trade links with the West and transfer of technology (management, consulting, advertising, real estate sales, etc.), while the indirect impact FDI looked at the construction of the country's institutional system, encouraging

³ *Greenfield* investments are investments in the establishment of new companies that bring new knowledge, technology or some other assets with them, while *brownfield* investments represent the takeover of an existing company.

privatization processes and creating conditions for competition“ (www.ien.bg.ac.yu (date: August 15, 2018).

„Expansion of investment activities would enable an increase in the production base necessary for the creation of economic development. Attracting a foreign economy would be a national economy profile by expanding the product range for exports. In fact, it is well known that many investors have distribution chains and sales of products“ (Šušić, M. 2018). One of the prerequisites for new product innovation, increased production and export are foreign investments for the Republic of Serbia.

Investigations into foreign investment inflows for the Republic of Serbia are shown in Table 1., an inflow of 27,020 billion euros from 2006 to 2017 was shown, while FDI inflows amounted to 17,184 billion euros in the period 2006-2012.

Table 1: Presentation of the results of the survey of certain macroeconomic indicators for the Republic of Serbia in the observed period (FDI, GDP, GDP per capita) (<http://data.stat.gov.rs/Home/Result/170303?languageCode=en-US>, The Author 2018)

Year	FDI (in million EUR)	FDI, growth rate	GDP (in million EUR)	GDP, growth rate	GDP per capita in EUR	GDP per capita, growth rate
2006	3.323	165,84	24.435	4,90	3.297	16,26
2007	3.219	-3,13	29.452	20,53	3.990	21,02
2008	2.711	-15,78	33.705	14,44	4.586	14,94
2009	2.100	-22,54	30.655	-1,05	4.187	-8,70
2010	1.278	-39,14	29.766	-2,90	4.082	-2,51
2011	3.544	177,31	33.424	12,29	4.619	13,16
2012	1.009	-71,53	31.683	-5,21	4.400	-4,74
2013	1.548	53,42	34.263	8,14	4.781	8,66
2014	1.500	-3,00	33.319	-2,76	4.672	-2,28
2015	2.114	40,93	34.491	0,52	4.720	1,03
2016	2.129	0,71	34.617	0,37	4.904	3,90
2017	2.545	19,54	36.795	6,29	5.241	6,87
Total:	27.020		386.605		53.479	
Medium value:	2.252	25,22	32.217	4,63	4.557	5,63

Analyzing these data, we see that the Foreign Direct Investment in 2007 amounted to EUR 3,219 billion euros and had a negative growth rate of 3,13 % in relation to the previous year. The inflows of foreign direct investments until 2011 are in decline, and in 2010 they amounted to EUR 1,278 billion euros and they recorded the largest decrease of 39,14 % compared to 2009. Foreign direct investment inflows from 2015 to 2017 have a positive trend, ie, gradual growth, amounted to 6,788 billion euros, and the increase in 2017 was 19,54 % compared to 2016. In the Republic of Serbia since 2014, we have a gradual recovery of the economy measured by GDP and GDP / per capita.

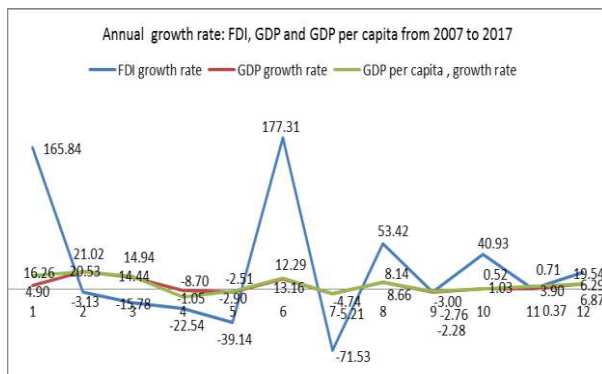


Figure 1: Graphical presentation for the research macroeconomic indicators for the Republic of Serbia in the observed period 2006-2017 (Growth Rate), (The Author 2018)

THE RESEARCH RESULTS OF FOREIGN DIRECT INVESTMENT

The dependent variable (SDI) in relation to the observed independent variables for the Republic of Serbia in the observed period was investigated in this paper, the methodology was chosen, independent variables and statistical analysis were defined using the available data from the Republic Institute for Statistics of Serbia and the National Bank of Serbia and data from the the Labor „Significance of investments in science - regional and

national analysis“ (Obradović, Ć. J , Mitić, P. , Dmitrović, M. 2017)

(<http://data.stat.gov.rs/Home/Result/2400020401?languageCode=sr-Cyrl>,
(https://www.nbs.rs/internet/cirilica/80/platni_bilans.html)
(http://www.trend.uns.ac.rs/stskup/trend_2017/radovi/T2.1/T2.1-3.pdf).

„The positive results of foreign direct investment inflows should be shown by increasing and changing GDP, GDP /per capita, production structure, market openness and an increase in the employment rate. However, foreign direct investment can also cause negative consequences for the economy due to changes in the sector structure. This refers to the reduction in employment, followed by the dismissal of employees, due to increased productivity“ (Šušić, M. 2018). Research selected macroeconomic indicator for Serbia, measured in% g / g, shown are in Table 2.

Table 2: Results of the survey of selected macroeconomic indicators for the Republic of Serbia, (The Author 2018)

Year	PFDI_GDP	SR_GDPps	TRG_GDP	R&D_GDP	Interest rate	Unemploy. in %
2006	13.60	16.26	77,4	0.50	14.00	20.9
2007	10.93	21.02	80,1	0.45	10.00	18.1
2008	8.04	14.94	82,6	0.46	17.75	13.6
2009	6.85	-8.70	69,0	0.50	9.50	16.1
2010	4.29	-2.51	79,8	0.82	11.50	19.2
2011	10.60	13.16	82,7	0.72	9.75	23.0
2012	3.18	-4.74	89,8	0.75	11.25	23.9
2013	4.52	8.66	92,6	0.70	9.50	22.1
2014	4.50	-2.28	97,7	0.72	8.00	19.2
2015	6.13	1.03	102,6	0.70	4.50	17.7
2016	6.15	3.90	106,8	0.75	4.00	15.3
2017	6.92	6.87	113,3	0.85	3.50	13.5

Selection of variables, data and methodology

The panel data includes the Republic of Serbia for which data is available annually from 2006 to 2017.

The general form of the multiple regression model is given in the equation 1. (Author 2018)

$$\text{PFDI_GDP} = f(\text{SR_GDPps}, \text{TRG_GDP}, \text{R\&D_GDP}, \text{Int. rate}, \text{Unem_thousfaces}) \quad (1)$$

In this model, PFDI_GDP is a dependent variable. This is a occurrence whose variations are expressed by independent (regressive) variables: SR_GDPps, TRG_GDP, R&D_GDP, Int. rate, Unem_thousfaces. Equation (1) is additive. If it is assumed that the relation between PFDI_GDP and (SR_GDPps, TRG_GDP, R&D_GDP, Int. rate, Unem_thousfaces,) is linear, the model (1) is a multiple linear regression model that reads:

$$\text{PFDI_GDP} = \beta_0 + \beta_1 * \text{SR_GDPps} + \beta_2 * \text{TRG_GDP} + \beta_3 * \text{R\&D_GDP} + \beta_4 * \text{Int. rate} + \beta_5 * \text{Unem_thousfaces} + \varepsilon \quad \dots(2)$$

In this model, PFDI_GDP is a dependent variable, SR_GDPps, TRG_GDP, R & D_GDP, Int. rate, Unem_thousfaces are independent variables, $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are unknown parameters, and ε is a random variable, and is still called a relational error, and its presence is a consequence of the statistical nature of the relationship between phenomena (Šošić, I. 2006).

Foreign direct investments include investments in money, goods, debt conversion into equity, intercompany borrowings and reinvested earnings as shown in the balance of payments.

All other variables are independent. Where, SR_GDPps denotes the growth rate of GDP per capita at current prices, which is the proxy variable for market size and growth. According to the theory and previous research, the expected sign of a GDP growth rate per capita should be positive, since a larger and more developed market offers more opportunities to foreign investors. TRG_GDP denotes the share of trade in GDP, which is the proxy variable for the degree of market openness, which is calculated as a sum of exports and

imports as a share in GDP. For investors it is very important that the country is open and that there are no trade restrictions. It is therefore expected that greater openness will attract more foreign direct investment.

„R & D_GDP represents gross domestic expenditure on research and development (GERD) as a% of GDP, which is a proxy technology variable. Research and development is a good indicator of both technology and human capital. At the same time, research and development creates a new technology that reduces the technological gap to other countries. It is a signal to foreign investors that the host country has already reached the required level of human capital for the independent advancement of technology“ (Šušić, M. 2018). It is believed that higher investment in research and development is attracting more foreign direct investments, as companies seek educated and high-quality workforce. However, opinions are divided. Interest rate is the rate on borrowing money or loans. This rate is normally according to the creditworthiness of the borrower-borrower and the funding objectives. The terms and conditions attached to these rates vary code individual country. If interest rates on borrowed money are high in the country, a smaller inflow of foreign direct investment is expected, ie a negative sign of the coefficient with the variable Interest rate.

Unem_thousfaces represents the total volume of unemployed persons, which is the proxy variable for unemployment. The unemployment rate is very important for every country, and for the Republic of Serbia, it shows us the decline or growth of unemployment in the country annually. If the unemployment rate in the country has a downward trend, a higher inflow of foreign direct investment is expected, or a positive sign of a coefficient with a variable unemployment.

In line with the problem, the subject and objectives of the research, and the hypotheses: Market growth significantly influences the FDI inflow; Openness of the country significantly influences the inflow of FDI; Investing in R & D has a significant impact on FDI inflows; Interest rate significantly influences FDI inflows; Unemployment significantly influences FDI.

Graphical and tabular display methods, static panel data, and correlation analysis are used. The graphical and tabular display methods represent the movement of the selected model variables in the period t.

In order for a dynamic assessment to be a good condition, the condition is the lack of a problem of bias, inefficiency and asymptotic bias. The model analysis starts from certain assumptions concerning the nature of the variables involved. These assumptions are true: a) The relation between the dependent variable and the selected set of independent variables is linear, as described by the equation (1); b) Independent Variables are not random variables and their values are fixed; c) The matrix X is a full rank x_i ; it is assumed that the variables are independent of each other, and $R(X)=k+1$; d) Random variables ε_i have a centered distribution with a constant variance of σ^2 and they are mutually non-linear.

RESEARCH RESULTS

In the following Table 3., the results of the study of the Descriptive Statistics for the sample from 2006 to 2017 are given, using the IBM SPSS Statistics v21 program.

Table 3: Descriptive statistics of the entire sample from 2006 to 2017 (The Author 2018)

Descriptive Statistics					
Varijable	N	Minimum	Maximum	Mean	Std. Deviation
PFDI_GDP	12	3.18	13.60	7.1425	3.14278
SR_GDPps	12	-8.70	21.02	5.6342	9.38960
TRG_GDP	12	69.00	113.30	89.5333	13.33903
R&D_GDP	12	.45	.85	.6600	.14257
Interest rate	12	3.50	17.75	9.4375	4.14664
Unemployment %	12	13.5	23.9	18.550	3.5018
Valid N (list.)	12				

Table 3. of the descriptive statistics can show the observed studies for the average values for the selected variables. In addition, the average net inflow of FDI amounts to 7,1425 % of GDP in the observed period with an average deviation from the arithmetic mean of 3,14278 %. Based on the conducted research, the inflow of FDI as a percentage of participation in gross domestic product for the observed period ranged from 3.18% to 13.6%. The average growth rate per capita is 5,6342 %, in the observed period with an average deviation of arithmetic mean of 9,3896 %. The smallest rate of growth per capita in 2009 was -8.7%, and the highest growth rate per capita in 2007 was 21.02%. The share of trade in GDP in the average is 89,5333%, which leads us to conclude that the degree of market openness is not satisfactory in the observed period, as there are trade restrictions. For investors it is very important that the country is open and that there are no trade restrictions. It is therefore expected that greater market openness will attract more foreign direct investment. The minimum value of this indicator is 69% and the maximum is 113,3 %. The average deviation of the share of trade in GDP from the average is 13,339 %.

We can conclude that R & D expenditures are not a high expenditure of GDP. On average, the Republic of Serbia invests in research and development of only 0,66 % of GDP. The minimum investment value in R & D is 0,45 %, and such a small level of investment was achieved in 2007, while the maximum investment value is a modest 0,85 % of GDP, while the EU recommendations are up to 3 % of GDP. Investing in research and development is one of the highlights of the technological development of the country. From the above results, it is visible that the Republic of Serbia lags considerably in technological development for the developed countries of the world.

The average interest rate on loans amounted to 9,4375 %, the minimum was 3,5 % and the maximum 17,75 % in 2008. The average deviation of the interest rate from the arithmetic mean is 4,14664 % in the observed period.

The average unemployment rate is 18,55 % with a standard deviation of 3,5018 %, while the minimum unemployment rate is 13,5 % in 2017, while the highest unemployment rate was 23,9 % in 2012. The results of the survey show that the trend of economic recovery and unemployment reduction in the Republic of Serbia started in 2012.

Using the results of the survey of the selected macroeconomic indicators for the Republic of Serbia (Table 2) with the help of IBM SPSS Statistics v21 software program, a regression analysis was performed that determined the functional dependency between the dependent variable (PFDI_GDP) and the independent variables (SR_GDPps, TRG_GDP, R & D_GDP, Interest rates and unemployments in %). The results of the survey for the observed sample are shown in Table 4.

Table 4: Determination coefficients between variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.773	.583	2.02866
a. Independent variables (Constant): SR_GDPps; TRG_GDP; R&D_GDP; Interest rate; Unemployment in %.				
b. Dependent Variable: PFDI_GDP				

The results of the research shown in Table 4 indicate the dependence between the dependent variable (PFDI_GDP) and the independent variables (SR_GDPps; TRG_GDP; R & D_GDP; Interest rates and Unemployments to %). The results of the study show that 77,3 % of the variation of PFDI_GDP is explained by the variability of the independent variables, ie 77,3 % of the PFDI_GDP variation is dete-

mined by the change: SR_GDPps; TRG_GDP; R & D_GDP; Interest rate; Unemployment in %. The results of the F-test (F value 4.080 and the value p = 0.058) indicate that the dependence between independent variables (SR_GDPps; TRG_GDP; R & D_GDP; Interest rate; Unemployment in %) and to dependent variable (PFDI_GDP) to statistically significant. Independent variables can be a statistically significant indicator in estimating percentage share of foreign direct investment in gross domestic product (PFDI_GDP) over the coming years. Table 5 shows the results of the Coefficients determination between variables.

Table 5: Coefficients determination between variables

Coefficients ^a						
Model	Unstandardized Coefficients		Standard. Coefficient.	t	Sig.	
	B	Std. Error				
1	(Constant)	23.525	9.420		2.497	.047
	SR_GDPps	.265	.083	.791	3.179	.019
	TRG_GDP	-.133	.093	-.563	-	.203
	R&D_GDP	-2.917	7.916	-.132	1.428	.725
	Interest rate	-.336	.238	-.443	-3.668	.207
	Unemployment in %	-.049	.214	-.055	1.413	.826

a. Dependent Variable: PFDI_GDP

Analyzing the research listed in Table 5. by using the IBM SPSS Statistics v.21 program, the author set the Estimated model with the calculated parameters for the observed sample, which reads as follows:

$$PFDI_GDP = 23,525 + 0,265*SR_GDPps - 0,133*TRG_GDP - 2,917*R\&D_GDP - 0,336*Interest\ rate - 0,049*Unem_thousfaces$$

Statistically significant is the parameter in front of the SR_BDPps variable from which it can be determined that the GDP growth rate per capita has a positive and statistically significant effect on the variable PFDI_BDP. ie. parameter is statistically significant at a level of significance of 10% and 5%.

The parameter shows that when the GDP growth rate per capita increases by 1 percentage point, the net inflow of FDI as a percentage of GDP is growing by an average of 0,265 percentage points, with other variables unchanged. The set hypothesis envisages a positive relationship between market size and foreign direct investment. The results confirm the hypothesis that indicates that the Republic of Serbia has the opportunity to secure and realize foreign direct investments. Furthermore, it also implies that economic growth could be a driving force for increasing foreign direct investment.

The parameter in front of the variable TRG_GDP is negative (-0,133) and statistically significant, which leads to the conclusion that country openness has a negative impact on PFDI_GDP. The hypothesis suggests that a reduction in the country's openness is needed for a faster and more quality inflow of foreign direct investment. The parameter shows when the share of trade in GDP is increased by 1 percentage point, the net inflow of FDI as a percentage of GDP decreases by an average of 0,133 percentage points, with other variables unchanged. Since openness is measured by the share of trade in GDP, a lower level of openness provides greater opportunities for direct foreign investment. In addition, FDIs can enable economic growth and reduce income disparities between poor and rich countries by spreading knowledge and technology, and contributing to greater national productivity with their results.

The parameter in front of the variable PR & D_ GDP is negative, statistically significant at the level of 5% and 10%, that is, the impact of PR & D_GDP on the inflow of foreign direct investment is indirect. The hypothesis points to a statistically significant and positive relationship between technological development and foreign direct investment.

Therefore, the increase in investment in research and development will reduce the FDI net inflow of funds, i.e. parameter the R & D_ GDP variation it says when research and development in GDP would increase by 1 pp, then the net inflow of FDI as a percentage of GDP would drop by an average of 2,917 p.p with other variables unchanged.

FDI in theory should be higher that the higher level of human capital in a country that is needed for technology to be accepted. However, in countries with low human capital, the impact of FDI may be even negative, and that is our case. The Republic of Serbia, as a developing country, produces part of the same goods as the developed country, but with outdated technology, and some goods are not produced at all due to the lack of technological knowledge. Even when using similar technologies, developing countries use them less efficiently because they do not have the necessary skills and abilities.

The parameter with the variable interest rate (Ks) is negative and statistically significant, which leads to the conclusion that the interest rate in the Republic of Serbia negatively affects the FDI balance. The parameter is significant at a level of significance of 10 %, which confirms the hypothesis statistically significant but negative relationship between interest rate and FDI. High interest rates can be a consequence of inflation, and foreign investors avoid investments in an unstable economy. Hence, the increase in interest rates will reduce the FDI net inflow of funds, i.e. the specific parameter with the Ks variable if interest rates on loans would decrease by 1 p.p., then the net inflow of FDI as a percentage of GDP would increase by an average of 0,336 p.p with other variables unchanged.

Parameter in front of the variable Unemployment in % is negating and statistically significant, indicating that unemployment has a negative impact on FDI in the Republic of Serbia.

The increase in unemployment in % will reduce the FDI net inflow of funds, i.e. the parameter with the variable Unemployment shows when unemployment in % will decrease by 1 pp, then the net inflow of FDI as a percentage of GDP would increase by an average of 0,049 p.p with other variables unchanged.

The paper presents the results of the research for unemployment (Table 6).

Table 6: Results of functional dependence between PFDI_GDP as dependent variable and the Unemployment as independent variables

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.031	.001	-.099	3.295
The independent variable is Unemploymentin.			

Table 6 shows the results of the research, ie, functional dependence between PFDI_GDP as dependent variable and Unemployment as independent variables. The results indicate that 9.9% of the PFDI_GDP variation is explained by the volatility of the Unemployed. Based on data obtained with F-test (F value 0.805 p value 0.726), it can be concluded that the ratio between Unemployment and PFDI_GDP is statistically insignificant, i.e determination coefficient is not a coincidence because unemployment is not a statistically significant indicator in the coming years in the assessment of the level of PFDI_GDP. The following Table 7 shows the results of the Coefficients determination between variables.

Table 7: Coefficients determination between variables (PFDI_GDP - Unemployment in %).

Coefficients					
	Unstandardized Coefficients		Standar. Coefficin.	t	Sig.
	B	Std. Error	Beta		
Unemploy.	-.028	.284	-.031	-.098	.924
(Constant)	7.657	5.347		1.432	.183

The results of the research indicate using coefficient B or β , how an independent variable influences the dependent variable, and then the we get consequently obtains a regression equation that shows that the reduction in Unemployment in % of one percent results in an increase in PFDI_GDP of 0,028 percent.

$$PFDI_GDP = 7,657 - 0,028 * Unem_thousfaces$$

Figure 2 shows the dependent variable PFDI_GDP. and independent variables Unemployment. From the picture you can see that the reduction of unemployment leads to a minimal increase in FDI.

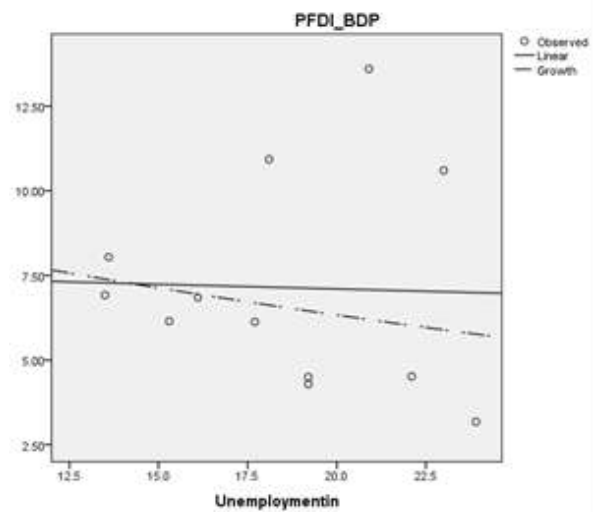


Figure 2: Graphic representation of the functional dependency between the dependent variable (PFDI_GDP) and the independent variable Unemployment in%

„In order to gain a good insight into the relationship between the observed variables, it is necessary to make a correlation analysis that will provide information on the strength and method of aligning certain variables. Prior to the calculation of the correlation coefficient, a check of the normality of the position of the observed data was made using the statistical package 3B Stat and it was concluded that all variables do not have a normal position. This conclusion pointed to the need to calculate the Spearman coefficient of correlation (rho)“ (Šušić, M. 2018). Table 8 shows all calculated correlation coefficients by Spearman, using the IBM SPSS v.21 program.

Table 8. Correlation coefficients of variables according to Spearman. (Author 2018.)

			Correlations					
			PFDI_GDP	SR_GDPps	TRG_GDP	R&D_GDP	Interest rate	Unemployment in %
Spearman's rho	PFDI_GDP	Correlation Coefficient	1.000	.790**	-.301	-.563	.193	-.256
		Sig. (2-tailed)	.	.002	.342	.056	.549	.422
		N	12	12	12	12	12	12
	SR_GDPps	Correlation Coefficient	.790**	1.000	-.063	-.500	.284	-.046
		Sig. (2-tailed)	.002	.	.846	.098	.372	.888
		N	12	12	12	12	12	12
	TRG_GDP	Correlation Coefficient	-.301	-.063	1.000	.542	-.760**	-.252
		Sig. (2-tailed)	.342	.846	.	.069	.004	.429
		N	12	12	12	12	12	12
	R&D_GDP	Correlation Coefficient	-.563	-.500	.542	1.000	-.434	.048
		Sig. (2-tailed)	.056	.098	.069	.	.159	.883
		N	12	12	12	12	12	12
	Interest rate	Correlation Coefficient	.193	.284	-.760**	-.434	1.000	.372
		Sig. (2-tailed)	.549	.372	.004	.159	.	.234
		N	12	12	12	12	12	12
	Unemployment in %	Correlation Coefficient	-.256	-.046	-.252	.048	.372	1.000
		Sig. (2-tailed)	.422	.888	.429	.883	.234	.
		N	12	12	12	12	12	12

** . Correlation is significant at the 0.01 level (2-tailed).

The research shows (Table 8) that the dependent variable PFDI_GDP has the strongest correction with the independent variable SR_GDPps (rho = 0,790), then with the independent variable Interest rate (rho = 0,193), and the other variables have correlations that are indirect: R & D_GDP (rho= -563), TRG_GDP (rho = -0,301) and Unemployment (rho = -0,256) Correlation with unemployment is insignificant and this ratio is indirect, i.e. that an increase in the percentage participation of PFDI_GDP leads to a decrease in unemployment under the condition that the other variables are immutable. The obtained data also indicate that the correlation coefficient is statistically exceptionally high for the variable SR_GDPps (rho = 0,790), and its sign indicates that the growth of PFDI_GDP indicates the growth of SR_GDPps, i.e. the size of the market in a

significant percentage, provided that the other variables are unchanged.

Research shows that the correlation between the dependent variable PFDI_GDP and the independent variable Interest rates are weak (rho = 0.193), ie with the percentage growth of PFDI_BDP there is a low percentage growth of

the Interest rate., provided that the other independent variables invariable. If we analyze market openness (TRG_GDP) and Unemployment, we see that higher market openness leads to a reduction in unemployment (rho = -0,252), and in the case of investments in technological development (R & D_GDP), it can be concluded that higher investments in technological development lead to a minimal increase in unemployment, is (rho = 0,048). Market growth (SR_GDPps) leads to a minimal reduction in unemployment, since rho = -0,046.

CONCLUSION

The movements in the world economy give an increasing importance to the increase in foreign direct investment. Transitional countries, such as the Republic of Serbia, have become increasingly open to international operations, have adapted their social systems to become attractive for foreign direct investment. Multinational companies can significant positive effects on the growth and development of the Republic of Serbia, but they do not have to., and they are primarily reflected in the possibility of transferring technology, knowledge, capital inflows, etc. However, the Republic of Serbia needs to assess the possible risks of such entry, because foreign direct investments are not an automatic solution to all problems, the positive effect is also related to the environment itself within the host country, or the absorption capacity of the host country. By engaging in international integration processes, the Republic of Serbia opens possibilities for faster and more stable development. The significance of the realization of foreign direct investments can be of invaluable importance for the development of the country, so the goal of the Republic of Serbia is to attract as many foreign investors as possible.

The inflow of foreign investments for the Republic of Serbia is 27.020 billion euros in the period from 2006 to 2017, while FDI inflows amounted to 17.184 billion euros in the period 2006-2012.

There is a statistically significant link between the variables PFDI_GDP and SR_GDPps, as determined by Regression analysis., from which it can be determined that the GDP growth rate per capita has a positive and statistically significant influence on the dependent variable PFDI_GDP. The parameter shows that when the GDP growth rate per capita increases by 1 percentage point, the net inflow of FDI as a percentage of GDP is growing by an average of 0,265 percentage

points, with other variables unchanged. Also, i conclude that there is the strongest correlation between these two variables ($\rho = 0,790$), and the rho sign indicates that the growth of PFDI_GDP indicates the growth of SR_GDPps, i.e. market growth in a significant percentage, provided that the remaining variables are unchanged. From the further analysis i conclude that the reduction of unemployment leads to higher market openness ($\rho = -0,252$), that the reduction of the interest rate leads to higher investments in technological development ($\rho = -0,434$) and market growth (SR_GDPps) leads to a minimal reduction in unemployment ($\rho = -0,046$). Higher market openness (TRG_GDP) will lead to technological development (R & D_GDP) ($\rho = 0,542$), ie, if market openness rises by 1 pp, then investments in technological development will increase by 0,542 p.p.

The results of the analysis show that FDI inflows, on average, go towards developed economies, ie, countries with a higher level of GDP per capita, lower interest rates, more open markets, quality workforce structure.

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ANALYZING THE AMAZON SUCCESS STRATEGIES

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Abstract: This paper aims to present the Amazon success strategies. Since the objective of the Company is to become the best place to buy, find and discover any product or service available online. Amazon.com will continue to enhance and broaden its brand, customer base and electronic commerce expertise with the goal of creating customers' preferred online shopping destination, in the United States and around the world.

Keywords: *companies, strategies, Amazon success strategies*

Literature Review

The Amazon success story started in July 1995 by Jeff Bezos a computer science and electrical engineering graduate from Princeton University. After his resignation from an investment Bank, he settled in Seattle and found what is now known as Amazon. Bezos did not know much about the Internet. However, "he came across a statistic that the Internet was growing at 2300%; this convinced him that this was a large growth opportunity". Amazon's choice of the location in Seattle was obvious for its rich technological talent and the close proximity of the book wholesalers in Rosenberg.

Amazon came into being in July 1995 and was up to the public in 1997. It is claimed that Bezos was one of the few

individuals who understood the real power of E-commerce and the entire internet retail business. Under Amazon vision, Bezos injected two comprehensive ideas to the E-commerce and these are building the customer-centric company world over, and also creating an environment where customers could easily buy almost anything they wanted to buy. Indeed, his vision has been hugely achieved since 1995 (Hof, 2001).

Amazon.com's Objectives & Strategy

In its business model, Amazon.com has identified the following as key success factors. First of all, a strong brand name location. Then providing clients with marvelous value and a superior shopping knowledge. After that, considerable sales capacity. Finally, Realizing economies of scope and scale (Modi et al, 2000). Amazon.com's marketing strategy is designed to strengthen the Amazon brand name, increase customer traffic to the Amazon.com Web sites, build customer loyalty, encourage repeat purchases and develop incremental product and service revenue opportunities.

Customer- centric

Customer-centric involved asking customers what they wanted, and sorting out how their needs would be delivered to them, and in the end, delivering it to them. According to Bezos, that is the traditional term of customer-centric. And Amazon focused on this traditional view with success evidenced over the years.

The other meaning for customer-centric is innovation on behalf of the customers. According to Amazon, innovation simply means searching for what the customers don't know they want and delivering it to them. The third meaning is the personalization nature of the internet. In order to suite this third meaning of customer-centric, Amazon redesigned their store to suite each customer, by launching a 'your store service'. This translated this vision into reality. Amazon valued to deliver convenient, selected, services at a broadest price (Timothy et all, 2000).

Although critics thought that customer-centricism of any given company is the same with any other company, Amazon's customers has continued to rise over the years. And despite that Amazon began as a global bookstore, the company also intended to be a place where customers could buy anything online. Amazon moved its attention to very new category of products, which includes kitchen ware, tools, and Auctions (Wiggins, 2001).

Books as a means of customer-centricism & Innovation

Having started as a bookseller, Amazon remains a leader in selling all sorts of books in spite of having drifted into other products. Bezos indicates that books have huge items in the book market compared to other items in any given products. And as huge titles of books do emerge, they can be sorted, searched and organized by computers. He further stresses that the customer proposition is only done online. The internet has a huge

category of books, in contrast to the physical world (Hof, 2002).

In addition, Amazon claims that books are:

- Easy for Amazon to ship
- Provide basic information enabling them to sale on online storefronts with the information which may be in the form of
- Chapters
- Table of contents
- Editorial
- Customer reviews (Krishnamurthy, 2002).

On the other hand, Amazon added maximum value to the inefficient arrangement of the publishing industry in America. In the 1990s, the industry had;

- Concentrated on supply-publishers, printers and wholesalers.
- There was no key player on the retail position. Even the Barnes & Noble had as little as 11% of the American market.
- Publishers had guaranteed the sales of books, yet retailers could return a book not sold within the defined time frame.
- The business was unpredictable especially with the lack of stability on the sales.
- The retailers had a fixed cost for displaying the product in a brick and mortar environment. (Krishnamurthy, 2002).

The major competitor to Amazon in the book market was from Brick-and-clicks stores. These included BN.com and Barnes & Noble. Before Amazon came into being, BN.com had a number of competitive advantages ranging from, superior recognition of the Barnes & Noble brand name, to cross-marketing, co-promotion and customer acquisition programmers' both in the US and Europe. But come July 1995, Amazon trashed all these market advantages by enabling customers to browse over 4.5 million titles from their computers. This was a fantastic wave of success in E-commerce (Modi et all, 2000).

Table (1)
"SALES GROWTH (OR LOSS) SINCE 2004"

Company-s% All rounded	2011	2010	2009	2008	2007	2006	2005	2004
Barnes & Noble bookstores		N/A	-5%	-3%	+2%	+2%	+2%	+7%
Amazon Media(Books, Music, DVDs) North America	+16%	+15%	+11%	+16%	+29%	+17%	+18%	+14%
Borders/ Waldenbooks Books	N/A	-16%	-15%	-9%	-0%	-1%	+2%	+2%
BN.com		N/A	+24%	-2%	+9%	-1%	+5%	-2%

Source: <http://www.fonerbooks.com/booksale.htm>

Amazon's complete dominance in the book business online came very clearly by the capitulation of Borders. Amazon went on to create an alliance with the rival Borders. And borders battled in vain to match a web site competitive with Amazon. And eventually, borders had to release its employees and Amazon front-ended its online book market to this day (Hof, 1998).

Music

In June 1998, Amazon ventured into the music selling followed by DVDs and Videos in the same year. The very beginning in the music business, Amazon enjoyed a \$14.4 million profits. One of the reasons for Amazon's shift in its products especially into music may have been that the company had already established closeness with the customers with books. And leading them into another product like music was easy (Hansell, 2001). The other argument for the huge shift is that directing its attention into a variety of products would enable the company to be a

dominant retailer. Besides, it did become a very dominant retailer (Krishnamurthy, 2001). Amazon has amassed 132% profit in books, Music, and DVD sales between 2004 and 2011 (16% in 2011 alone).

Growth Abroad

Amazon now serves well over 152 countries worldwide. However, Amazon.com is the only bookseller in the world's top 500 websites. According to one market analyst report, "Amazon.com is estimated to have over 80% of the online bookstore market" (Modi et al, 2000: XI). As early as 1995 Amazon customers ranged from 45 different countries. With a global market at heart, Amazon launched one of the earliest sites in Germany and the UK. All the individual market's focus has been books, Music and videos. In England alone, Amazon UK has call centers in Brogborough, Bedfordshire, Peterborough, Don Caster, and Hemel Hempstead.

Governmental regulation and Legal uncertainties.

Currently, Amazon.com faces common business laws and regulations or regulations regarding access to online commerce in addition to taxation laws. For instance, expanding company's services distribution center network might result in additional sales and other tax obligations. Regulatory authorities may implement particular regulations and laws governing the online commerce or Internet. These regulations may cover pricing, copyrights, taxation, user privacy, content, distribution and features as well as quality of services and products. Changes in buyer protection laws furthermore may enforce additional burdens on enterprises conducting business online. These regulations or laws might impede the growing of the Internet or other online services. This could, in turn, reduce the request for Amazon's services and products in addition to increase Amazon's cost of doing business. Additionally, it is not clear how existing laws governing issues for instance sales and other taxes, property ownership, libel and personal privacy apply to the Internet and online commerce. Disapproving resolution of these issues may harm Amazon's business.

SWOT Analysis

Typically a SWOT Analysis will analyze the organization's strengths weaknesses and available opportunities and threats to its existence.

Applying SWOT Analysis to Amazon

Possible strengths:

- Amazon remains the greatest leader in E-commerce since 1995 through knowledge of its customers and providing the best possible E-retail world over.
- The company has raked a total of 132% of profits since 2004 well above the rest of the competitors on the book and music market.

Possible Weaknesses:

- With the unpredictable future e-retail and the growth of competitors with similar market approach, Amazon's future may be at a threat.
- Although Barnes & Noble seems to be behind Amazon in terms of sales and profits, time will tell how long they will remain behind.

Available opportunities:

- Amazon may continue to raise more markets in other countries worldwide to remain positioned on the E-commerce market that the company has enjoyed so much.

Threats:

E-commerce predictably changes every given time. There is a predictable threat a competitor to equal to Amazon will emerge crushing every bit Amazon has built over the years.

PESTAL analysis:

Technically, PESTAL analysis helps to understand the real effects of the company's external factors. These includes: Economical, Environmental, Political, Social, and Technological.

- A- Economic: with the current financial crises that has been ravaging the global finance since 2008 up until now, can rose a real danger to Amazon's market.
- B- Technology: Amazon should relentlessly continue to revamp its technology to the need of the modern revolution to survive.

Porter's Five Forces analysis:

Porter's five forces of Competition can be a helpful tool in analyzing a business. Those factors are: buyer power, supplier power, competition from substitutes, entrants, and rivals.

- ❖ Power of Buyer: clients that buy books in amazon.com tend to become standard customers due to the low prices that amazon.com can offer.

- ❖ **Power of Suppliers:** As Amazon continues to develop; its ability to agreement with suppliers will continue to rise.
- ❖ **Rivalry:** Amazon.com is one of the first companies into the electronic commerce field. This gives to amazon.com a positive altitude of tranquility into the marketplace.
- ❖ **Entry barriers:** With today's principal markets being less friendly toward new internet start-ups, it would be difficult for a new company to effectively compete with Amazon.
- ❖ **Threat of Substitution:** Amazon.com does not present threats of substitution at least in the short time (Carmany et al, 2003).

Conclusion

Amazon has become a house-hold name in both books and music industries. Its position among small competitors is way ahead. The company's ability cannot be doubted in both books and music selling for years to come. Amazon has successfully expanded and hugely profitable due to the provision of the best E-commerce ever, the knowledge of its customers and the longevity of the relationships with its customers. And these three aspects will undoubtedly keep Amazon afloat and remain a dominant retailer regardless of the threats from its competitors.

For the smaller firms, the road may be rough and unpleasant to keep up with Amazon. To remain on the market, they will have to re-invent themselves by providing E-retail equal to the competitive market. Without it, success for them remains on the horizon. They will also need to identify their customers and be able to keep them as long as possible to enable consistence.

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THE COURT EXPERT AS A MEANS OF EVIDENCE IN THE LITIGATION PROCEEDINGS

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Abstract: The expertise as one of the legally defined means of evidence in litigation proceedings is an unavoidable procedural action without any litigation procedure can be successfully completed in the merits. The expertise is usually implemented in order to answer a specific factual subject important for making legal and precise decision about litigation proceedings. In the case of deciding about the implementation of legal form, the expertise is not applied and required.

There are a lot of opinions in the practice that the work of the expert witnesses is not at an appropriate and satisfied level related to the standards and criteria for an independent and efficient judiciary system. This is characterized especially in the countries where the justice system is unstable and completely not independent of the political and social influences, such as many other external and internal factors. In these countries, as the Republic of Macedonia, the expertise is also emphasized with subjective nature, where the findings and opinions are considered as insufficiently specialized and unprofessional.

However, there are exceptions to this rule. The court practice shows that there are court experts who perform their activities honestly, morally and professionally. Taking into consideration the great importance that court experts have with their findings and opinions in the litigation procedure, they have an influence on this complex process with their findings and opinions as legal evidence.

The court expertise, as means of proof in litigation, has a big importance. The judicial review as a means of proof in the litigation procedure is performed when in order to establish the facts or to clarify some of the particular circumstances a direct examination and observation by the court is required. That's why the court experts are distinguished as skillful persons who have professional knowledge, which is necessary for the

court to verify the truth of certain assumptions and facts presented in front of the court from both sides.

Keywords: *court expertise, a judicial system, findings, opinions, Republic of Macedonia*

INTRODUCTION

The Law on Litigation Proceeding, as one of the preconditions for the functionality of the judiciary system, provides a direct action which is effective for all participants that have an impact on the outcome of the litigation procedure. This law regulates the rules of procedures for offering legal protection and according to this law the litigation cases for disputes arising from violation of the rights of the person and disputes from family, labour, social, property and other civil law relations are solved, except the disputes that need special legal frames another type of procedure is given.

In litigation procedure with the process of evidence, necessary facts for the adoption of court decision are determined. The evidence is pointed out through all the activities of the court and the parties that are undertaken in order for the court itself to determine the truth of one expressed assumption. For practical reasons, in order to avoid possible misconceptions, it should be always made difference between evidence and means of evidence. Evidence (Instrumentum) is a means by which the court receives knowledge of the truth about the fact that is important for passing a court decision.

The evidence is a confirmation of the truth about the fact that is established through certain evidence. When it comes to the parties, they are obliged to present the facts and present the evidence on which their claim is based and their statement, or by which it disputes the allegations and evidence of the opposing party.

According to the Law, the evidence covers all the facts that are important for reaching the final decision. The court has the competence to decide which of the proposed evidence will take in consideration as decisive and important facts for the final decision.

The court experts are one of the means of evidence that the parties can use in the litigation procedure, while the court expertise is a function (action, activity, task, obligation, duty, work) of the court expert.

The law emphasizes that the court will determine the evidence obtained through a court expertise report if it comes to determining or clarifying some facts requiring specialized knowledge that the court does not itself have.

The court expert is independent in the performance of the expertise within the framework of the legal authorization determined by law and the court expert is obligated to perform the court expertise professionally and conscientiously in accordance with the rules of science and profession, ethical norms and professional standards.

The complexity of the litigation process itself and the increasing complexity of legal relations actually increase the number of situations in which the judge does not have the necessary knowledge for certain expert issues of immediate importance for the proper and legal settlement of the dispute.

The essence of the court expertise is in giving findings and opinions. The finding is a description of the subject matter of the expertise, while the opinion is a professional analysis or a professional conclusion which the court expert presents his expert knowledge for the subject matter of the expertise. According to the Law on Litigation Procedure, the deadline for submitting the expert finding and the opinion is determined by the court, which cannot be longer than 45 days, and in the complex cases, it cannot be longer than 60 days. The court shall deliver the expert finding and the opinion to the court participants no later than eight days before the hearing on which they will be discussed.

1. THE CONCEPT AND DEFINITION OF COURT EXPERT

Before undoubtedly pointing out the great importance of the expert witness as evidence in the litigation procedure, it is necessary to become familiar with the concept and definition of the court expert, the legal determination and the conditions for performing the expertise in the civil procedure.

Court proceedings in which the court experts do not appear as evidence or as specific supporters of the court are very rare. In English, these court experts are also known as Surveyors, in Italian Periti, and in German Gutachters.

In the Republic of Macedonia, the concept of a court expert is defined by the Law on Expertise: "The court expert" is a person who has a license for expertise in the respective field and is registered in the Register of Experts¹.

¹ Law on court expertise (2010) – Official Gazette of Republic of Macedonia No. 115 date 31.08.2010

In practice there are often numerous questions about the role and the importance that court experts have in court proceedings. The court experts are because in all of the explanations of the court proceedings there are allegations where the court fully accepts the opinion of the court experts as an opinion that is professional, complete and objective.

The legal theory defines the concept of expertise as an activity that brings more weight and complexity through the importance it has for the given court proceedings. From here, there are four different perceptions regarding the legal specificity of the expert witness's statement²:

I. Court experts are scientific judges, referring to the expertise as a scientific judgment - the Court is free only in terms of determining the expertise but is not capable of assessing the results of the expert's activity.

II. The court expert is equated with the witness - it is more characteristic of the Anglo-Saxon legal system. Experts are scientific witnesses, while expertise is a scientific testimony.

III. The testimony of a court expert equates to judicial review - the court directly observes those facts for which there is no need for professional knowledge, while the expert points out and notes those facts and phenomena that require specific, complex and expert knowledge or knowledge.

IV. The testimony of the court experts is a self-evident means of specificity and certain similarities with the other evidence - this are one of the most modern legal theories for defining and explaining the notion of expert and expert.

The modern legal theory takes two main opposite views that refer to the fact that, on the one hand, the court experts are a proof means, while on the other hand, the experts are only the help and support of the fact-finding.

If the court experts in their activity inform the court of their finding and opinion, their statement is classical evidence. However, if the court experts with their expertise help to form the necessary conclusions, in order to the court to form a certain opinion on the facts, then they perform the function of a specific facilitator in performing a proper and fair trial in determining legally relevant factual situations.

The most acceptable is the understanding that the court experts are persons whose statement serves as evidence, that is, expertise is a kind of evidence tool. The most complete definition of the legal institute of expertise is that, as a determinant of the expertise, it primarily emphasizes the application of special and specific knowledge, whose opinion is based on that knowledge, that is, the fact that the expertise creates new evidence. In fact, this definition significantly enters the content of the expertise as a source of awareness of facts based on professional knowledge, determining the essence of the expertise in relation to similar institutes and types of evidence.

The Law on Expertise directly stipulates the entities that can perform the expertise and the conditions that they need to fulfil for the performance of the function of the expert witness. The law on expertise specifies the entities that can perform the expertise:

1. Higher education institution, scientific institution and professional institution on the basis of authorizations determined by law if they have employed at least two persons with a license for expertise,

² Arsen Janevski, Tatjana Zaroska Kamilovska (2001) – Civil proceeding law – administrative law, Faculty of Law “ Justinijan Prvi” – Skopje , page 39-55

2. An individual solicitor - an expert established in accordance with the Law on Trade Companies that fulfils the requirements of this Law and has employed at least one person with a license for expertise, and

3. A commercial company that is registered in accordance with the Law on Trade Companies and performs expertise in accordance with this Law and employs at least two persons with an expertise license.

Institutions and the company that meet the requirements for expertise in accordance with the Law on Expertise may also perform a super-expertise if they have employed at least three persons with an expertise license.

For certain matters, determined by law, an expertise can be performed by a state administrative body that employs at least two persons with an expertise license, and a super-expertise can be performed if there are at least three persons employed with an expertise license.

If there is no expert or institution in the Republic of Macedonia in a certain area and in other cases determined by law, an expertise can be performed by a foreign court expert or a foreign professional institution, according to the laws of the state in which they are registered and meet the conditions for performing an expert report.

2. FUNCTION AND CONTENT OF COURT EXPERTISE

There are several types of litigation in different areas, as well as varying degrees of complexity and scope; the expertise can also be ranked by category³:

- Situational expertise - performed immediately after the

³ Janevski, A. I Kamilovska, Zoroska T. (2011) – Civil proceeding law – administrative law, Faculty of Law “ Justinijan Prvi” – Skopje, page 22-32

completion of the inspection or during the inspection

- Cabinet expertise - all material traces and evidence are processed - the documentation is relevant by the court expert, taking into account his specialization and knowledge in the field
- Complex expertise - performed in cases where all partial expertise is collected which differ from one another and when there is a need to be checked and aligned in a single and complete report.

The function of the expertise in the presentation of evidence in court consists of formulating and presenting findings and opinions of court experts. The findings of the court experts are the current expert analysis of the court expert, especially aimed at determining the content and specificity of certain relevant facts. The opinion of the court expert is a personal opinion of the court experts on the importance, the belief, the conditions, and the consequences of certain factors that could be of great importance for determining the truth in the process of proof.

The expert shall inform the applicants, i.e. the party in the litigation procedure, the court or another competent body that manages the procedure for the findings and opinion. Specifically, the court expert through his analyzes and knowledge, with his expert knowledge, helps to draw a conclusion on the observed matter, which means that when giving the opinion, the court experts actually work what should be done by the bodies that conduct the procedure, if they have the necessary expert knowledge regarding the facts and the actual facts that are the main subject of the expertise.

The court is free in deciding whether it will determine the proof of expertise, where the exception is the rule on the duty of the court to determine another entity that will assist in the evidence procedure. The court should decide in fact about which professions or specialization should be the court expert for the specific subject of the expertise and the court procedure to which it refers. The suggestion may be submitted to the lawsuit for the submission of evidence with an expert report, a response to a lawsuit, submissions or at the latest at the first hearing at the main hearing⁴.

The court or other competent bodies that conduct the procedure are connected neither with the finding, nor with the opinion of the expert, but for the court expertise as a proof of their judgment and their conclusion after a careful assessment. This careful approach to analysis and evaluation is not directed only to the given evidence but is also implemented on the basis of the assessments of all other evidence individually and in their interaction. Accordingly, the court is not obliged to accept the finding and the opinion of the experts that the plaintiff filed with the lawsuit or defendant in response to a lawsuit, only because they are provided by persons who are permanent court experts. The finding and the opinion which one of the parties submits with the complaint or in response to the complaint is only an ancillary basis in the litigation procedure.

However, the role of the court expert in the significant co-operative procedures is reflected in the expert assistance of the body that administers the procedure in determining the fact, clarifying certain factual issues, and not for legal issues. This means that the court expert is neither called nor authorized by the authority conducting the procedure in any way to help resolve

legal issues and to apply certain legal norms.

3. THEORY OF LEGAL PROCEEDINGS AND LITIGATION SUBJECTS

Civil litigation is a general and basic method of settlement and decision making within civil law disputes. According to the Law on Litigation⁵, the rules of this procedure are applied by the competent courts in settlement and deciding on disputes arising from personal and family relations, labour relations, property and other civil legal relations, unless some of these disputes with specific legislative norms are placed under the jurisdiction of the other courts.

Considering the different civil legal relations, the civil procedure is divided into general and special procedures⁶. The rules of the general procedure are applied in situations when there is no regulation of any of the special procedures. According to the former individual understandings, the ultimate and basic purpose of the litigation procedure is the protection of subjective civil rights. It is undoubted that in the civil procedure a legally protection function is realized as a significant social activity, but in the procedure at the same time is offered protection of the subjective rights of the citizens and other legal entities. With the protection of subjective rights simultaneously the existing normative rules are realized in social relations.

Ius dicere - judicial practice significantly contributes to the development of the legal order. Any judicial verdict except an act of application of the law is real act of concretizing the general legal norms of the individual social situation.

⁴ Law on Litigation – Consolidated text (2011) – Official Gazette of Republic of Macedonia No.7 date 20.01.2011

⁵ Law on Litigation (2005) - Official Gazette of Republic of Macedonia No.79 date 21.09.2005

⁶ Chavdar, K. (2009) – Authorized lectures of Civil and Common Law, Skopje, University American College, page 50-62

Despite the protective role, the procedure also implements a significant educational role. In fact, the court determines the reasons for the legal violations and pronounces a sanction for their removal in the litigation procedure. With this activity, the court has a profound impact on the citizens to behave in a spirit of respecting the law and morale in the country by encouraging the parties to resolve peacefully any given and specific dispute.

The concept of civil procedure is actually the procedure as a legal institution and is a complete method for the realization of judicial functions in civil-law disputes. The notion of a lawsuit is referred to a specific procedure conducted between the litigants, on the basis of the specific claim by the plaintiff and requires protection by the court. By mediation of the litigation, litigation procedures are adapted to the needs of each individual case in the exercise of the judicial function.

According to the basic concepts and aspects, the dispute is any situation that arises in the legal relations when the request arises in a conflict with a certain resistance or opposition to it. It is always a certain degree of disagreement between the two entities in the legal relationship. It usually precedes the litigation, but it does not necessarily lead to it. The subjects of the dispute have their own dispute which should be resolved by agreement or through arbitration. If one of the subjects requests court protection, then the litigation is processed as a procedural and legal relation. Although litigation is raised through the dispute, it is independent of its existence. The civil-legal relationship on the occasion of which the litigation arises can be prevented, but it will have no effect on the existence of the litigation as a procedural and legal relation.

The litigation subjects are primarily the legal parties and the court. In addition, legal attorney, authorized person, court experts, witnesses, interfering persons are also subjects in the litigation dispute. The subjects in the litigation procedure are in a certain relationship that is defined by procedural rules. The entities whose activities influence the beginning, process and finalization of the procedure are the parties and the court. The subjects, whose activities are not undertaken for themselves, but for the primary subjects are the advocates and the interfering persons. The subjects that do not take legal action are the court experts and witnesses.

4. RESULTS FROM PERFORMING OF EVIDENCE OF COURT EXPERTS - FINDINGS AND OPINIONS

After the court expertise, the court expert reports a summary to the court for the findings and gives an opinion. The facts that the court expert realizes or observes through the research within the rules of science and his profession knowledge are concrete findings. The court expert must describe the subject matter of the expertise and according to the condition of the case at the moment when the expertise is conducted. On the basis of the established facts presented in the finding, the court expert is obliged to express his opinion on the subject of the expert report. This opinion must be clear, documented and logically exposed. The duty of the expert is to complete and precisely explain his opinion, to state the way in which his assessments have been reached, i.e. conclusions regarding the examined and established facts.

The court submits to the parties a written finding and opinion prepared by the court expert before the hearing on which ones will be discussed.

At this point, it can be concluded the fact that the court expert must always present his findings and explain his opinion, but if the parties in court procedure are not agreed the findings and opinions to be explained personally by court expert, then the finding and opinion must be read at the hearing in the absence of the expert (principle of the directness of performing the evidence).

The parties in the litigation procedure have the right to attend the expertise, ask the court expert to ask questions related to the subject matter of the expertise, and submit documents. These procedural actions are performed by the parties through the court. However, the failure of the court to ask the court expert to declare a certain decisive circumstance in relation to the finding, above the application of the parties, with this failure the court prevent the hearing and thereby violates the procedure. There is a violation of the procedure even if during the litigation procedure the court does not provide the parties with the written evidence and an opinion by the court experts at all or does not properly call the parties and fails to submit a written report and opinion to the court experts, or they do not properly invites the parties to a hearing in which the court expert orally presents his findings and opinion on any controversial fact that goes to the evidence substrate.

The finding, i.e. the description of the subject matter of the expertise is based on the opinion, as an expert judgement and analysis of the experts. If the court is not satisfied with the expertise, identifying deficiencies or inconsistencies, it may order the performance of a re-expertise from the same court expert. The opposing party may also hire another expert, if the facts are not sufficiently discussed, and the court may also appoint a new expert report with another court expert. If more court experts have been appointed and they provide a common finding and opinion, then the strength of the expertise that the court

experts have brought is already emphasized. If in the finding and opinion they do not agree, each court expert specifies his findings and opinion.

When the data of the court experts on their findings do not agree essentially, or if the finding of one or more court experts is unclear, incomplete or in contradiction with itself or with the circumstances examined, and those deficiencies cannot be removed by re-hearing of the court experts, the court can determine a super expertise that will be performed in a deadline not longer than 45 days, and in complex cases it cannot be longer than 60 days. The super-expertise is determined by the president of the council or the individual judge electronically by applying the rule of random choice from the register of court experts, in the presence of both parties, and their attorneys.

Super-expertise of a higher degree is expert-critical expertise in two contradictory expertise, which can be performed by a team composed of at least three court experts from the appropriate area of a state administration body, higher education institution, scientific institution or professional institution, while the manner in which performed super-expertise is regulated by the actual procedural law.

CONCLUSION

Summarizing the above-mentioned topic of research regarding the significance of the court expert as evidence in the litigation procedure, it is a fact that the role of the court expert as evidence in the litigation procedure is almost invaluable. The development of the scientific evidence of the experts is becoming increasingly important within the judicial system and its development in the Republic of Macedonia.

The expertise, as a task and obligation of the court expert, should be an exact, empirical work, free from subjectivity and bias, but is it always happen, it can be seen from the practical implementation of this evidence in numerous litigation procedures.

The court expert as evidence in the litigation procedure, free from subjectivity and bias, has a huge influence through the crucial process actions, on the effectiveness of the litigation procedure through a final decision based on the independence, professionalism, and knowledge of the court expert. The court experts have a great responsibility in the court proceedings, where it is observed from the practice of the courts in the Republic of Macedonia. It is very rare in the court practise where the competent court goes against the findings and opinions of the court expert from whom the court seeks assistance in determining the individual facts in the litigation proceedings.

It can also be concluded that the independence of the court affects the expertise as an evidence in the litigation procedures through the effectiveness of the procedural actions, referring in particular to the final decision through the last decision, where the legal nature of the expertise determining its crucial role through independent action is much more than just a process of checking evidence in litigation

In this context, it can be noted that often the outcome of the applied lawsuit in civil proceedings where the expertise is proposed as means of evidence, to a greater extent depends on the court expert and less than the court itself.

However, as previously mentioned in practice today, there are opinions that the work of the court expert is identified weaknesses and inconsistencies with occurrences of subjectivity, incompetence, inefficiency, and inconsistency in performing the expertise. This kind of work

directly reflects and influences the court or civil proceedings. These negative phenomena and inconsistencies in the execution of the expertise in litigation procedures require the need for legal changes in the current Law on Expertise and amendments to the normative regulation in the field of expertise.

Legislative changes and normative regulation in the field of expertise should be aimed at achieving a higher degree of professionalism, expertise, and specialty of court experts and eliminating the possibility of corruption, subjectivity, and bias in performing the expertise. Having in mind the crucial importance of the expert witnesses as evidence in the litigation procedure, it is also necessary to determine a higher level of responsibility of the court experts in the process of undertaking the procedural actions.

With the new legal provisions, it is necessary to provide more frequent and mandatory training, continuous professional upgrading and improvement, and in particular, additional specialization of the experts in appropriate areas. The proposed measures are aimed at guaranteeing the professionalism and expertise of the court expert, as the characteristics on which the fair outcome of the litigation procedure depends.

The new legal solutions in the field of expertise should be in the direction and function of the timely, efficient and expert performance of the expertise, by observing the principles established in the international acts that treat the independence of the judiciary.

By adopting new more efficient norms and legal solutions in the field of expertise, it will be contributed to the realization of the final goal of creating an independent and efficient judiciary system as a guarantor for legal protection and security of citizens and other subjects in the society.

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SELF-REGULATORY SYSTEMS: SELF-REGULATION AND LEARNING

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Professional Paper

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Abstract: Self-regulation provides individuals the necessary means to achieve goals which can either arise from their own interests or societal demands. In both cases, achieving goals will enable individuals to experience self-fulfilment and success. Self-regulatory systems also maintain our actions within the limits of acceptable as well as restrain from unwanted behaviours.

Self-regulatory learning helps learners achieve higher academic goals as it gives students control over their learning. In order to successfully self-regulate one's learning, it is important to recognize the essential components of self-regulatory learning, which help choose learning methods and strategies. We aimed at discovering which learning strategies and styles the students prefer and which elements of self-regulatory learning occur in the learning process. We can conclude that the students lack the knowledge of self-regulatory processes and learning strategies, and are unaware of their preferred learning styles.

Key words: *self-regulation, learning, learning styles, motivation*

Introduction

Self-regulation is described as the individuals' ability to direct their actions towards goals and ideals which can come from personal desires or the expectations of others, and helps individuals adjust to the demands of society and the environment. Zimmerman (2000) believes self-regulation is of great importance for the existence of mankind because it is

directly linked to being socially accepted and depending on the group, as humans tend to get most of what we need from other humans. Behncke (2002) divides self-regulatory processes into different stages, namely, self-control, goal-setting and goal attainment, self-evaluation, self-importance, self-efficiency, self-regulatory failure, etc. Knowing and understanding these processes can improve self-regulation and motivation. Zimmerman (2000) explains why we are able to self-regulate some actions, and not others. Unlike metacognitive approach to self-regulation which emphasizes the level of knowledge and deductive thinking when selecting a cognitive strategy, Zimmerman applies a social cognitive perspective and advises including the individuals' self-beliefs and emotional responses, such as fear or doubt in the process.

Triadic model of self-regulation

Zimmerman (2000) introduces a triadic model of self-regulation, including the personal, behavioural and environmental domains. The model does not simply relate to knowledge, skills and self-management while trying to control elements of the environment, but also raises awareness of personal functioning while coping with the environment.

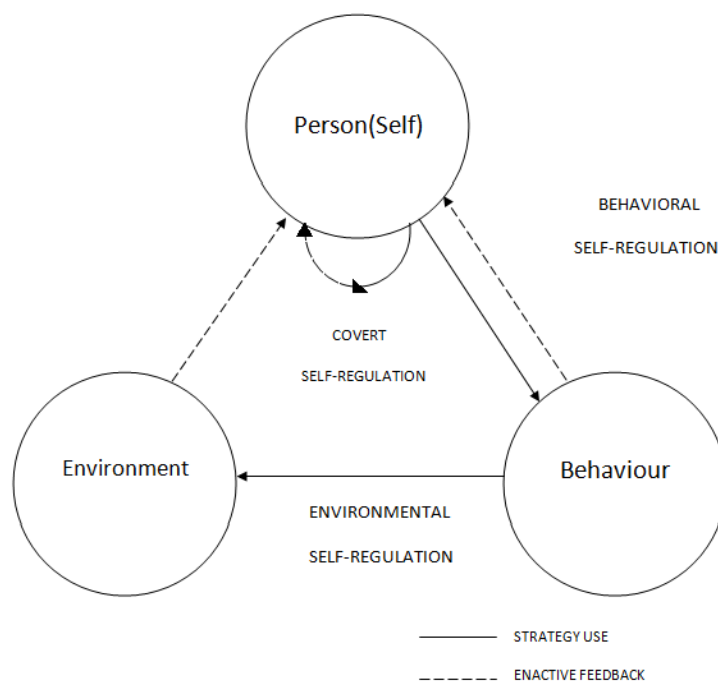


Figure 1: Triadic model of self-regulation (Clark & Zimmerman, 2014).

As can be seen in Figure 1, the person acts in a selected setting and makes conclusions on his or her behaviour based on the *consequences* of his or her behaviour within the environment. The person can change subsequent behaviour according to the consequences of his or her behaviour. Zimmerman (1989) speaks of the self-regulation loop which begins by using different strategies and is sustained or modified based on active feedback. The author differs between self-regulatory processes, such as self-monitoring, and self-regulatory strategies, such as record-keeping, which are meant to optimize self-regulatory processes.

The structure of self-regulatory systems

Zimmerman (2000) differs between efficient and inefficient self-regulation, where the quality of self-regulation depends on self-regulatory processes within the individual. We speak of three cyclical phases of self-regulation:

forethought phase, performance phase and self-reflection.

Forethought phase includes two categories, namely *task analysis* and *self-motivation beliefs*. Task analysis demands an individual to set goals and plan the task strategically. In this phase, the learner fragments the task and establishes strategies. Self-motivational beliefs, which include variables that generate and maintain motivation for task performance, are self-efficacy, task value, interest, outcome expectation and goal orientation.

Performance phase consists of two key elements, which are *self-observation* and *self-control*. Self-observation refers to the individuals' ability to observe thought processes and emotional reactions, while self-control includes processes that can help focus, improve concentration and improve performance, such as self-instruction, imagery, time management, help-seeking or task-strategies.

Self-reflection also includes two processes, *self-judgement* and *self-reaction*. During the process of self-judgement the learner assesses his or her work, and finds reasons for success or failure. In the process of self-reaction, the individual reacts to self-judgement in the form of cognitive and affective responses and considers performing the task in the future by activating learning strategies.

Self-regulation of learning

Research into learning strategies and their effect on academic success has shown that learners who were equipped with the knowledge of various learning strategies improved their learning achievements significantly (Radovan, 2010). Self-regulated learning is characterized by a systematic goal orientation. Students who self-regulate their learning are confident in their efficiency and abilities, and are intrinsically motivated to learn (Pintrich & De Groot, 1990). Self-regulated students are often described as decisive, strategic and persistent; they are able to monitor their progress and are goal oriented (Doria, 2011).

Zimmerman, Bonner and Kovach (1996) suggest a model of self-regulatory learning, consisting of four stages:

- (1) Self-evaluation and monitoring: the learner assesses his or her success based on previous results by making notes on the performance of the task or feedback from the teacher, parents or peers.
- (2) Goal-setting and strategic planning: the learner analyses learning goals and plans improvements in existing learning strategies.
- (3) Putting a plan into action and monitoring it: the learner applies known learning strategies to perform a task.

- (4) Monitoring outcomes and refining strategies: the learner decides whether applied strategies were appropriate in relation to his or her results.

The research

Our research aimed at finding out how a group of elementary school students learns. More specifically, we were interested in which elements of self-regulation the students applied in the process of learning, whether they are familiar with their learning styles, which learning strategies they usually opt for, how they plan their learning, where and when they learn and whether they are able to reflect on their learning and find reasons for success or failure. The interviews with 9 students (5 boys, 4 girls), aged 14, took place in February 2017. We conducted individual semi-structured interviews where the participants were asked a series of questions imbedded in a conversation about their learning; their answers were recorded. After individual interviews, the students participated in a group discussion where we presented them with the idea of self-regulatory learning, learning strategies and learning styles.

Results and interpretation

When do you learn?

All of the students explained that they learn in the afternoon, with one adding she learns in the morning before school as well. In terms of planning their learning ahead of formal assessment (test, written exam, etc.), all of the students learn beforehand, however, 2 of them answered they learn at least a week ahead of the assessment, while 7 explained they learn the day or sometimes two before being assessed.

In case of oral exams, all of the students answered they learn the afternoon before oral exams. None of the students answered they think about the time they will spend learning in terms of planning ahead.

Where do you learn?

All of the students answered they learn in their rooms, 5 of them on their bed and 4 sitting at their desks. Two of the students said they sometimes learn in the kitchen or in the living room because their parents want to *see* them learn. Most of the students prefer learning in a quiet environment. One of them likes to practice before exams with the help of his sister who asks him questions.

Learning aids

All of the students explained they learn from textbooks and the notes they write down during lessons. These notes are what the teacher tells them to write down. Only one of the students said she likes to make her own notes at home, including using charts, different colours, etc.

Learning styles

Eight of the students learn by silently reading from their textbooks, which points to verbal learning style. Three also answered they like to underline what they read in different colours or draw charts and sketches (visual learning style). One of the students explained he likes having his sister read from his textbook for him, which is typical of aural learning style.

Motivation

When asked what motivates them to learn, all of the student answered “grades”. When asked what subjects they enjoy learning, one of the students answered she likes to learn Geography and History because she likes imagining about other places and

times, and another student answered she likes learning English because it is her favourite subject. The rest of the students did not express any particular liking of individual subjects.

Self-reflection

All of the students answered they are happy when they study a lot and get a good grade. When asked how they feel when they do not study and get a bad grade, all of them feel bad or angry with the subject, the teacher, or themselves. When asked how they feel when they do study and still get a bad grade, all of them said they feel bad or angry with the teacher (“the test was too difficult”).

Conclusions

In teaching practice, we can often notice that many students find great motivation in grades. On the other hand, we are faced with students who do not like to learn and are not motivated for schoolwork. Of course, there are those, who are curious about learning new things and are intrinsically motivated when it comes to learning. One thing all these students have in common is that they can improve their academic outcomes if they approach the learning process more systematically. This can happen only if the students *think* about the learning process, i.e. *learn how to learn*. One of the most important qualities of self-regulatory learning is a proactive view of learning as an individual-oriented approach in which the learner is able to transform cognitive abilities into academic skills (Lončarić & Peklaj, 2008). However, not all children are able to understand this, which can be explained through metacognitive development.

Namely, as children develop, they can approach learning more strategically and use more complex cognitive and metacognitive strategies (Pintrich & Zusho, 2002), and self-regulate their learning more efficiently (Pressley & Ghatala, 1990).

Exploring the learning habits of the students in the research exposes an absence of self-regulation, as the students do not approach learning systematically and rather see it as something they have to do before assessment. They do not distribute school tasks across their time and sometimes find themselves overwhelmed with the amount of things they have to do for school. We can imagine that affective responses in such situations additionally burden the students' well-being, bringing them in stressful situations. The students in the research tend not to think about their learning and see it as reproduction of facts they have memorized. On a more positive note, the students were interested in learning about their own learning styles and what works for them. We believe all students should be taught how to approach learning in practical ways in order to improve the quality of knowledge and motivation of the students by introducing them to the model of self-regulatory learning (Zimmerman, Bonner, & Kovach, 1996). This requires the involvement and cooperation of the teachers who can demonstrate learning specific subjects using various strategies and approaches - however, the teachers should cooperate and help the students realize that same strategies and approaches can be applied across a range of topics and subjects.

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DOES IT MATTER HOW THE STUDENTS FEEL? PRACTICAL IMPLICATIONS OF SOCIAL RELATIONSHIPS IN SCHOOL

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Abstract: School cannot be merely defined as a content-learning environment, but also a context in which pupils learn social behaviour (Košir, 2013), which brings into question the role of social relationships in school. This is reflected in a growing number of research in the area of educational psychology examining the learning process beyond the cognitive scope, by establishing the role of peer relationships, social acceptance and other elements of social relationships in education (Pellegrini, & Blatchford, 2000). Because of this, we cannot simply overlook the importance of social relationships children form within their peer groups. In the article, we include an overview of theoretical approaches which firmly place social relations in the learning process, and support these notions with relevant research literature. We also include practical guidelines and approaches which should prioritize social relationships in the making of positive school climate.

Keywords: *social relationships, relatedness, peer support, EFL learning, peer relationships*

Introduction

I believe we often draw a line between the quality of our time at work and the relationships we have with our co-workers. The experience can be pleasant, we can even extend our relationships beyond the workplace. On the other hand, our time at work can be plagued with poor relationships which affect our performance and well-being at the workplace. This led me to reconsider the importance of my students' well-being in the classroom in

relation to their participation in school. In fact, I was interested in how their social status among their peers reflects on the learning process. As a teacher, I spend a lot of time with the students and have the opportunity to observe their behavioural patterns and social interactions. With this in mind, I write about the learning context and the students beyond the academic scope with the aim of exposing the social aspect of education.

School as a social context

Vygotsky (1978) claimed, that one of the main functions of learning is to create the zone of proximal development, i.e. an environment in which the learner activates numerous internal processes which lead to learning, provided there is an interaction with adults (teachers, parents) and peers. The author explains that participating in intellectual activities results from social and cultural influences and relationships with key persons from the educational contexts - the teachers and the peers. Therefore, defining school as a social context in which an individual learns academic content is not enough, as it is also the place where individuals learn social behaviours (Košir, 2013).

Different ways in which the social context influences the actions and decisions of individuals are described by Bandura and Walters (1963) in the social learning theory from the standpoint of behavioural-cognitive theory. According to them, learning takes place within a specific context by imitating and reinforcing behaviours. Goodenow (1992) also supports the idea that learning is fundamentally a social process where the understanding of social context and mutual interpersonal and group processes typical in an educational setting is vital. In other words, we gain a lot of our knowledge individually, by observing our surroundings, experimenting, experiencing or reading. For the better part of this, we are accompanied by others - also in school, where personal relationships and interactions which occur in an educational context significantly influence the learning process. Goodenow (1992) also believes that understanding the student's psychological attachment to the social and interpersonal networks can improve motivational and learning aspirations of the student. Such views are creating a shift in the field of educational psychology from the research into cognitive aspects of education towards the understanding of social aspects of learning, i.e. by exploring the place of peer relationships, need for relatedness, group belonging, teacher-student relationships, etc. (Pellegrini, & Blatchford, 2000). Therefore, achieving social goals in school is equally as important as academic goals and considering both can help explain differences in students' academic performance (Wentzel, 1996). A number of authors have linked social goals to students' academic and social performance (Liem, 2016), long-lasting knowledge,

effort and engagement (King, McInerney, & Watkins, 2012), as well as the students' higher social acceptance and lower peer rejection (Mouratidis & Sideridis, 2009) and prosocial behaviours (Ojanen, Smith-Schrandt, & Gesten, 2012). From this, we can conclude that the educational social context is a relevant aspect of the learning process, which I will further explore in terms of the need for relatedness as an indicator of quality of social relationships.

The need for relatedness

Self-determination theory focuses on different aspects of individual's functioning, such as personal development, self-regulation, universal psychological needs, energy, vitality, motivation and well-being, while keeping in mind the role of social surroundings (Deci & Ryan, 2008). Of particular interest for this article is the effect of basic psychological needs for competence, autonomy and relatedness, defined by the self-determination theory as desirable conditions for an individual's performance (Deci & Ryan, 2000). Competence determines an individual's belief in having the ability to influence important outcomes, autonomy relates to feelings of choice and self-regulation, while relatedness refers to having satisfying social relationships - which is the theme of this article. The need for relatedness is reflected in the social aspect of learning and the students should have the opportunity to develop positive social relationships with their teachers and peers, hence reducing the feelings of rejectedness and boosting students' motivation (Niemic & Ryan, 2009).

In educational contexts, research has linked basic psychological needs to better academic outcomes (Bialis-White, 2013), increased self-regulation and well-being (Niemic & Ryan, 2009), higher motivation (Chirkov & Ryan, 2001), and higher engagement and a more positive experience of the school setting (Klassen, Perry, & Frenzel, 2012). In terms of social relationships in school, the need for relatedness can be defined as perceived peer personal and academic support and social acceptance, with both dimensions significantly affecting the students' active engagement in EFL (English as a foreign language) learning, as Matrić (2018) reveals that higher academic peer support results in higher motivation and more desirable behaviour in school, while higher personal peer support encourages the students to participate and engage in learning activities more. The author also reveals that socially accepted students who experience higher peer support feel less anxious in an EFL context, therefore experiencing less fear of communication, negative assessment and tests. These suggestions could help increase the role of social goals in education and this research does support the idea that social goals are an important part of active learning. The author concludes that higher perceived academic peer support, noticed by a student as the classmates wish that he/she does well at schoolwork, increases the students' motivation and improves their behaviour in school through higher emotional and behavioural engagement. This introduces more interest and higher participation in classes. Higher perceived personal support, when the student feels loved and cared for by his/her classmates, reduces anxiety which consequently reduces the fear of communicating,

negative assessment and tests in classes. This supports the idea that peers can make lessons more enjoyable for those students who feel anxious, even though the key moderator of an appropriate peer context is still the teacher. Clearly, social aspects of education should not be neglected when learning a foreign language, as they can benefit the student significantly.

Putting the theory into practice

We have established that social relationships are an important part of the learning process and effort should be made to consciously implement approaches which raise awareness of the social aspects of learning. Each learning institution should pride itself on the social climate of the school and not only academic achievements of the students (Vogrinc, 2014; Ryan & Brown, 2005; Ryan & Weinstein, 2009). This can be achieved by fostering a positive attitude towards including social goals in the learning process and accepting social relationships as an indicator of quality of the learning organization. In theory, this is the case in Slovenia, as the social and emotional development of the children and acquiring social skills in an integral part of the curriculum (Krek & Metljak, 2011). However, in teaching practice, Pompe (2016) finds that the curricula for the first three grades of elementary school do not include enough contents, related to social learning and children's psychosocial needs. We believe this shows a lack of experts from the areas of developmental and educational psychology actively engaged in the making of curricula. In addition, the schools should equip the teachers with the knowledge necessary for the development of the students' social skills.

Unfortunately, this might not always be a priority for those offering various courses and workshops for teachers. The National Educational Institute of Slovenia, for example, offers a wide variety of content intended for the professional development of teachers in the areas of life-long learning, language competences of teachers, work with students with learning difficulties, implementing innovative learning approaches, the use of ICT, etc. (ZRSS, 2017; Katis, 2016/2017). However, we can notice a lack of contents related to social relations, peer support or social acceptance, which can hinder or boost the students' motivation and interest in schoolwork and improve their emotional well-being. Once the teachers are educated in this area, they can include achieving social goals into their daily lesson plans, thus encouraging their students to accept their peers and speak of the quality of the relations they have with their classmates, as well as educating them that the way they are imbedded in the social network influences their schoolwork and achievements.

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Citation should be given in the text, in parentheses. It should not be formatted as footnotes. Footnotes should be used, if necessary, for comment and additional text.

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Figures and illustrations should have legend captions that accompany the illustration.

They should uphold rather than duplicate the text, they should be easy to read, easy to understand and they should denote only the essential facts.

The lines should be clean and simple. The curve and line graphs and outside edges of columns should be thicker than the lines of the coordinate system. The material should be scanned to record at least 300 dpi resolutions, and it is desirable to be of 600-1200 dpi. They should be stored in the Text Box in Word because it is lighter in page layout when printing. Figures and illustrations are numbered consecutively by category to which they belong.

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According to APA standards, the basic principle of citation in the plain text is "one author, one word". If there is more than one author, it is enough to mention the first one and point out that the author worked with associates, and then add the date of publication. With the author's name it is enough to mention only a year, and not the page, if the text is not directly quoted or does not include information which should be linked to the page. When a paper has two authors, always cite both names and years of birth, and surnames with a conjunction between them. If there are three, four or five authors, always first list all the names, and then just write the name of the first and add "et al". When a paper has six or more authors, cite only the first author in the plain text and then add text and " associates".

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List of references (font 10) should only contain works that are cited in the text, which have been published or accepted for publication. The list of references should not contain any source that is not used in the paper. Headlines of foreign publications should be given with an initial capital letter while the rest is in lowercase letters. If the paper has a subtitle, it is separated from the title by two points, and begins with a capital letter.

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The bibliographic unit should contain the last name and initials, the year of publication, the title

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Trajkovic, P. (2010): Management, Vranje, Mapro

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The names of journals in English are written with initial capital letters of the words, except for conjunctions.

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Evaluation of submitted papers

All the papers having been reviewed and ranked, the editorial staff makes a decision whether they will be published or not. Based on the review, the editor decides on the acceptance and publication of the paper, and then informs the author. Attachments, floppy disks or CDs will not be returned or paid for. Papers that are not submitted in accordance with these propositions will not be considered for publication.

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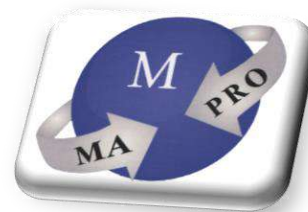
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