

UDK005.7

YEAR 2018

ISSN 2620-0414



THE JOURNAL OF ENTREPRENEURSHIP AND BUSINESS RESILIENCE

JEBR



PUBLISHER

Faculty of Economics and Engineering
Management, University Business Academy in
Novi Sad

CO-PUBLISHER

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100 copies

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ORIGINAL SCIENTIFIC PAPER

ORGANISATIONAL RESILIENCE AND BUSINESS CONTINUITY: THEORETICAL AND CONCEPTUAL FRAMEWORK

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ABSTRACT

In this paper is presented a theoretical and conceptual framework of the organizational resilience and business continuity. The framework builds on various sources of literature and on findings from complexity theory that highlights the centrality of unforeseen events and unanticipated consequences. Understanding the way organizations are resilient in the real world is crucial for thinking about developing strategies to enhance their resilience. This paper showed that the study of resilience has become more important in the last several years because people are more aware of the consequences of natural and humanmade disasters.

Keywords: *Small and medium-sized enterprises organizational resilience, building resilience, globalization*

JEL classification: *M10, M19*

INTRODUCTION

The term organizational resilience means the ability of an organisation to rapidly adapt and respond to internal or external changes and continue operations. Also, organizational resilience directly contributes to faster and more successful recovery of the community after the crisis or disaster.

Organizational Resilience can be defined as a sum of essential concepts. These essential concepts include enterprise risk management, governance, quality assurance, information security, business continuity, culture and values supported by adaptive leadership. In other words, it is a contemporary issue in various scientific fields. In this context, one of our key tasks in this research has been the attempt to bring together the variety of approaches in a single framework of application.

The resilience takes different forms at the individual, team and organisational level but, in all cases, the central question is the same:

- What can be done to improve coping resources for the longer term? and
- What can managers and organisations do to build resilience?

These questions we shall discuss in the study because they are not yet answered. Reply on them can assist practitioners and scholars in understanding organisational resilience as well as to identify research gaps in this domain.

RESEARCH METHODOLOGY

According to aim of our research, we conducted a comprehensive search in the literature and presented a systematic review of those research papers. Our study introduced a general review about resilience based on 34 papers published before 2018. In this paper we look at resilience from the organisational point of view.

RESILIENCE AND ORGANIZATIONAL CHANGE

To build resilience, people need to understand organizational change. Pugh's theory [1] of three principles for understanding organizational change:

1. Organization as organisms – Organization is not a machine and change must not happen very frequently.
2. Employees' reaction to changes depends on what is best for the firm, how it affects individuals and groups.
3. Changes occur most effectively where success and tension combine: confidence help successful people to accept changes.

When implementing organizational changes, it is vital to realize that people are the one the most important component of change. Namely, if people can't adapt themselves accordingly, it becomes impossible for those organizations to survive in changing the environment. In recent years, research is looking in new directions. In that manner, it is important to detect whether or not an organization has resilience potential.

ADAPTATION, COPING RANGE AND THE ROLE OF LEARNING IN BUILDING RESILIENCE

In literature can be find a link between adaptation and the coping range – that is, a system’s capacity to reactively accommodate variations in climatic conditions and their impacts (a system can range from a particular ecosystem to a society) [2]. In the adaptation literature, Yoho and Tol [3], have used the term to refer to the range of “circumstances within which, by virtue of the underlying resilience of the system, significant consequences are not observed” in response to external stressors. Outside the coping range, communities will “feel significant effects from change and/or variability in their environments”. Within its coping range, a community can survive and even thrive with significant natural hazards.

Extensive literature explores both the role of learning in adaptation [4], [5], [6], and strategies for facilitating institutional and social learning in ‘complex adaptive systems’ [7]. Some important strategies include the use of knowledge co-production, wherein scientists, policymakers, and other actors work together to exchange, generate, and apply knowledge [8], and action research, an iterative process in which teams of researchers develop hypotheses about real-world problems and revise management strategies based on the results [9]. Prior work on learning theories, for example, experiential learning [10] and transformative learning [11], emphasize the importance of action-oriented problem-solving, learning by doing, concrete learning cycles, and how these processes result in reflection, reconsideration of meaning, and reinterpretation of value structures.

The risks for the private sector are not limited to single enterprises, sectors or industries, but can have serious consequences on entire economies. Much work has been conducted on the analysis of direct economic losses from particular climate extremes and disasters, and also discuss uncertainty issues related to the assessment of economic impacts, as well as on instruments for risk transfer in order to manage catastrophe risk. Crichton [12], identified that some businesses with previous flood or similar experiences have implemented various strategies specific to their business. However, one number of SMEs face difficulties to apply preventive adaptation strategies due to the lack of financial capacities. In order to support SMEs in adopting adaptation strategies and provide financial access, risk transfer instruments such as insurance can play a valuable role in reducing losses resulting from disasters.

BUILDING A RESILIENT ENTERPRISE

SMEs are vulnerable to catastrophe in four factors: a) capital, b) labor, c) logistics and d) markets/buyers. All these four factors are affected in the event of a disaster. [13] „Physical damage and disruptions in supply and labour can cause temporary business closure while structural repairs to buildings and recovery or replacement of damaged equipment needed to restore operations require large amount of resources. “

[14]. It is estimated that overall, 25% of SMEs do not reopen following a major disaster [15]. Building a resilient enterprise indicate that a company's resilience can be achieved by reduction of vulnerability and increase of flexibility, which indicates the company's ability to get back on "the right path" in case of disturbances. Namely, for a SME, adaptation to flood risk or other catastrophe may come via business continuity [16] and the coping capacity, or capacity to respond [17], is a function of currently available resources that can be used to cope. Furthermore, building of organizational resilience is connected to employees and management [18], [19], [20] who work in the learning organization.

According to human resource management (HRM), an organization is resilient if people can respond to changes with minimum stress promptly and efficiently and these are positive possibilities of adaptation which separate competition. In the context of environmental changes / emergency management, resilient organizations are able to adapt to new conditions within which they become better and better [21], as well as to develop organizational systems which are capable of overcoming turbulent environmental conditions.

The research on the example of Serbia [22] pointed out that small and medium-sized enterprises should build two approaches in promoting resilience - a planned and adaptive approach. It has shown that although development of business continuity plans is important, its absence does not necessarily lead to failure of SMEs and the closure of businesses.

The advantages of becoming a resilient organisation are many. Resilience not only increases awareness of an organisation's business environment, but it also provides an organisation with the ability to act upon challenges [23] and aim for a better future.

Finally, it can be concluded from literature review, building of resilience is based on prompt perception of changes in the work environment and early adaptive responses. "This means that winners will be unbridled firms that are responsive to challenges and adroit in both creating opportunities and capturing them "[24].

CONCLUSION

Our study introduced a general review about resilience published before 2018. It has been noted in many of them that around half of all enterprises experiencing a catastrophe and having no effective recovery plans fail within the next twelve months. To be more successful and resilient, SMEs can be enhanced through three fronts :

- (a) organizational capacity build-up,
- (b) policy and institutional support tackling socioeconomic drivers of risks in pre-disaster stage, and
- (c) prompt and sustained economic restoration and support efforts in the aftermath of disaster.

In addition, future research directions should aim to answer on many opened questions as follow:

- What is the lowest level of resilience?

- How do the concepts and methods of resilience at the different levels of analysis (individual, organizational, community) differ or converge?
- What methods are useful for examining organizational resilience?

Having that in mind ,we expect that our study will open future dialogue about the concepts, models, strategies, policies and entrepreneurial practices in supporting organizational resilience.

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ORIGINAL SCIENTIFIC PAPER

INNOVATION AS THE BASIS OF MODERN COMPETITIVE COMPANIES

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ABSTRACT

Dynamic business environment with the growing interdependence of all business participants causes modern companies to base their business strategies on innovation and constant changes. Companies tend to provide a distinctive competence that allows them to build, do or perform something slightly better than their competitors. That requires a maximum consideration of technology potentials and possession of a wide range of knowledge and capability. The open innovation model, based on cooperation and exchange of knowledge and experience, quickly leads to new products, services, or new business processes and managerial approach, and includes both employees and customers and partners of the company. Competent teams of specialists provide a synergy of knowledge and innovation and they make the process more efficient and more successful. The aim of empirical study presented in this paper is to examine the effects of teamwork on the performance and competitiveness of business. Teamwork is seen through the synergy of the team, skills of the staff, innovations and quality. Emphasis is placed on innovation as the most important factor of competitiveness in the global and domestic markets.

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Keywords: *innovation, competitiveness, efficiency, teamwork, knowledge exchange, team synergy*

JEL classification: *O30, J10, J24*

INTRODUCTION

At the time of globalization, computerization, changeability of the market, increase of international cooperation and sophistication of the customers, the competitiveness of the companies is a crucial factor not only of the success but also the survival in the market. The companies can achieve competitive advantage if they offer their buyers greater values than those offered by the competitors. It implies that they continuously listen to the requirements of the market and that they are able to timely answer them. Significant role in this belongs to the managers who provide efficient functioning of the companies with their knowledge, abilities and skills. Continuous improvement of the functioning oriented towards the buyers is necessary for the increase of their satisfaction. It depends on the teamwork where different functional and hierarchical parts of the companies take participate. Teamwork implies „cooperation between managers and all the employees who are not managers, between different business functions, as well as between the company and its customers and suppliers“ (Williams, 2010, p. 333).

Complexity of contemporary companies, great number of information and data, different factors from external environment, economic, political, social insecurities and other impose the need to understand the changes, focusing on them, as well as motivation of all employees to follow that path. Main competitive advantage of each contemporary company is its ability to inovate. In the most general sense, the innovation process refers to each system of organized and purposeful activities aimed towards the creation of changes. Peter Draker suggests that innovation should simultaneously be observed through two dimensions – as a conceptual (abstract) even and perceptive (observative) event. His studies also point out that innovativity is not related only to the companies with high technology, but also the companies with lower technological level (Draker, 2003, p. 298). Teamwork is particularly significant for innovative oragnizations because the creation and development of innovations is most frequently performed through special project teams or special functional groups. Performing innovative activities can also be observed as the combination of different perspectives for solving the problem and thus high potential value of innovation lies precisely in the teamwork. The aim of this paper is to give contribution to better understanding of the phenomenon of teamwork efficiency and factors that affects it, with a special review of the innovations. The study of the impact of teamwork is a part of a wider study that refers to the impact of organizational behaviour on the organizational dedication (Lekić, 2010, pp. 216–273).

THEORETICAL APPROACH TOT STUDY

Globalization encourages economic development through the connections of national economies, extension of the market and enabling the approach to modern technology in manufacturing, distribution of communication and increase of the possibilities of data processing (Lekić, Vapa–Tankosić, 2017). Globalization aims at the open trade and breaking all the barriers down. At the time of rapid changes, new technological solutions and knowledge that becomes more and more obsolete from day to day, to be competitive implies providing a continuous growth and development. Competitiveness of one economy represents competitiveness of its economic subjects, as well as the business environment it is ready to offer them. According to Porter, competitiveness of the nation depends on the ability of its economy to innovate and advance itself (Porter, 1990). Competitiveness of one economy depends on own abilities and the weaknesses of other economies. The factors that lead to joining or rejection of supply and demand in external trade are called competitiveness factors. Competitiveness factors: quality and technological features of the products; price, corrected by the instruments of external policy in the export country and the import country; method of payment; deadlines and maintenance mode; organization of presentations in foreign markets and marketing; developmental qualifications of the economy in the country of the buyer, etc (Unković, 2010, p. 210–214). The companies can achieve competitive advantage by using their resources in a manner that will provide their customers a greater value than the one offered by the competitors. Most companies aim their strategies towards the creation and maintenance of competitive advantage. Competitive advantage becomes sustainable competitive advantage when the other companies cannot copy the value that a given company offers to its buyers. In order for the company's resources to be used, four conditions must be met: to be valuable, rare, irreplaceable and difficult to copy (Williams, 2010, p. 96).

Main competitive advantage of each contemporary company is its ability to innovate. Innovations are essential for the improvement of organizational performances and they very survival of the organization (Smith, Collins and Clark, 2005). Innovation represents the implementation of a new and significantly improved product (goods or service), or process, or a new marketing method or a new organizational method in business, work organization or relations of business entities with environment (OECD, 2005). Definition of innovation mainly refers to the development and successful transformation of invention into a useful product (innovation of products) or technique (innovation of the process) which are believed to be worth presenting in the market, or using within the company.

Innovations can be classified in several ways. Most common classification is into manufacturing and service. Manufacturing innovations are changes in the product range of an organization. They significantly affect the achievement of competitive advantage and contribute to the development, growth and profitability of an organization (Salomo, Weise and Gemunden, 2007, p. 285). Manufacturing innovations can be: 1) change of the manner of manufacturing, 2) extension of manufacturing lines, 3) promotion of products, 4) new

product, 5) start-up business and 6) significant innovation (Von Stam, 2009, p. 9). The first three types refer to the improvement of the existing products and the rest to the appearance of the new products. Service innovations include the innovations in the process of creation or delivery of the service paying attention to the quality of the contacts with the user, as well as the innovations within the service providing and innovation of symbols and signs (Goffin, Mitchell, 2010, p. 72). These innovations can be observed through four dimensions: 1) concept of a new service as a reply to the service of the competitors, 2) new user interface, 3) new organization of service delivery and 4) new technological options in service providing (Den Hertog, 2010, pp. 42–46).

Oslo Manual is the basis for the analysis of innovation activities in the companies of the countries of the European Union. According to it, there are four types of innovations: 1) innovations of products / services, 2) innovations of the process, 3) innovations in organization and 4) marketing innovations (OECD, 2005, pp. 45–61). Innovation of products / services implies the introduction of a new and significantly improved product or service (improvement of the technical characteristics, components and materials, software installed, user orientation or other functional characteristics of the products or services). Innovation of the process implies the application of a new or significantly improved process of production or delivery (changes in technique, equipment and/or software) in order to achieve certain useful effects such as reduction of the costs of production or distribution, improvement of quality or production of a significantly improved products. Innovations in organization represent the application of new organizational methods in business practice with the aim to improve business performances of a company and they result from strategic decisions at the management level. Marketing innovations refer to the implementation of a new marketing concept or strategy, including significant changes in design or package of the products, promotion and distribution of products or determination of the price of the products. Innovations of products/services and the process are the innovations of technological nature and innovations in organization and marketing are non-technological innovations.

From the aspect of innovation process, innovations can be incremental and radical. Incremental innovations refer to continuous adaptation, improvement and advancement of the existing products, services or processes. Radical innovations refer to the introduction of entirely new products and services and/or new systems of production and distribution. They represent an uncertain and risky process of applying new knowledge in an unknown technological or business field (Kelley, Colarelli O'Connor, Neck and Peters, 2011, p. 249). Studies have shown that the majority of organizations implement a greater number of incremental innovations in relation to the radical. In relation to the overall income, the implementation of incremental innovations brings 62%, and radical 38% of income (Goffin and Mitchell, 2010, p. 13). Having in mind that the innovations are the result of organized, gradual and long-term activities, each innovation has its own evolution. Therefore, in the practice there more frequently appear incremental than radical innovations. Already existing companies give advantage to the incremental, while newly-formed ones are more

prone to radical innovations. Diversity of incremental and radical innovations requires the application of the appropriate management process. Activities that the companies apply in case of incremental innovations refer to the searching of cost advantage, minimum modification of design, identification of organizational procedures and standards in order to have a more efficient and economic production, adding new characteristics to the existing products, implementation of reinovation, permanent learning from users and customers. In management of radical innovations, the companies apply: openness towards new ideas outside the organization, continuous scanning of the market, investments in portfolio of new technologies within the innovation system, reaching new abilities through acquisitions or employment, rejection of a new manner of doing business (Dodgson, Gann, Salter, 2008, p. 60).

Innovation activities include all scientific, technological, organizational, financial and commercial steps that lead or have the attention to lead to the implementation of innovation. Innovation activities also include the research and development that are not directly related to the development of a specific innovation (OECD, 2005, pp. 89–117).

One of the contemporary models of innovation management is the model of open innovations. Open innovation was for the first time defined by Chesbrough (2003) as combining of internal and external ideas, as well as internal and external connections and paths in the market in order to improve the development of new technologies and application of innovations. Factors which lead to the appearance of open innovations are mobility and availability of knowledge which has grown in the era of information and communication technologies, by changing their job the employees also bring their knowledge with themselves, which lead to the information flow between the companies (Chesbrough, 2003). A step towards the open innovations means that the companies have to become aware of a greater importance of open innovations, because not all the good ideas are developed within own company and it is not possible for all the ideas to be obligatorily further developed within the limits of own companies. West and Galager take a step further and define open innovations as a systematic stimulation and study of a wide range of internal and external sources of innovation possibilities, responsible integration of that study with the possibilities and resources of the company, as well as a wider exploitation of those possibilities through multiple channels (West and Gallagher, 2006). A paradigm of open innovations defined in this manner overcomes the usage of the external information sources only. Model of open innovations is based on generation of values through the cooperation with external partners that can improve the performances of the innovations of the products, which reflects the financial performances in a positive manner (Faems, De Visser, Andries and Van Looy, 2010).

The main precondition for the realisation of innovation process in one company is team work. Team is a formal group for a particular task whose members have complementary skills, they are dedicated to common goals and tasks that they are considered responsible for (Lekić and Erić, 2016, p. 142). Each team goes through certain development phases: formation, conflict, norming and functioning (Williams, 2010, p. 184). Formation is an initial phase where the team members meet each other,

evaluate themselves mutually and start defining team norms. In this phase, people compare their expectations and the things that could be waiting for them. Conflict is a phase characterized by disagreements and conflicts. During norming, team members start to adjust to their roles within a team, group cohesion is growing and positive team norms are being developed. Functioning is the last phase in the team development during which the performances are improved since the team is matured and has become an effective and functional unit. During this phase, team members become extremely loyal towards each other and they feel mutual responsibility for both success and failure of the team.

Working team is a set of employees with similar or different work performances, i.e. type and level of knowledge, work experience, skills and personal traits who aim at implementation of determined work goals, implementation of project decisions and solving specific organizational and business issues in the company. Effective and efficient work team is the one that successfully implements the goals defines with the minimum time and other resources spent. In order for the working team to be effective and efficient, certain internal conditions within business organization where the working team will act must be achieved. Characteristics of a working team: appropriate a structure, a defined manner of making decisions, cohesion in a group; creative conflict; focus on the problem; a good leader; stable status of a working team; acceptable external pressures (Pavličić, 2010, p. 419). Efficient teams are those that find innovative ideas, achieve goals and adapt to changes when it is required. Their members are devoted to the achievement of both team and organizational goals. Managers appreciate such teams and reward them for the achieved results.

The team efficiency is affected by different factors that managers must pay attention to (Certo and Certo, 2008, p. 420.). Human factors imply: that teamwork makes team members satisfied; construction of confidence between team members, as well as between the team and management; establishment of a good communication; minimization of unresolved conflicts and struggles for power within the team; efficient solving of the threats to the team or within it; creation of an impression that the work positions of team members are secure. Organizational factors refer to the steps that team leaders must undertake in order to build an efficient team and they include: construction of a stable organization and security of a work position; support of management to the teamwork; appropriate rewards and acknowledgements for the tasks performed; determination of stable goals and priorities. Factors that refer to *work tasks*: setting clear goals, giving precise instructions and projected plans; appropriate professional guidelines and management; independence in work and demanding work tasks; naming the experienced and qualified team members; encouragement of teamwork; make sure that the work of a team is well-known within the organization.

Critical aspect in a working team is the construction of confidence. Confidence is the belief into the reliability, ability and honesty of another person. Without mutual confidence, there is no efficient team (Stead, 1995). Theory and practice suggest that confidence will exist if there are integrity, competence, consistency, loyalty and openness. Integrity implies that working team members possess personal honesty and

sense for justice. Competence implies for all the members of a working team to have relevant knowledge, experience and skills. Consistency implies that members of a working team act in a consistent manner in those situations. Loyalty implies that each member of a working team wants to protect the other member or the team as a whole. Openness implies that members of a working team share knowledge and information they dispose with. Model of a working team contains three components: roles, knowledge and skills and responsibility. In addition to the above-mentioned, it also contains three outcomes: results, common projects and learning and development.

It is believed that in one working team there can be nine roles: 1) innovators who create ideas and start the initiative; 2) promoters who accept the ideas of innovators and find channels for the promotion and acceptance of the same; 3) analysts who collect the information, create the alternatives and analyze advantages and disadvantages; 4) organizers who define goals, create plans and organize the activities; 5) producers who use the existing resources in order to the final result to correspond to the standards determined; 6) controllers who monitor the respecting of internal and external regulations; 7) supporters who protect the team against all external pressures; 8) advisers who affect the quality of making decisions by analyzing all the attitudes and opinions; 9) integrators who spread the idea of togetherness and channel possible conflicts (Robbins, Judge, 2009: 348).

In order to point out the importance of team work for the innovation process in one company with the aim of reaching certain competitiveness level the following study has been performed.

THE STUDY: METHODOLOGY AND DATA

The study was created in order to examine the importance of quality team work for the innovation process in one company. Study was carried out on a sample of 492 respondents, in two public companies (PCC Beograd put and PC for PTT services „Srbija“), one institution of high education (Belgrade Business School – High School of Professional Studies) that are state property according to ownership structure and many small private companies that are not separately segmented, but they are, due to the limited space in the paper, marked by a group name „Other companies“. Data collection was executed by an anonymous survey, which includes the six following dimensions: 1) socio-economic indicators, 2) satisfaction with the job, 3) loyalty, 4) motivation, 5) organizational dedication; 6) interpersonal relations and teamwork. Of the total number of respondents (N=492) from PCC Beograd put (hereinafter: PCC BP) there were 219 respondents (44,51%), from PC for PTT services Srbija (hereinafter PC PTT) 141 (28,66%), Belgrade Business School – High School of Professional Studies (hereinafter: BBS) 54 (10,98), while from the group of other companies (hereinafter OC) the sample included 78 employees (15,85%).

A part of the study related to teamwork consists of four categories of questions: 1) synergy in the team; 2) skills of the cooperatives; 3) innovations; 4) quality. Questionnaire is designed by the methodology suggested by Bateman, Wilson and Bingham (2002, pp. 215–216). Questionnaire consists of the scale of answers of the

Likert type, and the answers on the scales from 1 to 5 define the level of agreement or disagreement with a particular statement: 1 – I strongly disagree, 2 – I disagree, 3 – I am indecisive, 4 – I agree, 5 – I strongly agree.

ANALYSIS AND RESULTS

Descriptive statistical analysis shows that the study has included 284 (58%) female respondents and 208 (42%) male respondents. According to the age, respondents are divided into three groups: 194 (39%) respondents younger than 35, 250 (51%) employees between 36 and 55 years and 48 (10%) employees who are older than 55. Structure of the respondents' sample according to the education is the following: 172 (35%) of respondents have secondary school, 95 (19%) of respondents have a higher education and from there are 194 (40%) of respondents who graduated from the faculty, the titles – master and PhD have the 31 (20%) of respondents. In relation to the years spent in organization, respondents are divided into four groups: up to five years 119 (24%), from six to fifteen years 219 (45%), from sixteen to twenty years 55 (11%) and over 20 years 99 (20%).

Table 1 Socio-economic indicators of respondents

Company		PCC BP	PC PTT	BBS – HSPS	OC	Σ
Sample size (N)		219	141	54	78	492
Gender	Male	103	53	19	34	209
	Female	116	88	35	44	283
Age	–35	95	59	24	16	194
	36–55	103	74	24	49	250
	55–	21	8	6	13	48
Education	Sec.school	85	63	1	23	172
	Higher educ.	49	28	11	7	95
	Faculty	79	46	23	46	194
	Academic title	6	4	19	2	31
Years spent in an organization	–5	65	23	11	20	119
	6–15	90	81	33	15	219
	16–20	29	9	4	13	55
	–20	35	28	6	30	99

Source: Lekić, S. (2010)

Synergy in the team represents a sense of belonging that is shared by team members. It is evaluated as an average value of eight factors: clearly defined belonging to the team (a_1), clearly defined meaning/goal of the team (a_2), clear role of team members (a_3), efficient communication within the team (a_4), sense of value of team members (a_5), other organizational units of the company appreciate the team in which an individual works (a_6),

sense of pride due to belonging to a team (a_7), each member of the team maximally contributes to the teamwork (a_8).

Table 2 Average grade of team synergy

Company	a_1	a_2	a_3	a_4	a_5	a_6	a_7	a_8	Average grade
PCC BP	3,79	3,86	3,83	3,71	3,96	3,55	3,9	3,58	3,77
PC PTT	3,33	3,35	3,24	3,28	3,76	3,21	3,5	3,07	3,34
BBS - HSPS	3,91	4,04	3,81	3,89	4,13	3,76	4,15	3,76	3,93
OC	3,46	3,5	3,33	3,51	3,82	3,32	3,65	3,46	3,51
ENTIRE SAMPLE	3,62	3,69	3,55	3,60	3,92	3,46	3,80	3,47	3,64

Source: Lekić, S. (2010, p. 230)

Data from *table 2* show that BBS in all categories of the synergy evaluation parameters has had the best results. Having in mind that PC PTT has the lowest average grade of team synergy, it is required for the company's management to aim its attention towards developing the sense of belonging that all team members share.

Skills of cooperatives describe the preparation of the team members, competence in performing the job and flexibility within the job description. They are evaluated as an average value of eight factors: team members are adequately trained and competent for professional performance of their job (b_1), team members are appropriately trained in administrative jobs and procedures related to the job (b_2), there is a formal system for recognizing the needs for further education of workers (b_3), needs for education and improvement are identified systemically (b_4), based on the analyzed needs of the employees, an additional training (b_5), members of the team are competent to perform a series of jobs within the team (b_6), team members are flexible and willing to execute other jobs within the team (b_7), members of the team highly appreciate additional education (b_8).

Table 3 Average grade of the skills of cooperatives

Company	b_1	b_2	b_3	b_4	b_5	b_6	b_7	b_8	Average grade
PCC BP	3,66	3,59	3,27	3,25	3,20	3,67	3,57	3,53	3,47
PC PTT	3,05	3,11	2,91	2,89	2,77	3,32	3,18	3,19	3,05
BBS - HSPS	3,81	3,78	3,44	3,33	3,44	3,72	3,56	3,59	3,58
OC	3,42	3,38	3,11	2,91	2,79	3,53	3,56	3,49	3,27
ENTIRE SAMPLE	3,49	3,47	3,18	3,10	3,05	3,56	3,47	3,45	3,34

Source: Lekić, S. (2010, p. 244)

From *Table 3* we can see that average grade for the skills owned by cooperatives in the team is the highest in Belgrade Business School, while in PC PTT it is the lowest.

Innovations include looking for a manner to improve productiveness and manner of work. Innovations in the team are evaluated as average value of eight factors: team members are encouraged to try new methods of work (c_1), team has been included in new projects related to its products/goals from the very beginning (c_2), each innovation in work of the team is appreciated and rewarded (c_3), problems related to the job/clients are revealed rapidly (c_4), problems revealed are spotted rapidly (c_5), problem solving is experienced as learning and development of the team (c_6), team members often suggest innovations in work (c_7), team members willingly accept innovations in work (c_8), *Table 4*.

Table 4 Average grade of innovations in teamwork

Company	c_1	c_2	c_3	c_4	c_5	c_6	c_7	c_8	Average grade
PCC BP	3,57	3,49	3,23	3,67	3,63	3,66	3,40	3,60	3,53
PC PTT	3,18	3,23	2,72	3,44	3,41	3,29	3,16	3,26	3,21
BBS - HSPTS	3,80	3,78	3,54	3,94	3,80	3,61	3,48	3,44	3,67
OC	3,32	3,31	2,74	3,35	3,22	3,41	3,04	3,27	3,21
ENTIRE SAMPLE	3,47	3,45	3,06	3,60	3,52	3,49	3,27	3,39	3,41

Source: Lekić, S. (2010, p. 258)

The highest average grade of innovations in teamwork is recorded in Belgrade Business School, while the lowest recorded is in PC PTT and the group of privately-owned small companies.

Quality measures the level of familiarity with the needs of the clients and standards of monitoring their pleasure. It is evaluated as average value of eight factors: team members are familiar with the needs of their clients (d_1), it is clearly defined who the clients of an individual team are (d_2), work standards within the team are clearly defined (d_3), work standards are regularly updated (d_4), feedback on monitoring teamwork is obtained regularly (d_5), there are quantitative standards of efficiency that are followed (d_6), the team complies with the organization standards for solving the complaints of the clients (d_7), complaints are considered on daily basis and messages are systemically applied in further work (d_8), *table 5*.

Table 5 Average grade of the teamwork quality

Company	d_1	d_2	d_3	d_4	d_5	d_6	d_7	d_8	Average grade
PCC BP	3,77	3,81	3,63	3,65	3,36	3,39	3,62	3,63	3,61
PC PTT	3,53	3,45	3,41	3,30	3,06	3,21	3,51	3,49	3,37
BBS - HSPTS	3,89	3,96	3,80	3,65	3,67	3,59	3,83	3,89	3,79
OC	3,47	3,49	3,22	3,17	3,05	3,05	3,28	3,31	3,26
ENTIRE SAMPLE	3,67	3,68	3,52	3,44	3,29	3,31	3,56	3,58	3,50

Source: Lekić, S. (2010, p. 272)

The highest average grade of the quality of teamwork is recorded in Belgrade Business School, while the lowest is in PC PTT.

Table 6 Average grades of teamwork

Company	Synergy	Skills	Inovations	Quality	Average grade
PCC BP	3,77	3,47	3,53	3,61	3,60
PC PTT	3,34	3,05	3,21	3,37	3,24
BBS - HSPS	3,93	3,58	3,67	3,79	3,74
OC	3,51	3,27	3,21	3,26	3,31
ENTIRE SAMPLE	3,64	3,34	3,41	3,51	3,47

Source: Lekić, S. (2010, p. 273)

Average grade of teamwork is given in Table 6. Results show that teamwork is appreciated the most in Belgrade Business School. Based on the table we can conclude that sample includes two types of teams: administrative and entrepreneurial. Administrative team, i.e. bureaucratic represents a transition path from the work group in the team and that is where we observe a formal selection of members, authoritarian style of leadership, non-elastic organizational rules and classification of jobs by specialized unit, although with caution, the team gives an opportunity for development and learning, such as it is the case with PC PTT. In Belgrade Business School we observe the entrepreneurial team which has development as a goal. Employees in Belgrade Business School access the problems in an exploratory and creative manner, leadership is liberal and democratic, it is strived towards multidisciplinary in education of employees, organizational rules are flexible and dynamic, and the teams are opened for the environment and innovation. The good foundation for joint work is set by systemic operation of managers and cooperatives, team members.

If we accept the model of Schermerhorn (according to Ingram, Teare, Scheuing and Armistead, 1997) which suggests that team's efficiency can be measured through individual and group results which are the products of the process of formation of internal processes in groups that lead to the results, we can see that these processes are most frequently affected by the managers who form teams, while the processes within group are one of the most influential determinants of higher team efficiency. They include orientation towards the common goal, cohesion, communication, decision-making, work tasks and resolution of conflicts. We can determine that the highest level of team efficiency is achieved in Belgrade Business School. Efficiency of the teamwork is based on final result of the work, as well as dissatisfaction of team members. The ultimate result is determined through qualitative and quantitative achievements of the team defined through team goals, while the satisfaction is based on the possibility to meet basic needs of the members and that for that reason the commitment to the team, i.e. business entity, is increased.

CONCLUSION

In order to provide better position in the international market and achieve significant competitive advantage, the companies must perform constant changes and adapt themselves to the requirements of the environment. They should base their business on the experience of other, successful companies, as well as to apply contemporary methods and techniques of management. With the growth of organizations and increase of complexity of organizational structure, there appears the need for the introduction of teams in which the people work together in order to achieve the common goal of the organization. Main reason for this is the observed connectivity of the teamwork and efficiency of the business. For that reason, in contemporary organizations we observe the efforts of the managers in creation of competent teams required for the development of new business solutions, strengthening the motivation of people for desired results of work and increase of work efficiency. Efficiency of teamwork is observed through four groups of questions: synergy in the team which represents the sense of belonging shared by team members; skills of cooperatives which describe the preparation of team members, competence in performing the job and flexibility within job description; innovations that include searching for the manner to improve productivity and manner of work; quality that measures the level of familiarity with the needs of clients and standards of monitoring their pleasure.

Study has shown that it is not easy task to reach team's efficiency measured either through individual or group results. Under the conditions of increased speed of changes that are imposed by technology, globalization, profitable growth and requirements of buyers, an organization has to give priority to efficient team work in order to enable continual innovations of its products, processes and organisation and reach certain competitive level.

Key factor of the creation of competitiveness in contemporary business are the innovations. Support of the country in improvement of the competitiveness of national companies is of great significance, because the competitiveness of one country depends on the competitiveness of its economic subjects, as well as business environment that it is willing to offer them. National companies should be exposed to a healthy competition. Contemporary flows of business dictate market environment that provides the success in business only to those who are ready for challenges, changes and continuous specialization.

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ORIGINAL SCIENTIFIC PAPER

STUDENT ATTITUDES TOWARDS THE ORGANIZATION OF INTERNSHIP IN THE CONTEXT OF CAREER DEVELOPMENT

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ABSTRACT

The increasing need for the development of mutual cooperation between education and economy has been recognized recently. Internship is becoming an increasingly popular element of higher education, and it provides many potential values to students and business organizations as well. The experience gained through internship can help students in connecting their academic knowledge to the world of business thus providing them with adequate professional competence necessary for the labor market. By analyzing the existing relevant literature, research papers, laws and other regulations, as well as by means of empirical research through the application of survey method, we tried to address the issue of student attitudes towards internship. The aim of this research is to conclude whether students see the need for the organization of the internship, which factors influence their attitudes, and whether their age influences their interest in performing internship. The obtained

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information answers the question to what extent we have been successful in applying the theoretical knowledge of internship in real life. Likewise, we point out the guidelines and proposals for establishing a more efficient system for the organization of the internship.

Key words: *internship, student attitudes, career development*

JEL classification: *I200, I230, I290*

INTRODUCTION

Internship is one of the crucial elements in the career development at institutions of higher education, and it is of great importance and significance for personal and professional development of students. The research about the students' attitudes on the question of the need for organization of the internship was conducted at the Faculty of Economics and Engineering Management in Novi Sad, and it yielded the expected results, which will be presented in detail further in the paper. Career guidance and counseling can begin quite early, and this practice is present in the developed countries, whereas in the Republic of Serbia it has been increasingly gaining in importance recently.

The Faculty of Economics and Engineering Management in Novi Sad is an institution of higher education that has recognized the need for parallel development of the theoretical knowledge and career development and counseling, inter alia, by organizing internship. For that reason, the Office for Career Development, whose work will gain importance and show concrete results in the years to come, was formed based on the survey that was conducted. The results of the research primarily served for the internal organization of the Office, all its activities which are aimed at career development, and first and foremost, for the organization of internship. By providing services with the aim to help career development raises the students' awareness that through participating internship they become more active, agile, and by improving their professional competence they contribute to the overall market potential.

THE SIGNIFICANCE OF INTERNSHIP IN CAREER DEVELOPMENT

In Nebojsa Brankovic's paper (2010), career guidance and counseling is defined as a service which helps individuals to assess their abilities, interests, and values, to obtain information on the possibilities of additional education and employment, position themselves on the labor market – both in relation to its requirements, and in relation to their own abilities, interests and experience as well. Working with individuals does not finish when an adequate employment is found, but rather they are still being monitored for continual professional development in accordance with market trends Brankovic (2010). Various research points out the significance of internship.

Internship plays an important role in helping students make good career choice (Brooks et al., 1995). It also enables learning and acquisitions of specific business skills that are not included in traditional business programs (Garavan & Murphy, 2001).

Some of the benefits of internship can be reaped only after graduation. The research shows that students who participated in internship have greater business stability during their first business experiences (Richards, 1984), and greater business satisfaction (Gault et al., 2000). On the other hand, other research shows that internship makes students more ambitious (Pedro, 1984) and helps them with transition from school to work (Paulson & Baker, 1999). Students are often encouraged to perceive internship as a means of providing possibly permanent employment (Callanan & Benzing, 2004).

The research conducted by Michael Hergert (2009) discusses about the significance of organizing internship from pedagogical and demographical point of view. He points out that the value of internship will be maximized if educators provide the necessary and appropriate structure and integrate experience with students' academic background. It is clear that students appreciate the benefits of internship programs, especially if they are designed to satisfy their needs. These types of programs represent the key element of education in the 21st century (Hergert, 2009).

Nowadays, graduates with the certain kind of "experience" are increasingly favored by companies. Therefore, the need for organizing internship at institutions of higher education is extremely high. Even the original research of authors such as Porter and McKibbin (1988) indicated that the programs that had been studied were too narrow and disconnected from the real world of business (Porter & McKibbin, 1988). Therefore, we can observe that a number of authors had been studying this issue and thereby indirectly indicated the necessity of forming the connection between institutions of higher education and the labor market.

OVERVIEW OF THE STATE OF INTERNSHIP IN THE REPUBLIC OF SERBIA

Considering the fact that Serbia is on the road to becoming a member of the European Union, and that the issue of mandatory internship is incorporated into legislation at all levels in most countries of the European Union, and that there is a greater number of binding documents that deal with this issue, it is necessary for the importance of internship to be recognized at the highest level in the Republic of Serbia (Gardasevic et al., 2016). Putting students into focus and satisfying their needs should be a priority. It is not enough for educational institutions to provide students with just theoretical knowledge. Institutions should enable them to get familiar with the business climate during their studies as well, and thus prepare them in time for the upcoming challenges arising from the business environment (Vucurevic et al., 2015).

In the document Strategy for Development of Education in Serbia until 2020, a few very important guidelines for eliminating the problem of the lack of regulations in this

area are given. The initiatives of schools and institutions of higher education could alleviate problems appearing in practice to a great extent. According to the above mentioned Strategy, schools and faculties are given a certain degree of autonomy in cooperation with the social partners from the region and the realization of joint activities of schools and the local community is supported. Direct contact with professionals from different fields, organization of visits to companies and institutions from different economic sectors would enable young people to make decisions about the choice of faculty or future occupation much easier. Visits to companies, public discussions and lectures intended would represent an ideal opportunity for young people to hear and see what certain professions actually imply (Miskovic, 2013).

OVERVIEW OF THE STATE OF INTERNSHIP IN SOME EUROPEAN COUNTRIES

In his paper, Stojšavljević (2012) deals with the issue of internship in some European countries in context of career guidance, naming Scotland, the Netherlands and some Nordic countries as examples. Careers Scotland is a part of the institution Skills Development Scotland which provides the services of career monitoring and guidance, as well as the information on employment possibilities. In this way, the citizens of Scotland are prepared for work engagement in an ever changing business environment, which is in the best interest of both individuals and employers as well, and thus in the interest of the entire national economy (Stojšavljević et al., 2012). Dutch researchers (Meijers, Kuijpers & Bakker, 2006) conducted an extensive research on the national level about career guidance in Dutch educational institutions. This research indicates that many schools have not constructed a policy concerning career guidance, as well as that they are not developing fertile ground for such activities.

The Public Employment Service, which had previously been a public institution entirely, was divided into 28 regional organizations. Independent offices that had been in charge of career counseling, education and trainees were organized into 16 regional centers for career guidance. The financing was organized in such a way that each center had to set priorities: employment or education. Northern European countries have a long tradition of vocational training and counseling in the career field. For example, in Iceland, the career guiding practice has been present since the beginning of the 20th century. In Norway, there is also a practice of organized career guidance within the system of formal education, whereas providing these services to the citizens is somewhat lessened. Sweden has a long tradition in developing mutually independent social services, including education. Different ministries and their departments are in charge of career guidance and continuing education, thus, although being independent of one another, all these bodies are under the jurisdiction of the state. Finland has two systems that complement each other in achieving these goals: career guidance and counseling within the education system intended for students, and vocational training services provided by the employment service available to all other

citizens. This organization clearly divides responsibilities, whereas the employment service is also at students' disposal (Stojsavljevic et al., 2012).

RESEARCH METHODOLOGY

The aim of this research is to establish whether the students of the Faculty of Economics and Engineering Management in Novi are interested in internship, and whether there is a correlation between the respondents' age and their interest in doing the said internship. This research determines the students' need for organization of internship at the Faculty, and gives a general theoretical framework on the importance of internship in Serbia's higher education system. With this research, we are trying to prove that students see the need for organization of internship and that they show high interest in doing the said internship, as well as that the respondents' age does not have an influence on their interest.

The survey research techniques were used to analyze the students' attitudes. The research sample includes 55 students from the following study programs: Business Economy and Finance and International Economics and Economic Diplomacy at the Faculty of Economics and Engineering Management in Novi, during one semester (summer semester). Data collection was carried out via questionnaire. The questions are both open and closed questions, and the survey is anonymous. A list of specifically formulated questions that are in accordance with the research objective was prepared for the survey. After the completion of the survey, the analysis of the questionnaire was conducted. First, the questionnaire was redacted, the questions validity check was carried out, and finally the mistakes in filling out the questionnaire were eliminated. 15 questionnaires that were complete were rejected; thus the final sample was finally reduced to 40 respondents. What followed was questionnaire coding, i.e. data coding. Since the data were entered in numeric form, they were just verified. There were no corrections.

The third phase included organizing and tabulating of the data in Excel sheets so as to be able to use the SPSS package: 1. Descriptive statistics, where we used arithmetic mean, mode, median, standard deviation, minimum, maximum and sum, and 2. Correlation (according to Pearson).

RESEARCH FINDINGS AND DISCUSSION

Table 1 Tabular presentation of research findings

		Gender structure	Age structure	Place of residence during studies	Interest in professional practice	City where professional practice would take place	I would do professional practice in Belgrade	Sector of professional practice	Work experience	Which companies to give lectures at the Faculty
N	Valid	40	40	40	40	40	40	40	40	40
	Mean	1.7	2.1	1.18	1.1	1.25	1.6	1.88	1.78	3.35
	Median	2	2	1	1	1	2	2	1	4
	Mode	2	2	1	1	1	2	1	1	4
	Std.	0.464	0.928	0.385	0.304	0.63	0.496	0.853	1.121	0.949
	Deviation	1	1	1	1	1	1	1	1	1
	Minimum	2	4	2	2	3	2	3	4	4
	Maximum									
	Sum	68	84	47	44	50	64	75	71	134

Source: Authors

Table 1 shows the survey results grouped altogether. The results for each variable will be presented separately below.

Table 2 Gender structure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	12	14.3	30	30
	Female	28	33.3	70	100
	Total	40	47.6	100	

Source: Authors

As far as the gender structure of respondents is considered, in Table 2 we can see that from the total number of 40 respondents, there are 70% female respondents and 30% male respondents who completed the questions from the survey.

Table 3 Age structure

	Frequency	Percent	Valid Percent	Cumulative Percent
Up to 20	10	11.9	25	25
From 21 to 25	21	25	52.5	77.5
From 26 to 30	4	4.8	10	87.5
Above 30	5	6	12.5	100
Total	40	47.6	100	

Source: Authors

In Table 3, we can see that the majority of the respondents (52.5%) are between the ages 21 and 25, followed by 25% respondents under the age of 20, 12.5% are respondents above the age of 30, and only 10% respondents are between the ages of 26 and 30.

Table 4 Place of residence during studies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Novi Sad	33	39.3	82.5	82.5
	Another city in Serbia	7	8.3	17.5	100
	Total	40	47.6	100	

Source: Authors

According to research findings, the majority of respondents (82.5%) live in Novi Sad, where the seat of the Faculty is located and where the teaching process takes place, during the studies, while 17.5% lives in another city in Serbia during studies.

Table 5 Interest in internship

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	42.9	90	90
	No	4	4.8	10	100
	Total	40	47.6	100	

Source: Authors

Based on the obtained results, we can see that 90% respondents are interested in doing internship, whereas only 10% are not interested.

Table 6 City where internship would take place

		Frequency	Percent	Valid Percent	Cumulative Percent
The city I currently live in		34	40.5	85	85
The city which my parents live in		2	2.4	5	90
Another city		4	4.8	10	100
Total		40	47.6	100	

Source: Authors

The findings concerning the city where respondents would like to do internship show that 85% respondents would like to do internship in their current place of residence, 10% respondents opted for another city, while only 5% respondents said they would like to do internship in the place of residence of their parents.

Table 7 I would do internship in Belgrade

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	19	40	40
	No	24	28.6	60	100
	Total	40	47.6	100	

Source: Authors

Taking into account that the Office for Career Development signed a significant number of contracts with organizations in the Belgrade area, we asked students whether they would do internship in Belgrade, and 60% responded with “no”, while only 40% responded affirmatively.

Table 8 Sector of internship

Frequency		Percent	Valid Percent	Cumulative Percent
Public institution	17	20.2	42.5	42.5
Private sector	11	13.1	27.5	70
No preferences	12	14.3	30	100
Total	40	47.6	100	

Source: Authors

As far as the sector of internship is concerned, i.e. opting for public or private sector, the research findings indicate that 42.5% respondents would do internship in a public institution, 27.5% respondents would do internship in the private sector, whereas 30% respondents have no preferences as to which sector they would do internship in.

Table 9 Work experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No experience	24	28.6	60	60
	Up to 1 year	7	8.3	17.5	77.5
	From 2 to 5 years	3	3.6	7.5	85
	More than 5 years	6	7.1	15	100
	Total	40	47.6	100	

Source: Authors

As far as the work experience of the respondents is concerned, by looking at the table, we can see that the majority of them (60%) have no work experience; 17.5% respondents have up to 1 year of work experience; 15% respondents have over 5 years of work experience, whereas 7.5% respondents have from 2 to 5 years of work experience.

Table 10 Which companies to give presentation at the Faculty

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some of the mentioned	1	1.2	2.5	2.5
	Not mentioned	10	11.9	25	27.5
	No preferences	3	3.6	7.5	35
	Not filled in	26	31	65	100
	Total	40	47.6	100	

Source: Authors

Based on the obtained data presented in the table, we can see that 65% respondents did not complete the question stating which company they would like to see present at the Faculty. 25% respondents believed that none of companies they would like to see is mentioned in the survey; 7.5% respondents answered they have no preferences as to which company they would like to see, whereas only 2.5% said it is one of the companies mentioned.

Table 11 Correlation between the age of the respondents and their interest to do internship

		Age	I would like to do internship
Age	Pearson Correlation	1	0.145
	Sig. (2-tailed)		0.37
	N	40	40
I would like to do internship	Pearson Correlation	0.145	1
	Sig. (2-tailed)	0.37	
	N	40	40

Source: Authors

The program gives Pearson correlation coefficient (Pearson Correlation) and statistical significance Sig. (2-tailed). Person coefficient indicates the strength of a relationship between two variables, and Sig. (2-tailed) indicates with how much confidence we should observe the obtained results. If Sig. (2-tailed) < 0.05 , it indicates that the correlation is significant. Therefore, in our research we can see that Sig. (2-tailed) = 0.145, i.e. that our correlation coefficient of 0.145 is significantly higher in comparison with the parameter Sig. (2-tailed) < 0.05 , which indicates that the correlation between the variables is weak.

Based on the survey, we answered the key questions such as: the interest of students for doing internship; opting for Novi Sad as the city where the students would like to do practice, considering the fact that the majority of respondents said that they would do internship in their current place of residence and the highest percentage of students lives in Novi Sad during their studies; the students would mostly like to do internship in public institutions; the majority of respondents possesses no work experience; they have no preferences as to which company they would like to get acquainted with through a presentation at the Faculty; and there is no significant correlation between the age structure of students and their interest to do internship. Based on the research, the following results were obtained: the majority of respondents are females (70%); the majority of respondents (52.5%) is between the ages of 21 and 25; the majority of respondents (82.5%) lives in Novi Sad during their studies; the majority of respondents (90%) is interested in internship; the majority of respondents (85%) is interested in doing internship in the place of their residence; the majority of respondents (60%) is not interested in doing internship in Belgrade; the majority of respondents (42.5%) is interested in doing internship in a public institution; the majority of respondents (60%) possesses no work experience; the majority of respondents (65%) did not complete the question as to which company they would like to hear presentation at the Faculty; the correlation coefficient is 0.145,

thus there is no significant correlation between the age structure of respondents and their interest in doing internship.

Therefore, based on the obtained results we can conclude that the majority of respondents are female students between the ages of 21 and 25, that they are very interested in doing internship, that the majority of them would like to do practice in Novi Sad, as it is the place of residence for most of them during studies, thus, we come to the logical conclusion that they would not like to do internship in Belgrade. Furthermore, there is no significant correlation between the age structure and the respondents' interest in practice. According to our assumptions, the students' interest for doing internship may result from the lack of work experience considering the fact that the majority of respondents possesses no work experience. The students are interested in doing internship. The respondents' age has no influence on the interest in doing internship.

CONCLUSION

In the theoretical part of this paper we dealt with the issue of the significance of internship and career development in general. We gave a brief overview of current state both in the Republic of Serbia and in some EU countries through the theoretical analysis of the relevant scientific papers and regulations. We come to the conclusion that although the career development and internship area is coordinated and regulated in some European countries, and in some countries such as Iceland and Sweden it has a century long tradition, there are still certain countries, such as the Netherlands, which are trying to find an adequate solution. The Republic of Serbia is also falling behind when it comes to finding the right solution. Traditional problems are certainly not the lack of regulations, non-compliance with EU regulations etc., but rather their implementation in practice, lack of communication between institutions, inadequate division of responsibilities, etc. There is a gap between theory and practice. However, we can argue that the highly educated are definitely interested in doing internship.

According to the research, we can conclude that the need for organization and implementation of internship does not just arise from the aspect of institutions of higher education that need to educate future personnel and therefore prepare them for the labor market, but as well as from the aspect of the economy that desperately wants adequately trained and quality personnel, which we established through theoretical overview of research on this subject and through literature overview of different authors, but that need also arises from the aspect of students themselves who are very interested in participating in internship, mostly female students and mostly in their place of residence during their studies, which is Novi Sad, as pointed out in the research. The reason for that might be found in the lack of work experience and possible needs and desires for experiencing specific business tasks, challenges and business climate in general as soon as possible, in addition to theoretical knowledge. There is no significant connection between the students' interest in internship and their age structure, with the age between 21 and 25 being the predominant one. Students are

mostly interested in doing internship in the public sector (companies). Based on this research, the Office for Career Development was formed at the Faculty of Economics and Engineering Management in Novi Sad, with the aim to enable students of this faculty to do desired internship. In this regard, a great number of contracts was signed with the public and city organizations, institutions, and with institutions from the private sector as well. Thus, by proving and confirming the hypothesis set at the beginning of the paper, we can conclude that the objective and the purpose of this research are justified. The good practice in organizing internship will be continued at the Faculty of Economics and Engineering Management in Novi Sad, and the research will be continually conducted within the Faculty and the Office related to students' needs, desires, attitudes with the aim to improve the quality of the Office and the Faculty.

Some of the measures have also been proposed in Strategy for Development of Education in Serbia until 2020 (available at www.serbia.gov.rs). Firstly, it is necessary to achieve close cooperation between the academic studies and the economy, followed by 6 basis points:

- Harmonization of academic studies programs with the needs of the economy, as well as cooperation in realization of internship;
- Further formal and informal education of employees in the economy;
- Involvement of prominent experts in the economy in teaching;
- Working together on innovative projects;
- Joint applied research and development, where universities' resources are involved;
- Providing conditions so that every university can establish at least one business incubator that would promote the entrepreneurial initiatives of students (Strategy for Development of Education in Serbia until 2020);

In this regard, the Strategy proposes introducing the following measures:

- Developing a system of accreditation and certification of employers where internship is implemented,
- Adoption of laws and regulations for financial incentives for employers where internship is implemented,
- Including at least 10% employers in the work of sector assemblies, examination commission and realization of internship (Strategy for Development of Education in Serbia until 2020).

Internship is an important part of every higher education curriculum. Economists and the labor market policy creators have recognized that career development can improve the efficiency of all market participants. There are many ways in which the career development can improve efficiency and effectiveness of the labor market. For example, career development usually: helps people understand their interests, skills

and qualifications so that they would be able to find the desired job and keep it, to enjoy and be good at it. It also teaches people how to collect, understand and evaluate information about vacancies and how to apply for a job, write their CV and prepare for the first interview.

Finally, as we mentioned in of the previous research on this subject, the human capital, as the most significant element of the labor market, which requires continuous investment and modernization, as well practical knowledge that students gain during practice are in the function of Life Long Learning – and also in the function of the improvement of their professional knowledge, business skills, transversal skills, professional capacity and competence. Well mastered theory will make sense only if it is applied in practice; otherwise, we will continue educating “unusable” personnel, deprived of any sense of professional and personal responsibilities.

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ORIGINAL SCIENTIFIC PAPER

THE IMPACT OF ECONOMIC FREEDOM ON MARKET PRICES IN THE VISEGRAD GROUP COUNTRIES

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ABSTRACT

The aim of the paper is to present the empirical analysis of impact of economic freedom on market prices of basic food products in the Visegrad Group countries. The relationship between the variables has been tested via correlation and panel analysis. The results indicate that economic freedom is not one-dimensional, so that its elements have a different impact on various food products. Although the concept of economic freedom is not new in economic theory, its indicators are, so it is important to have more studies on this topic in order to determine the influence of different aspects of economic freedom to various (micro)economic categories.

Keywords: *Economic freedom, Market prices, Visegrad Group, Panel Data*

JEL classification: *I30, I31, I32, I38, C23*

INTRODUCTION

The Visegrad Group countries - Czech Republic, Hungary, Poland and Slovakia, so-called V4, are former socialist countries that transited from centrally planned economies to market economies. They are all full European Union (EU) members since 2004. All these processes have caused several changes in the field of agriculture.

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In this paper I want to investigate, did it (if it did), and in what extent, economic freedom had influence to prices of some basic food products.

Economic freedom is innovative indicator of the level of economic liberalization, attempt to quantify what is qualitatively expressed in purpose of measuring its impact. Several studies, which have included V4 group, have examined the impacts of economic freedom in different transition countries (Pääkkönen, 2009; Próchniak, 2011; Piątek, Szarzec and Pilc, 2013; Kovačević and Borović, 2014). However, all these studies were mostly focused on impact or causality of economic freedom on macroeconomic indicators - economic growth, the level of GDP, productivity, etc. The examination of the impact of economic freedom on the microeconomic indicators was not the subject matter, so this paper has a scientific contribution to that topic.

ECONOMIC FREEDOM IN THE VISEGRAD GROUP COUNTRIES

The Heritage Foundation (HF) annually publishes report about state of economic freedom in the world in form of Index of Economic Freedom (IEF). This is a numerical indicator that ranges between 0 (the lowest degree of economic freedom) and 100 (the highest degree of economic freedom). Index of Economic Freedom is composed from 10 sub-indexes grouped in four pillars: Rule of law, Government size, Regulatory efficiency and Open markets.

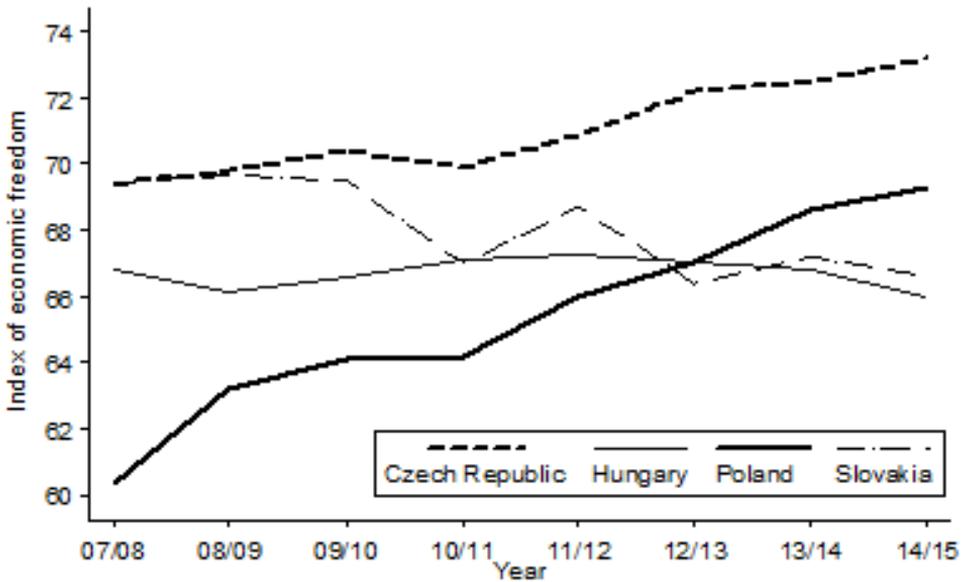
The world average of the economic freedom index over the period from middle 2007 to middle 2015 was 59.89. The average level of freedom during this period in V4 countries was 67.78, which was about European score average (66.7). This result puts V4 countries in the group of "moderately free countries". The highest degree of economic freedom of 73.2 points was assigned Czech Republic in 2014/2015, and lowest country in the region was Poland in 2007/2008 with the score of 60.3. By criterion of elements of IEF, the highest score of 87, 32 points has achieved trade freedom in V4 countries, and the worst situation is in the field of government spending (42.2). This is also characteristic of the European countries average – the highest position has trade freedom (85.62) while the lowest score has government spending (42.62). The weakest aspects of economic freedom for all members of V4 group are: property rights, freedom from corruption, government spending and labor freedom, while notable successes countries was accomplished in aspects of open market, (especially trade freedom, but also investment and financial freedom) and monetary freedom.

As shown in Figure 1, Poland has started on the lowest level, but then has achieved the largest improvement in the region, since its economic freedom score was advanced by 9 points (from 60.3 to 69.3). On the other hand, Slovakia's economic freedom peaked in 2006/2007 and has been on a downward trend ever since (from 70 in 2006/2007 to 66.6 in 2014/2015), mostly due to declines in freedom from corruption, business freedom, labor freedom, and the management of public finance. Czech Republic is the only V4 County that is "mostly free" (69.4 in 2007/2008 to 73.2 in the report from 2016 which covers period from middle 2014 to middle 2015 year). This

trend was led by improvements in investment freedom and property rights, but also because of better fiscal discipline. Although “moderately free” status was driven by good improvement in trade freedom, financial freedom, monetary freedom, fiscal freedom Hungarian government has been struggling with budget deficits that continuously raise public debt.

The analysis also covers the period from 2008 to 2009, which are the years of the beginning and the most expressed effects of world economic crisis. Poland was the only country in Europe to escape recession in 2009, while other V4 countries experience some downturn in economy. According to Miller, Holmes and Feulner (2012), a period of stable and robust economic expansion came to a stop in 2009 in Czech Republic. The global financial crisis mostly hurt economic growth and increased public debt in Hungary while Slovakia has rebounded relatively quickly from the global economic slowdown, but its economic freedom begins downward trend ever since.

Figure 1 Index of economic freedom in V4 countries in the period from middle 2007 to middle 2015

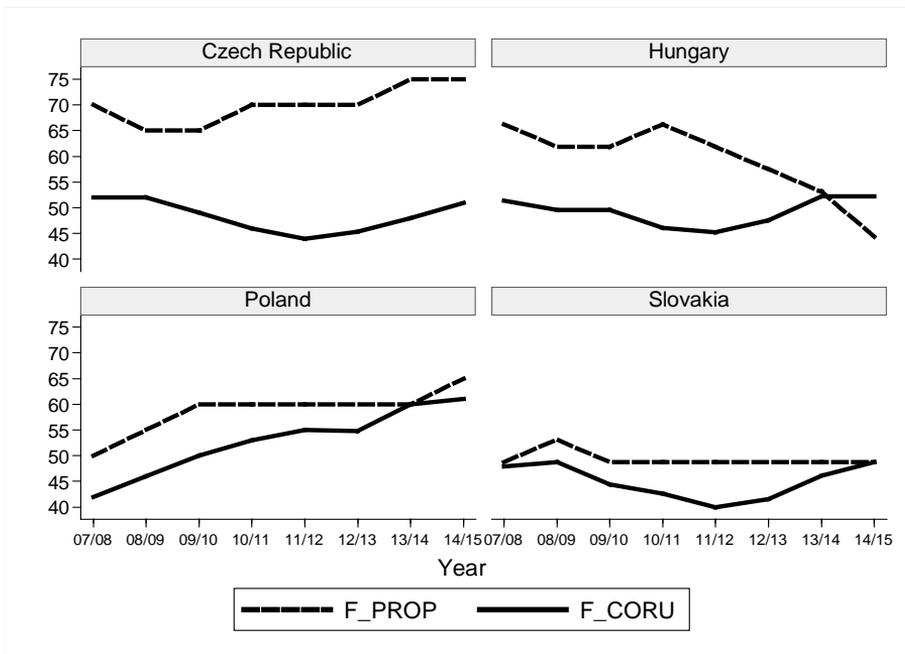


Source: Autor, adjusted according to data from www.heritage.org

The pillar of economic freedom named Rule of law consists of subindexes property rights and freedom from corruption. This segment of economic freedom troubles V4 countries the most, and shows little improvement over time (Figure 2). Corruption especially affects health care, the judiciary, and education in Slovakia, while intimidation of judges, a significant backlog of cases, political interference and years that takes to make court decisions hurts property rights in this country that is the

lowest-ranking country among V4 to criteria of pillar Rule of law. Although Czech Republic has the highest level of property rights, corruption is its weakness that adds to the cost of conducting business. Fight against corruption has increasing trend in Poland while the judiciary is independent in this V4 country but slow. Corruption is a serious problem in Hungary. According to the HF report (Miller and Kim, 2016), it was estimated that firms routinely pay bribes of up to 20 percent of a project's value and the judicial independence is increasingly threatened. Since this pillar of index of economic freedom has a lot room for improvement, it continues to be a concern.

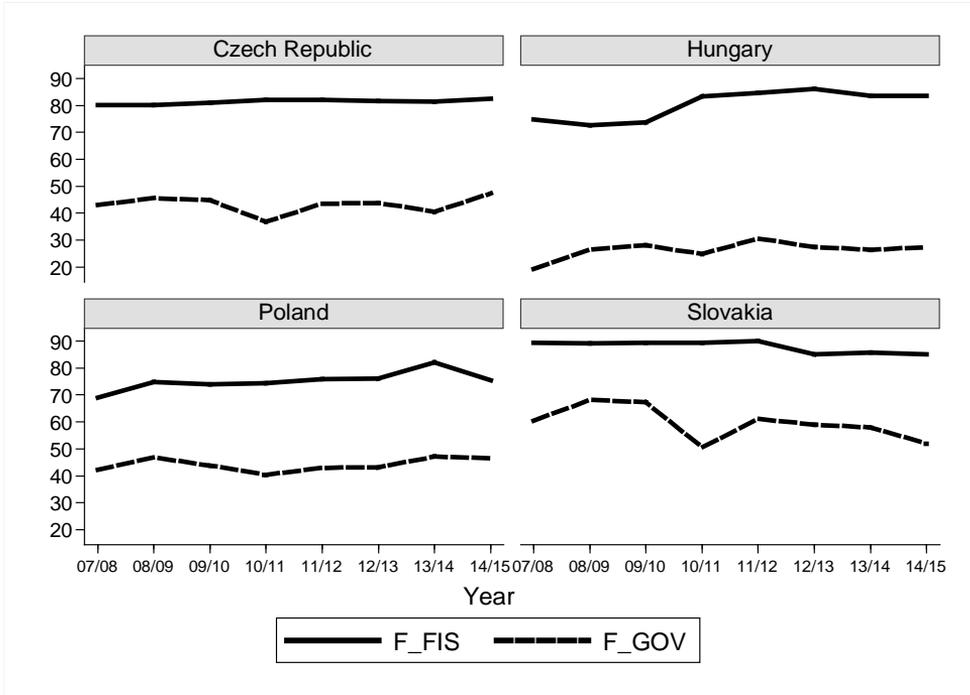
Figure 2 Pillar Rule of law, composed of property rights (F_PROP) and freedom from corruption (F_CORU) in V4 countries in the period from middle 2007 to middle 2015 year



Source: Author, adjusted according to data from www.heritage.org

The second pillar of IEF - Government size, expresses the limitation of the state on the side of government revenue and government expenditure. In many years, and for all countries of the V4, the government budget has been in deficit, driving public debt to an unallowed zone. Fiscal consolidation and better management of public finance are needed to curb a growing debt burden caused by excessive spending (Miller and Holmes, 2011). Fiscal discipline and budgetary balance so are priority to V4 countries in future period in order to foster economic stability and growth.

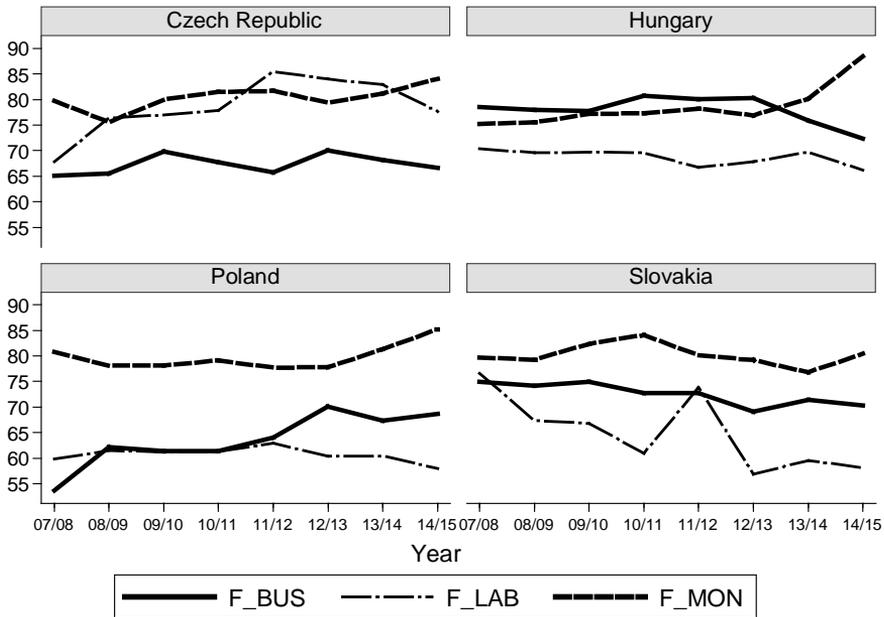
Figure 3 Pillar Government size, composed of fiscal freedom (F_FIS) and government spending (F_GOV) in V4 countries in the period from middle 2007 to middle 2015 year



Source: Author, adjusted according to data from www.heritage.org

As Figure 3 illustrates the fiscal freedom has high position for all V4 countries due to competitive and relatively low tax rates. Corporate tax rates are flat 19 percent in all V4 countries in the most years. From a relatively high income tax in Hungary, it has been cut in half to a flat 16 percent which we see as a grow in fiscal freedom in this country in 2010/11 year. The overall tax burden in this country is around 40 percent of total domestic income. The top individual income tax rate has risen from 19 to 25 percent in Slovakia in 2012/13, while in Poland it remains relatively high - 32 percent; the lowest is in Czech Republic and it amounts 15 percent. Other taxes include a value-added tax (VAT), a property tax, a gift tax, but also the an inheritance tax in Poland and a real estate transfer tax in Czech Republic.

Figure 4 Pillar Regulatory efficiency, composed of business freedom (F_BUS), labor freedom (F_LAB) and monetary freedom (F_MON) in V4 countries in the period from middle 2007 to middle 2015 year



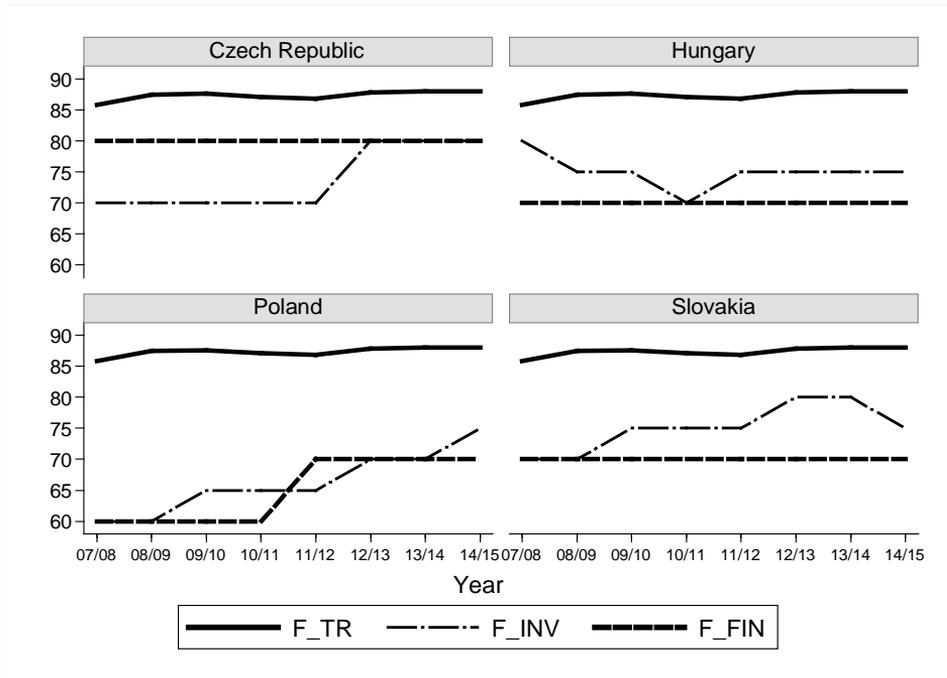
Source: Author, adjusted according to data from www.heritage.org

The biggest interest for our analysis is fact that all countries are participants in the EU's Common Agricultural Policy, so the government subsidizes agricultural production. This distorting the prices of agricultural products. We see that as a lack of monetary freedom, although it is just one component that this element of freedom measures. The other one is price stability, and it could be said that in all V4 countries the inflation has been under control. In many countries it is also present regulation of prices for energy, telecommunications services and subsidies for pharmaceutical products, among others. Poland is the largest recipient of EU subsidies, although the government's transformation of Poland's coal mining sector into a commercially viable industry was pronounced "a textbook case of success in reducing politically sensitive subsidies" (Miller, Kim and Holmes, 2014, p.358). But "...in 2015, due to losses from Russia's food import ban, the government asked the EU to loosen rules on state subsidies for inefficient coal mines and to reinstate export subsidies to Polish pork and milk producers" (Miller and Kim, 2016, p.345).

The labor market lacks flexibility, resulting in an unemployment rate in Slovakia, while Unions exercise considerable influence in Poland. Hungary's restrictions on

work hours are rigid and all countries including Czech Republic have high non-salary cost of employees.

Figure 5 Pillar Open markets, composed of trade freedom (F_TR), investment freedom (F_INV) and financial freedom (F_FIN) in V4 countries in the period from middle 2007 to middle 2015 year



Source: Author, adjusted according to data from www.heritage.org

The last one, fourth pillar - Open markets, is the best ranked aspects of economic freedom for the V4 countries (Figure 5). The common for all V4 countries is low trade-weighted average tariff rate with other members of the European Union, but also the layers of non-tariff barriers that increase the cost of trade. Poland’s financial sector is one of the region’s more advanced, and Slovakia is one of the most popular destinations for foreign direct investment in Europe. The competitive banking sector offers a wider range of financial products in all countries, and foreign and domestic investors are generally treated equally. Nevertheless, in 2012, the Hungarian government amended the constitution to prohibit people from selling their agricultural land to foreigners and since 2010, commercial banks have suffered from higher taxes in this V4 country. All these segments of economic freedom may affect the changes of market prices in the V4 countries, so in the next part of the paper it will be examined their relationship.

DATA AND METHODOLOGY

To conduct panel model it was used economic freedom scores from the Heritage Foundation's (HF) Index of Economic Freedom (IEF) and price data for a set of consumer products from a Detailed average prices reports published by Eurostat for Visegrad Group countries (V4). Since actual HF reports from current year, e.g 2017, covers period from the middle of 2015 to the middle of 2016 year, I choose to put IEF in a relationship with the prices from Detailed average prices reports from 2016 year. Following this analogy, the IEF covers period from middle 2007 to middle 2015 (based on the HF reports of economic freedom from 2009 to 2016), while the price data are collected for specific year from 2008 to 2015. The period has been chosen because of the availability of data. All examined prices of goods were presented in a single currency - euro, while IEF is in range from 0 to 100 where the larger number represent the higher level of economic freedom. In the present study, panel data analysis approach was adopted for testing the effect of economic freedom on market prices of basic food products in V4 countries. Analysis included 10 independent and 10 dependent variables, presented and described in Table 1. Before performing panel analysis, it was calculated correlation coefficient in order to provide a priori (but not definite) information concerning the direction of the relationship between variables.

Panel data has two dimensions, combining cross-section and time-series form. Panel data in this research are strongly-balanced that consists of time-series observations (T=8) pertaining to countries (N=4). For the purpose of making a selection among three basic estimators (pooled ordinary least squares method – OLS, fixed effects model – FE and random effects model – RE) F test, Breusch and Pagan's LM test and Hausman test were used. A Hausman specification test was used in order to verify the choice of FE or RE model, while Breusch and Pagan Lagrangian multiplier test was employed in order to decide between RE or OLS model.

Table 1: Presentation and description of dependent and independent variables

Dependent variables		Independent variables	
Name/Label	Description	Name/Label	Description
Wheat flour Flour	Type: plain, white, all-purpose flour; Q: 750 - 1000g R.Q: 1000 g	Property rights F_PROP	Ability of individuals to accumulate private property, secured by laws fully enforced by the state.
Loaf of white bread Bread	Type: Made with min. 90 % wheat (white flour) Q: 400 - 800 g R.Q.: 1000 g	Freedom from corruption F_CORU	Assessment of the presence of corruption in business. Included corruption governmental, legal, judicial and administrative corruption.
Pork, cutlet ('escalope') Pork	Type: without bones, fresh (not frozen) R.Q.: 1000 g	Fiscal freedom F_FIS	Fiscal burden on economic activity through heavy taxation.
Whole chicken Chicken	Type: without head and feet, fresh (not frozen) R.Q.: 1 kg	Government spending F_GOV	Level of consumption by the state and all transfer payments related to various entitlement programs as a proportion of GDP.
Fresh milk, unskimmed Milk	Type: fresh (pasteurized); Fat content: - 2.8 - 4.0; Q: 0.8 - 1.5 l R. Q.: 1 l	Business freedom F_BUS	Individual's right and ability to freely conduct entrepreneurial activities.
Chicken eggs Eggs	Type: Class A; Size – L (large) Q: 6 - 12 eggs R.Q.: 10 eggs	Labor freedom F_LAB	Ability of workers and businesses to interact without restriction by the state.
Butter Butter	Type: not salted Q: 200 - 250 g R.Q.: 250 g	Monetary freedom F_MON	Stable inflation and market-determined prices.
Vegetable oil Oil	Type: for cooking; in bottle Q: 0.5 - 1 l R.Q.: 1 l	Trade freedom F_TR	The absence of tariff and non-tariff barriers that affect international trade in goods and services.

White sugar Sugar	Type: fine, granulated Q: approx. 1000 g R.Q.: 1000 g	Investment freedom F_INV	Free flow of capital in both domestic and international investment.
Coffee Coffee	Type: roasted, blend Q: 200 - 300g R.Q.: 1000 g	Financial freedom F_FIN	Ability of diversified savings, credit, payment and investment services to individuals and efficient financial intermediation.

Source: Eurostat's Detailed average prices reports for dependent variables and Chang, Kim and Kim (2015), according to Cebula (2011), Gassebner, Gaston and Lamla (2011) and Peláez (2009) for independent variables; Q – Quantity; R.Q. - Reference quantity;

EMPIRICAL RESULTS

Summary statistics of dependent variables was presented in Table 2, namely: number of observation, mean, standard deviation, minimum and maximum values.

Table 2: Descriptive statistics for dependent variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Flour	32	.4915625	.0860648	.32	.69
Bread	32	1.014375	.1722702	.71	1.27
Pork	32	4.141875	.61894	2.89	5.15
Chicken	32	2.344063	.3892247	1.64	2.97
Milk	32	.7596875	.1058143	.57	.96
Eggs	32	1.289063	.2976072	.92	2.14
Butter	32	1.58	.4000081	.86	2.25
Oil	32	1.599063	.2045666	1.3	2.06
Sugar	32	.8490625	.1744366	.53	1.21
Coffee	32	9.528125	1.571142	5.27	12.22

Source: Authors' calculations

Table 3 reports Pearson correlation coefficients among all independent variables. The correlation analysis is performed in order to identify the variables that are highly related to each other. Since there is no correlation that exceeds 0.80, it could be said that there is no multicollinearity. The correlation analysis between dependent and independent variables is presented in Table 4. Positive and significant correlations is found between fiscal freedom and dependent variables pork, oil and sugar (0.3900, 0.4682, 0.4014, respectively), as well as between business freedom and pork (0.4920), chicken (0.6694) and butter (0.6393). Highly positively correlated are investment freedom and pork (0.6247), chicken (0.7242), butter (0.6424) and coffee (0.4336). Pork, chicken and coffee also have positive correlation with financial freedom (0.4341, 0.4509, 0.3923 respectively). Negative correlation coefficients are found between independent variable property right and dependent variables bread (-0.6166) and eggs (-0.5004). Freedom from corruption also accomplish negative correlation with pork, chicken, milk, eggs, oil and sugar (-0.5111, -0.3753, -0.5272, -0.3766, -0.456, -0.6129, respectively). Government spending correlates negatively with flour (-0.3503) and labor freedom with bread (-0.5412), which also have negative correlation with financial freedom (-0.3835). Flour (-0.3750) and sugar (-0.3804) are in negative correlation with trade freedom.

Table 3: Correlation coefficient between sub-indexes of Index of economic freedom²

	F_PROP	F_CORU	F_FIS	F_GOV	F_BUS	F_LAB	F_MON	F_TR	F_INV	F_FIN
F_PROP	1.0000	0.2486	0.5216	0.0195	0.5172	0.0001	0.4391	0.8127	0.4053	0.0005
F_CORU	0.2100	1.0000	0.1345	0.1462	0.8167	0.3252	0.5969	0.1650	0.7986	0.9471
F_FIS	-0.1176	-0.2704	1.0000	0.0009	0.4300	0.1023	0.0489	0.3397	0.0997	0.0037
F_GOV	-0.4109	-0.2628	0.5578	1.0000	0.0287	0.5447	0.2080	0.6917	0.6739	0.9470
F_BUS	0.1188	0.0426	0.1445	-0.3868	1.0000	0.5654	0.0620	0.5349	0.0007	0.2855
F_LAB	0.6235	-0.1796	0.2941	-0.1112	0.1055	1.0000	0.7426	0.4940	0.3630	0.0000
F_MON	-0.1417	0.0971	0.3510	0.2287	-0.3337	0.0604	1.0000	0.2554	0.8902	0.3595
F_TR	-0.0436	0.2515	0.1744	0.0729	0.1139	-0.1254	0.2071	1.0000	0.0445	0.5970
F_INV	0.1523	-0.0470	0.2963	-0.0774	0.5679	0.1663	0.0254	0.3576	1.0000	0.0056
F_FIN	0.5768	-0.0122	0.4983	0.0122	0.1947	0.7220	0.1675	0.0971	0.4784	1.0000

Source: Authors' calculations

Table 4: Correlation coefficient between independent and dependent variables³

	F_PRO P	F_COR U	F_FIS	F_GOV	F_BUS	F_LAB	F_MO N	F_TR	F_INV	F_FIN
Flour	0.1670	0.0995	-0.2467	-0.3503	-0.0495	-0.2466	-0.0946	-0.3750	-0.1540	-0.2685
	0.3611	0.5878	0.1735	0.0494	0.7881	0.1737	0.6066	0.0345	0.3999	0.1374
Bread	-0.6166	-0.2506	0.2837	0.5392	0.0635	-0.5412	-0.0170	-0.1642	0.0913	-0.3835
	0.0002	0.1666	0.1155	0.0015	0.7297	0.0014	0.9265	0.3693	0.6191	0.0302
Pork	-0.0143	-0.5111	0.3900	-0.0499	0.4920	0.3366	-0.1765	-0.2845	0.6247	0.4341
	0.9379	0.0028	0.0273	0.7863	0.0042	0.0596	0.3338	0.1146	0.0001	0.0131
Chicken	0.1493	-0.3753	0.242	-0.3191	0.6694	0.3366	-0.2167	-0.1109	0.7242	0.4509
	0.4147	0.0343	0.1821	0.075	0	0.0596	0.2336	0.5458	0	0.0096
Milk	-0.0973	-0.5272	0.1795	-0.1018	0.1913	-0.026	-0.0525	-0.1556	0.5411	0.1308
	0.5963	0.0019	0.3257	0.5795	0.2943	0.8875	0.7754	0.3952	0.0014	0.4756
Eggs	-0.5004	-0.3766	0.2098	0.3499	-0.0066	-0.4277	-0.0939	0.0945	0.3177	-0.172
	0.0035	0.0336	0.2491	0.0496	0.9715	0.0146	0.6093	0.6071	0.0764	0.3467
Butter	-0.3359	-0.2748	0.1193	-0.2188	0.6393	-0.2293	-0.1635	0.0511	0.6424	-0.0715
	0.0602	0.128	0.5154	0.2288	0.0001	0.2068	0.3713	0.7813	0.0001	0.6974
Oil	-0.3003	-0.456	0.4682	0.3438	0.2817	-0.1517	-0.1145	-0.0185	0.2357	-0.056
	0.095	0.0087	0.0069	0.054	0.1183	0.4072	0.5326	0.9199	0.194	0.7609
Sugar	-0.06	-0.6129	0.2945	0.0446	0.2221	0.0473	-0.2805	-0.3804	0.061	0.0042
	0.7445	0.0002	0.1018	0.8083	0.2218	0.797	0.12	0.0317	0.7403	0.9819
Coffee	0.1947	-0.2765	0.4014	0.1813	-0.0731	0.1698	0.221	0.093	0.4336	0.3923
	0.2856	0.1255	0.0228	0.3207	0.6911	0.3529	0.2242	0.6129	0.0132	0.0264

Source: Authors' calculations

² In Table 3, p-values are represented by the upper triangular matrix while the correlation coefficients are presented in the lower triangular matrix.

³ In Table 4, correlation coefficients between variables are in upper row while p-values are placed in second row for each variable.

In next section data will be analyzed by using an econometric panel data model. An appropriate way of carrying out evaluation of price determinants for Flour, Milk, Eggs, Butter, Oil and Sugar was pooled ordinary least squares method (OLS) according to LM test, while Hausman specification test results have indicated fixed effects model (FE) for the variable Bread, Pork, Chicken and Coffee (Table 5).

Table 5: Hausman test and LM test

Model	Dependent Variable	Hausman test		Models for the panel analysis	LM test		Models for the panel analysis
		chi2 (10)	Prob > chi2		chibar2 (01)	Prob > chibar2	
Model 1	Flour	15.97	0.1005	Random	0.00	1.0000	OLS
Model 2	Bread	26.77	0.0028	Fixed	/	/	Fixed
Model 3	Pork	19.24	0.0373	Fixed	/	/	Fixed
Model 4	Chicken	56.83	0.0000	Fixed	/	/	Fixed
Model 5	Milk	3.19	0.9765	Random	0.00	1.0000	OLS
Model 6	Eggs	12.94	0.2271	Random	0.00	1.0000	OLS
Model 7	Butter	15.85	0.1039	Random	0.00	1.0000	OLS
Model 8	Oil	11.34	0.3319	Random	0.00	1.0000	OLS
Model 9	Sugar	7.66	0.6624	Random	0.00	1.0000	OLS
Model 10	Coffee	23.27	0.0098	Fixed	/	/	Fixed

Source: Authors' calculations

The panel data models for analyzing the effect of economic freedom on price of chosen basic food products in V4 countries are presented in following tables (from Table 6 to Table 15). Regressions are computed using the OLS and FE techniques. For all models, the coefficients F-statistics indicating (in) significance of the coefficient at 5%.

Table 6: Model 1 (OLS) – dependent variable Flour

Flour	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.0067503	.002343	2.88	0.009	.0018776	.0116229
F_CORU	.0006281	.002981	0.21	0.835	-.0055713	.0068274
F_FIS	.0134391	.0049838	2.70	0.014	.0030748	.0238033
F_GOV	-.0045295	.0017083	-2.65	0.015	-.0080821	-.0009769
F_BUS	-.0058498	.003501	-1.67	0.110	-.0131305	.0014309
F_LAB	-.0058185	.0024136	-2.41	0.025	-.0108378	-.0007992
F_MON	-.0004888	.0048607	-0.10	0.921	-.0105972	.0096196
F_TR	-.0603535	.0192095	-3.14	0.005	-.1003019	-.0204052
F_INV	.0041416	.0033831	1.22	0.234	-.002894	.0111772
F_FIN	-.0083369	.0041114	-2.03	0.055	-.016887	.0002131
_cons	5.587407	1.586109	3.52	0.002	2.288912	8.885902
F (10, 21) = 3.46		Prob > F = 0.0079			R ² = 0.6224 AdjR ² = 0.4426	

Source: Authors' calculations

According to the F test, Model 1 (Table 6) fits the data ($F=3.46$ and $p<0.0079$). R^2 is 0.4426, which means that this model covers 44.26% of the variance of the dependent variable Flour. The variables F_PROP, F_FIS, F_GOV, F_LAB and F_TR contribute significantly to this model ($p = 0.009, 0.014, 0.015, 0.025, 0.005$ respectively), although F_GOV, F_LAB and F_TR have negative impact.

Table 7 presents regression computed by OLS technique, where dependent variable is Bread. Model 2 covers 69.88% of the variance of the dependent variable Bread (R^2 between = 0.6988).⁴ Only F_PROP ($p=0.047$) positively and F_TR ($p=0.037$) negatively influence the dependent variable Bread.

⁴ Since the regression model explains a much larger part of the variation in prices between countries, it is presented the value of R^2 (between).

Table 7: Model 2 (FE) – dependent variable Bread

Bread	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.00769	.0036134	2.13	0.047	.0000986	.0152814
F_CORU	-.0029501	.0035675	-0.83	0.419	-.0104452	.004545
F_FIS	.0096733	.0050839	1.90	0.073	-.0010075	.0203541
F_GOV	-.0051429	.0034614	-1.49	0.155	-.0124151	.0021293
F_BUS	-.0059361	.0071437	-0.83	0.417	-.0209444	.0090722
F_LAB	-.001907	.0027878	-0.68	0.503	-.0077639	.0039499
F_MON	.0024577	.0048695	0.50	0.620	-.0077727	.012688
F_TR	-.0491725	.0218706	-2.25	0.037	-.0951209	-.0032242
F_INV	.0026051	.0040451	0.64	0.528	-.0058934	.0111036
F_FIN	.0081836	.0074139	1.10	0.284	-.0073924	.0237596
_cons	4.020764	1.856103	2.17	0.044	.1212356	7.920293
F (3, 18) = 8.35		Prob > F = 0.0011			R ² (within) = 0.5862 R ² (between) = 0.6988	

Source: Authors' calculations

Examination of the impact to price of pork is presented in Model 3 (Table 8). The explanatory power of the Model 3 is 84.30% (R² within). Variable Pork depends positively and statistical significantly from independents F_FIS (p=0.018) and F_INV (p=0.000), and have strong negative effects from F_TR (p=0.000) but also from F_GOV (p=0.007) and F_MON (p=0.010).

Fixed effect Model 4 has much larger part of the variation in prices within countries, so the value of R² (within) is 0.8248 meaning that model covers 82.48% of the variance of the dependent variable Chicken (Table 9).

Table 8: Model 3 (FE) – dependent variable Pork

Pork	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	-.0150151	.0086707	-1.73	0.100	-.0332316	.0032014
F_CORU	-.0113215	.0085607	-1.32	0.203	-.029307	.0066639
F_FIS	.0317603	.0121994	2.60	0.018	.0061302	.0573903
F_GOV	-.02534	.0083062	-3.05	0.007	-.0427906	-.0078894
F_BUS	-.017519	.0171422	-1.02	0.320	-.0535334	.0184953
F_LAB	.0095093	.0066896	1.42	0.172	-.004545	.0235637
F_MON	-.0334391	.0116849	-2.86	0.010	-.0579882	-.00889
F_TR	-.3266842	.0524812	-6.22	0.000	-.4369431	-.2164253
F_INV	.0524479	.0097068	5.40	0.000	.0320546	.0728411
F_FIN	.0005337	.0177905	0.03	0.976	-.0368428	.0379103
_cons	32.09683	4.453955	7.21	0.000	22.73942	41.45424
F (3, 18) = 5.74		Prob > F = 0.0061			R ² (within) = 0.8430 R ² (between) = 0.7526	

Source: Authors' calculations

Dependent variables F_FIS (p=0.018), and F_INV (p=0.000) are found to have a significantly positive effect on Chicken, while F_CORU, F_GOV, F_BUS, F_MON and F_TR (p = 0.012, 0.017, 0.011, 0.046, 0.005, respectively) is showing negative relationship with defendant variable (Table 9).

Table 9: Model 4 (FE) – dependent variable Chicken

Chicken	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.0068494	.0044193	1.55	0.139	-.0024353	.016134
F_CORU	-.0121786	.0043633	-2.79	0.012	-.0213455	-.0030118
F_FIS	.0161901	.0062178	2.60	0.018	.0031269	.0292533
F_GOV	-.011112	.0042335	-2.62	0.017	-.0200063	-.0022177
F_BUS	-.0247519	.0087371	-2.83	0.011	-.0431078	-.006396
F_LAB	.0039534	.0034096	1.16	0.261	-.0032099	.0111166
F_MON	-.0127403	.0059556	-2.14	0.046	-.0252526	-.0002281
F_TR	-.0844432	.0267488	-3.16	0.005	-.1406402	-.0282461
F_INV	.0255508	.0049474	5.16	0.000	.0151568	.0359449
F_FIN	.0161043	.0090675	1.78	0.093	-.0029459	.0351545
_cons	8.569364	2.270104	3.77	0.001	3.800052	13.33868
F (3, 18) = 13.81		Prob > F = 0.0001			R ² (within) = 0.8248 R ² (between) = 0.3125	

Source: Authors' calculations

Model 5 (Table 10) fits the data ($F=9.36$ and $p<0.0000$) and it covers 81.68% of the variance of the dependent variable Milk. As in previous model (4), only F_FIS ($p=0.021$) and F_INV ($p=0.000$) are found to have a significantly positive impact on dependent variable Milk, while F_CORU , F_GOV , F_BUS , F_TR and this time F_LAB is showing negative relationship with dependent variable ($p=0.001$, 0.001 , 0.004 , 0.006 , 0.040 , respectively).

Table 10: Model 5 (OLS) – dependent variable Milk

Milk	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	-.0004236	.0020064	-0.21	0.835	-.0045962	.003749
F_CORU	-.0099716	.0025527	-3.91	0.001	-.0152803	-.0046628
F_FIS	.0106605	.0042678	2.50	0.021	.0017852	.0195358
F_GOV	-.0056318	.0014629	-3.85	0.001	-.008674	-.0025896
F_BUS	-.0096266	.002998	-3.21	0.004	-.0158614	-.0033919
F_LAB	-.0045234	.0020668	-2.19	0.040	-.0088216	-.0002252
F_MON	-.0043118	.0041624	-1.04	0.312	-.012968	.0043444
F_TR	-.049857	.0164498	-3.03	0.006	-.0840664	-.0156477
F_INV	.016383	.0028971	5.65	0.000	.0103581	.0224079
F_FIN	-.0011603	.0035207	-0.33	0.745	-.008482	.0061615
_cons	5.240542	1.358248	3.86	0.001	2.415912	8.065173
F (10, 21) = 9.36		Prob > F = 0.0000			R ² = 0.8168 Adj R ² = 0.7296	

Source: Authors' calculations

The explanatory power of the Model 6 (Table 11) is 72.96%, and it fits the data ($F=4.17$ and $p<0.0028$). In model 6, F_INV have positive and statistically significant coefficients ($p=0.010$), F_LAB has negative effect on dependent variable Eggs ($p=0.049$), while other variables are not significant throughout specification.

Table 11: Model 6 (OLS) – dependent variable Eggs

Eggs	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	-.0086634	.0076279	-1.14	0.269	-.0245266	.0071997
F_CORU	-.0160512	.0097048	-1.65	0.113	-.0362335	.004131
F_FIS	.017477	.0162249	1.08	0.294	-.0162645	.0512186
F_GOV	-.0017675	.0055614	-0.32	0.754	-.0133331	.0097982
F_BUS	-.0209177	.0113977	-1.84	0.081	-.0446204	.0027851
F_LAB	-.0164407	.0078575	-2.09	0.049	-.0327814	-.0001001
F_MON	-.0279989	.0158243	-1.77	0.091	-.0609074	.0049096
F_TR	-.0221287	.0625377	-0.35	0.727	-.1521829	.1079255
F_INV	.0311984	.011014	2.83	0.010	.0082935	.0541032
F_FIN	.0017209	.0133848	0.13	0.899	-.0261142	.0295561
_cons	5.628304	5.163674	1.09	0.288	-5.110145	16.36675
F (10, 21) = 4.17		Prob > F = 0.0028			R ² = 0.6653 Adj R ² = 0.5060	

Source: Authors' calculations

Four sub-indexes have shown significant impact on dependent variable Butter (Table 12). That are F_PROP (p= 0.006), F_CORU (p=0.034), F_GOV (p=0.003) and F_INV (p=0.000), but just last one has positive influence. Model 7 fits the data (F=17.0 and p<0.0000) and the explanatory power of the model is high 83.77%.

Table 12: Model 7 (OLS) – dependent variable Butter

Butter	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	-.0178518	.0058765	-3.04	0.006	-.0300726	-.005631
F_CORU	-.0169048	.0074765	-2.26	0.034	-.0324529	-.0013566
F_FIS	.018222	.0124995	1.46	0.160	-.0077721	.0442161
F_GOV	-.0144229	.0042845	-3.37	0.003	-.023333	-.0055129
F_BUS	.0114567	.0087806	1.30	0.206	-.0068037	.029717
F_LAB	-.0080958	.0060534	-1.34	0.195	-.0206844	.0044928
F_MON	-.0081127	.0121909	-0.67	0.513	-.033465	.0172396
F_TR	-.0954486	.0481783	-1.98	0.061	-.195641	.0047438
F_INV	.0479047	.0084851	5.65	0.000	.0302591	.0655503
F_FIN	-.0098287	.0103115	-0.95	0.351	-.0312726	.0116152
_cons	8.617843	3.978039	2.17	0.042	.3450578	16.89063
F (10,21) = 17.00		Prob > F = 0.0000			R ² = 0.8900 Adj R ² = 0.8377	

Source: Authors' calculations

Just two sub-indexes have statistically significant coefficients: F_CORU (p=0.073) and F_FIS (p=0.062) in relationship with the dependent variable Oil. Model 8 (Table 13) fits the data (F=2.87 and p<0.0200), but the explanatory power of the model is rather small 37.66%.

Table 13: Model 8 (OLS) – dependent variable Oil

Oil	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.0044764	.0058898	0.76	0.456	-.007772	.0167249
F_CORU	-.0141199	.0074934	-1.88	0.073	-.0297034	.0014635
F_FIS	.0247471	.0125278	1.98	0.062	-.0013059	.0508001
F_GOV	.00207	.0042942	0.48	0.635	-.0068602	.0110002
F_BUS	.0076803	.0088005	0.87	0.393	-.0106215	.025982
F_LAB	-.0074306	.0060671	-1.22	0.234	-.0200478	.0051865
F_MON	-.0076034	.0122185	-0.62	0.540	-.0330132	.0178064
F_TR	-.0265725	.0482875	-0.55	0.588	-.1269919	.073847
F_INV	.0053113	.0085043	0.62	0.539	-.0123744	.0229969
F_FIN	-.0103213	.0103348	-1.00	0.329	-.0318138	.0111711
_cons	3.225921	3.987054	0.81	0.428	-5.065612	11.51745
F (10, 21) = 2.87		Prob > F = 0.0200			R ² = 0.5777 Adj R ² = 0.3766	

Source: Authors' calculations

In Table 14 is presented Model 9 that examines impact of 10 sub-indexes on the dependent variable Sugar. While F test shows that model fits the data (F = 4.31 and p<0.0023), the model covers 51.60% of the variance of the dependent variable Sugar. Variables F_CORU and F_TR have negative sign, while F_FIS positively impact on dependent variable.

Table 14: Model 9 (OLS) – dependent variable Sugar

Sugar	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.0056758	.0044251	1.28	0.214	-.0035268	.0148784
F_CORU	-.0185983	.00563	-3.30	0.003	-.0303065	-.0068901
F_FIS	.0265049	.0094125	2.82	0.010	.0069306	.0460792
F_GOV	-.0048851	.0032263	-1.51	0.145	-.0115946	.0018244
F_BUS	-.0002884	.0066121	-0.04	0.966	-.0140389	.0134622
F_LAB	-.0071041	.0045583	-1.56	0.134	-.0165837	.0023755
F_MON	-.0132496	.0091801	-1.44	0.164	-.0323406	.0058414
F_TR	-.0792955	.0362796	-2.19	0.040	-.1547431	-.003848
F_INV	.0013419	.0063895	0.21	0.836	-.0119458	.0146295
F_FIN	-.0058605	.0077648	-0.75	0.459	-.0220083	.0102874
_cons	8.335299	2.995572	2.78	0.011	2.105667	14.56493
F (10, 21) = 4.31		Prob > F = 0.0023			R ² = 0.6721 Adj R ² = 0.5160	

Source: Authors' calculations

The last one, Model 10, shows positive and significant effect of four elements of economic freedom on dependent variable Coffee (F_PROP, F_FIS, F_INV and F_FIN), and three sub-indexes (F_CORU, F_GOV and F_BUS) affect it negatively (Table 15). The model with the greater R-squared value is „within“, so it covers 75.65% of the variance of the dependent variable Coffee.

Table 15: Model 10 (FE) – dependent variable Coffee

Coffee	Coef.	Std. Err.	t	P> t	95% Conf. Interval	
F_PROP	.1511996	.052992	2.85	0.011	.0398676	.2625315
F_CORU	-.1759892	.0523198	-3.36	0.003	-.2859089	-.0660694
F_FIS	.204833	.074558	2.75	0.013	.0481926	.3614735
F_GOV	-.1308874	.0507639	-2.58	0.019	-.2375383	-.0242364
F_BUS	-.311204	.1047661	-2.97	0.008	-.5313094	-.0910987
F_LAB	.0259248	.0408842	0.63	0.534	-.0599698	.1118193
F_MON	.0003736	.0714135	0.01	0.996	-.1496605	.1504077
F_TR	.2089335	.3207441	0.65	0.523	-.4649248	.8827918
F_INV	.1274308	.0593241	2.15	0.046	.0027955	.2520661
F_FIN	.3432781	.1087287	3.16	0.005	.1148476	.5717085
_cons	-33.53672	27.22079	-1.23	0.234	-90.72548	23.65203
F (3, 18) = 7.16		Prob > F = 0.0023			R ² (within) = 0.7565 R ² (between) = 0.3429	

Source: Authors' calculations

DISCUSSION AND CONCLUSION

In this study, the effect of economic freedom on market prices of basic food products was tested for four Visegrad Group countries over the period from middle 2007 to middle 2015 by utilizing panel data. Carried out based on index of economic freedom by Heritage foundation, the fixed effects model and pooled ordinary least squares estimation coefficients exhibit different signs and the variables are not significant in all models regressions.

While protection of property rights showed different effects, the increase of freedom from corruption would lower the price of food products (and vice versa), what already has been indicated from the correlation analysis. Confirming the results of the correlation analysis, fiscal freedom has shown to have a significant positive effect on most food products. This result was expected, considering that lower taxes burden means lower prices of goods. The second element of the pillar government size, government spending, was found to have negative impact on prices of six products. The high level of government spending, that is characteristic of all V4 countries, means a lower level of economic freedom that is shown to affect negatively on prices of basic food products. In both analysis, correlative and panel, elements of the pillar regulatory efficiency, did not show statistically significant results. One sub-index of that pillar – monetary freedom, has indicate to have negative and statistical significant effects on prices of meat, meaning that rise of monetary freedom affect prices of meat to go down. This is not surprise at all, considering that lack of monetary freedom means price control by the state including subsidies that lower prices. Trade freedom has negative sign in regressions with prices of six food products. This means that openness of market and absence of tariff and non-tariff barriers are foundation of Visegrad and European Union are manifested in drop of the prices of most of food products in grouped counties. On the other hand, investment freedom accomplish positive effect on prices of six food products, meaning that rise of investment freedom leads to higher prices in V4 countries. To conclude, most susceptible to different (positive and negative) impact of economic freedom are chicken, milk and coffee (seven elements of economic freedom affects them).

In the scientific community, it is (still) a big dilemma whether economic freedom is positive or negative category. This requires more research in order to prove and provide relevant evidence of impact of economic freedom especially on the microeconomic indicators.

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ORIGINAL SCIENTIFIC PAPER

COUNTRY POSITIONING WITH ICT -A CASE STUDY OF “E-STONIA”¹

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ABSTRACT

Several country branding organizations have been established over the last few years, and such organizations have been created in almost all countries. Although a lot of countries have started to brand themselves around the world, only a few of them have achieved breakthrough success. The essence of branding is distinction, but only a few countries have managed to actually position themselves, and present the features that distinguish them from others. However, there are some good examples. One of these countries is Estonia which in the early 2000s decided to become an “e-country”, i.e. a digital society. The leaders of the country even considered changing the name to E-stonia. Although the

¹ The publication has been created in the Budapest Metropolitan University subproject “*Versenyképesség a köz szolgálatában*” (“*Competitiveness in public service*”) in the framework of the project *A jó kormányzást megalapozó közszolgálat-fejlesztés* (Public Service Development Establishing Good Governance) within the *Közigazgatás- és Közszolgáltatás-fejlesztési Operatív Program* (Public Administration and Public Services Development Operative Programme), KÖFOP-2.1.2.-VEKOP-15, coordinated by the National University of Public Service.

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official name of the country remained the same, and the hyphen was not included in the English name, that "E" has become a dominant factor in people's life: essentially all communication and developments are connected with electronics and information technology. As surprising as it may seem, there is also a chance that the concept will enable the country to increase the number of its residents to 10 million within a decade (compared to the current population of 1.3 million).

Keywords: *country branding, marketing, positioning, ICT, Estonia, case study*

JEL classification: *M300, O300, O330*

THE INCREASING IMPORTANCE OF COUNTRY BRANDING

In recent years, country image centres and country brand councils have been created all over Europe and the world. Their role is the same everywhere: to position the country, that is, to distinguish the country from its "competitors", create a uniform brand strategy, and harmonize various messages about the country.

Several sources state that Simon Anholt was the first who put the concepts of "nation brand" on paper in 1996, when, according to his own account, he was getting bored with spending his life making already rich companies a little bit richer (Rendon 2003) Therefore Anholt, having been engaged in the marketing of multinational companies (Coca-Cola, Nescafé), decided to start a completely new venture: he decided to specialize in this area. It does not mean that the theory or practice of nation branding (country branding) had been an overlooked topic before 1996, but its name was different at the time.

In 1993, a textbook on place marketing was published, which also dealt with countries: "Marketing Places: Attracting Investment, Industry, and Tourism to Cities, States and Nations". whose most important author was who else than Philip Kotler. However, if we take a broader perspective, national identity had always been mentioned in political geography, international relations, political science, cultural anthropology, social psychology, political philosophy, international law, sociology and historical science. Rather interestingly, university marketing experts and researchers had not devoted their attention to country brands, but brands from specific countries, that is, the "country of origin effect". For example, Papadopoulos and Heslop (2002) counted 766 significant CoO-effect publications from the previous 50 years, but also pointed out that there had not been appropriate surveys on the image of individual countries.

The great breakthrough was achieved by the Journal of Brand Management, which devoted a special issue to "nation branding" in 2002 (see Anholt 2002), with the publications of renowned authors such Philip Kotler, David Gertner, Nicolas Papadopoulos, Louise Heslop, Wally Olins, Fiona Gilmore and Creenagh Lodge. In

November 2004, a separate academic journal named Place Branding was launched—today it is also called Place Branding and Public Diplomacy. Several books followed: Simon Anholt wrote three books, *Brand New Justice* (2005), *Competitive Identity* (2007), and *Brand America* (2004) co-written with Jeremy Hildreth. In 2008 a more "academic" book titled *Nation Branding* was published, edited by Keith Dinnie. The field has also developed dynamically ever since, and books focusing on Central and Eastern Europe have also been published, for example "Branding Post-Communist Nations: Marketizing National Identities in the "New" Europe" edited by Nadia Kaneva, published in 2014.

Why do we need country branding or nation branding anyway? Mostly because "Nowadays nations are in fierce competition with each other in several fields including investments, export, and tourism. This is a new phenomenon. In the course of history, tourism has not been of great importance, investments have been limited to a relative narrow range of companies, and the export has covered generally only those national products which have been transported for a long time to the traditionally formed markets. Globalisation has reshaped the rules of the game here as well", Olins says (2004, p. 176). Yes, the struggle of countries is much more multifaceted than it was about 100 years ago. Meanwhile, the number of countries significantly increased, and – from an economic point of view – we can say that an increasing number of competitors appeared in the market. While the United Nations had 51 member states in 1945, their number is 193 today! (<http://www.un.org/en/sections/about-un/overview/index.html> 2017).

If we do not only mention the increase in the number of countries, but also consider that:

- democracy is gaining ground worldwide, which makes the work of governments more transparent,
- the role of international media is increasing, which also increases transparency: people are more well-informed than ever,
- travel costs are decreasing, while purchasing power is increasing,
- investment in other countries is becoming easier, you can "outsource" several activities,
- specific products may come from any countries worldwide,
- the demand for "brains", the most qualified workforce is increasing; moreover, countries are also competing for students,
- certain international organizations provide resources for states that are in need and "lobby" appropriately,
- mass media, telecommunications, and internet created the global village: we may receive a lot of information about a place immediately with a Google search,
- therefore borders disappear in a sense; the expressions "foreign country" and "foreigner" lose their meaning; everything is like visiting our neighbours in the neighbourhood...(Papp-Váry 2009)

We can also say that there is a new era in the competition of nations. Although military clashes are still common in certain regions of the world, in most places warfare is not carried on through traditional weapons, but tools of marketing (van Ham 2002b). The battlefield is no else than the mind of consumers. (Ries - Trout 1997).

This is the scene where each country tries to gain dominance and occupy as much area as possible, because this means tourists, investors, and more consumers purchasing the products of the country. Anholt and Hildreth (2004), Plavsak (2004), Vicente (2004), and Anholt (2005) call countries with a brand a "soft power", as opposed to previously established, revulsive "hard power" which is based on authority and violence. Therefore it is no accident that countries take over well-established global corporate strategies, because 51 of the 100 strongest economies in the world are not countries, but companies (Lindsay 2000, Wint - Wells 2000, Kyriacou - Cromwell 2001, Gilmore 2002). This is why they start to use country marketing and country branding.

THE AIMS OF COUNTRY BRANDING

The primary aims of country branding are economic. The three main ideas are:

1. The promotion of tourism, and the attraction of tourists to the specific country.
2. The encouragement of investment coming in the country.
3. The development of export, and improved sales of the country's products on foreign markets.

Now let us examine these in a little more detail.

THE PROMOTION OF TOURISM

This is perhaps the most obvious aspect "because – in most cases – an attractive image of the country is the first step when choosing a destination" (see "Eladni az országot", Kreatív 2001). Therefore many people identify country branding with advertisements for foreign tourists (see Anholt 2005a, and Jenes 2005). Nevertheless, the system and aims of country branding and country image building are much more complex. This is also reflected in the expressions used in professional literature: the term "destination branding" used in tourism is part of "country branding" or, in an even broader sense, "place branding" (Anholt 2005b, p. 118.).

In fact, the industry of peace is increasing by 9% each year (Olins 2004a, p. 178.), and according to the World Travel Tourism Council (WTTC) it already produces 12 per cent of the world's GDP. A report by WTO says that 898 million people travelled to another country in 2007, and the number of people visiting other places in the world may be doubled by 2020. For many countries, tourism is actually the only way to rise. (For further statistics and contexts see: Kotler and Gertner 2004, WTO 2008).

Economically speaking, we have to point out that the most important aspect is not the number of tourists, but the amount of money they spend in the country. If a

country is not only cheap, but can also develop into a real consumer brand "*laying greater emphasis on its art, culture, history, cuisine, architecture, landscape, and all other unique aspects*", it may result in less tourists visiting the country, but "*people coming here will spend more money*" (Olins 2004a, p. 179.).

As 70% of inbound tourism is divided among 15 countries, the other countries are in tough competition for the remaining 30%. Therefore branding is (also) essential for them: instead of an "outspend" strategy, that is, spending more than their competitors (what most of them are incapable of) they must use an "outsmart" strategy (Anholt 2005a, p. 88., Vicente 2004, p. 20.). One of the most useful promotion tools is the Internet, which provides global exposure for all countries at low costs (see Morgan, Pritchard and Pride 2004, p. 8.).

THE ENCOURAGEMENT OF INVESTMENT

Foreign investments also play an extremely important role in the rise of a country. It can also be clearly seen that this is all closely connected with branding, because "*an economy can only develop if investors arrive, but investors only arrive if they have a view of the country.*", says Olins (2004a, p. 183.).

It is no wonder that the World Bank publishes a 200-page guideline study each year (Marketing a Country: Promotion as a tool for attracting foreign investment), and the United States of America has also been publishing a similar publication titled Investment Promotion for quite a while. However, as Papadopoulos and Heslop point out (2002), only a few scientific publications have discussed the context between the country image/brand and decisions on foreign investments.

This would also be important, because, as Van Ham says (2002a, p. 5.), "*The emerging brand states of Europe realize that they all offer the same "product": territory, infrastructure, educated people, and an almost identical system of governance. Assertive branding is essential to stand out from the crowd.*" Communications plays an extremely important role in the presentation of the brand as described above. As Burgess (1982) says (quoted by Ashworth and Voogd 1997, p. 233.), "*the most important factor in installation is the quality and nature of information about the areas in question*".

THE DEVELOPMENT OF EXPORT

The most popular topic of professional literature, mentioned several times as country of origin effect, country of origin image, or made-in label. This is a field with a close connection between country brands and traditional commercial brands. Here and now it is worth to highlight that there are countries where the connection is clear: Coca-Cola and Nike are American, and Mercedes is German.

"At the same time, there are several big and well-known countries with which we cannot associate any brands, for example, Canada, Turkey or Brazil, although these

countries have considerable manufacturing industry, export a significant amount of goods, and are present on the international services market.” (Olins 2004a, p. 178.).

COORDINATION

If we examine the aims mentioned above, we may note that there is a "country branding" organization for all these purposes in each country. However, the root of the problem is that there is no central organization that would coordinate the activities mentioned above.

It can best be illustrated by the example of crabs caught from the sea. Fishermen have known for several hundred years that they can put crabs into an open basket, and leave them on the ship or the seashore. Although the crabs could crawl out with a little help from each other, they try to get out individually, and never manage to escape.

Some countries have already noticed this. For example, in Scotland, an umbrella organization called Scotland the Brand was created with the cooperation of the Scottish Tourist Board and the marketing organization responsible for international commerce (Scottish Trade International, a division of Scottish Enterprise) (See Baker and Ballington, 2002, p. 164-166.). Later the campaign itself also used this name (see a writing by Vicente (2004, p. 11.) and the www.scotlandthebrand.com website). Latvia also created a similar organization, the Latvian Institute, and (had it been created) the Country Brand Council of Hungary would also have had a coordinating role.

Nevertheless, these organizations also have difficulties with resolving a few contradictions. For example, each group may have a different view of the country image. One of the most important differences is that a country can be 'sold' to tourists with rural, old-fashioned, traditional photos, but investors look for an emphasis on high-tech, youth and dynamism.

Anyway, as Olins (2001) points out, you do not have to communicate something else, but the same thing a little differently. (*"You don't say different things, you say things a bit differently"*).

FURTHER BENEFITS

But let us return to aims. The Hungarian and international professional literature touches upon the fact that the above-mentioned three aims do not only stand up to scrutiny in an international sense.

The primary aims of country branding can also be interpreted in a domestic sense:

- The promotion of tourism also includes domestic tourism. The more attractive our own image of the country is, the more likely we will travel domestically.
- Investments can also be interpreted in a sense that national enterprises should stay in the country, and not relocate their seat and capacities, for example, to a neighbouring country. As Anholt (2005a, p. 85.), Papadopoulos and Heslop point out (2002, p. 302.), in several places foreign enterprises enjoy greater

benefits than domestic ones. This is not necessarily a good strategy in the long run.

- The sales of a country's products should not only be increased in the international market, but domestically as well. There are two extremes in this regard: while Jaffe and Nebenzahl (2001) think that these campaigns are rarely effective, Baker and Ballington (2002) strongly claim that the "Buy Domestic" attitude does not only develop the domestic market, but these brands gain momentum, and, having become stronger, achieve international success.

It is also important to point out that although the most important aims of country branding are economic, good country brands may have other additional effects. The international professional literature usually mentions two of these aspects.

A GREATER ROLE IN INTERNATIONAL ORGANIZATIONS AND FOREIGN POLICY

Several authors do not include this point in the aims (and results) of country branding, because they think that this depends more on the size of the country and the population, economic recognition, etc. However though, there is a noticeable connection between the two: the perception of the country (that is, the brand image) may play a significant role in the accession to international organizations. "*The creation of a brand is not only desired from an economic point of view. It also has significant political and strategic implications that even affect the pace of NATO and EU enlargement.*" – says van Ham (2002a, p. 5.).

IMPROVING THE WELL-BEING OF CITIZENS

This is an aspect that many people forget, although it may be the most important one: people living in a country should be proud of the country and feel great there. In this context, some authors go as far as to state that if people are involved in the branding process, it "*promotes the development of social dialogue*" (Ashworth and Voogd 1997, p. 78.), increases "*internal social national cohesion*" (Demos 2006), and strengthens democracy itself (Kyriacou and Cromwell 2001a).

POSITIONING: HOW TO BE DIFFERENT

Positioning is perhaps the most frequently mentioned idea in connection with branding, whose point is to define how the brand is unique among others. Many people think that this means a definition of qualities different from rivals, but the real aim of positioning is to create a situation where the brand has no rival, it is the "only one"(Papp-Váry 2013)

In order to achieve this, brands must affect the ideas in consumers' minds first. As the subtitle of the book "Positioning" by Ries and Trout says, it is "The battle for your mind". The influence of the book is represented by the fact that the book finished in the first position by a wide margin in a readers' poll organized by Advertising Age, the most famous advertising magazine in the world – in 2009, the magazine asked readers about the most influential marketing and media book of all time. Ries and Trout explained significant ideas such as (1997, p.29.): „To succeed in our over-communicated society, a company must create a “position” in the prospect’s mind. A position that takes into consideration not only its own strength and weaknesses, but those of its competitors as well.”

The adaptation of this idea for places, and, in this case, countries, means that positioning greatly depends on the following three aspects:

- 1) What is the strength, or what are the strengths of the specific country?
- 2) What do "customers" need? What is the sensible advantage for locals, tourists, investors and other stakeholders?
- 3) What is the positioning of competitors, that is, other countries? What do they communicate as their competitive advantage? (Our country must be different, or, at least, say something different.)

Good positioning can be characterized by the following attributes (Papp-Váry 2011):

- 1) It distinguishes: Many countries fall in the trap that they look at what others do, and copy them. This is the so-called "me too" way of thinking, although you have to be different: this is the way a country can become a focus of attention, increase the number of tourists and investors, raise media interest, and feed the pride of local people. Countries must find some unique and specific attraction that other countries do not have, or at least is not communicated. Research has proved that several thousands of messages are received by an average person in our overcommunicated society each day, so there is no chance to stand out if you are not original.
- 2) It is relevant: That is, it is interesting for people – tourists, investors, and, even more importantly, locals. Well-defined positioning also helps to communicate and clarify the aims and efforts of the state.
- 3) It is true: There must be facts behind positioning, and they must be based on existing capabilities and values agreed on by the majority of the country's citizens. If we say something that is not true, it will kick back, because, as they say, "the quickest way to kill a bad product is a good advertisement". There must not be a gap between promise and experience, and communications must not divorce from reality. At the same time, you also have to use it as smartly as possible. As the slogan of the McCann-Erickson advertising agency says, "Truth well told". This must be our guideline.
- 4) It is concrete: The definition of a specific example of positioning always involves some kind of narrowing: you must choose a specific thing, be the best in that field, and communicate it. In the long run, less is more.

- 5) It is motivating: It affects the mind and the heart at the same time, creates positive emotions, and people want to be involved in it. Therefore logic and creativity are equally necessary to find it.
- 6) It is strategic: It is something that may affect the operation of the whole country, not just its communication. It can be adopted to each function of a country. It shows the way for the country in the long run.

The process of positioning is actually very similar to Michelangelo's words on his own statues, stating that he just quarried the stone, and realized what had always been included in it. Therefore we are often surprised to see an example of good positioning: "Why didn't we think of that before?"

Countries can be positioned or distinguished from various aspects, including:

- characteristic architecture
- unique sights
- natural environment
- weather
- history
- legend
- culture
- event
- cuisine
- wine
- people
- celebrity
- night life
- sport
- scientific achievement etc.

The most important point is that positioning should be as specific as possible, something that "competitor" countries do not mention in their self-descriptions, and use an argument that is important for "customers": the stakeholders of the country.

According to the famous American brand expert, Jack Trout (2004), marketing is nothing else than a "coherent strategic direction". If the positioning is good, then all middle-term and long-term plans etc. must follow from it logically.

UNIQUE COUNTRY POSITIONING: ESTONIA HAVING BECOME "E-STONIA"

Let us see the case of Estonia in the light of the abovementioned theoretical approach. Estonia is one of the smallest countries of the world and Europe considering its territory, and its population (1.3 million in total) including 68% Estonians and 25%

Russians. Although the territory has a long historical past, independent Estonia has only existed between the two world wars, and since the collapse of the Soviet Union.

As the head of the country image centre of Latvia, a neighbouring country, Ojars Kalnis explained, (see Papp-Váry 2005): the process had three stages in the case of Baltic states. In the early 1990s, they had to be introduced to the world: "we are here". Then they had to demonstrate that their nation is just as normal as others: „we are normal". In the case of Estonia this also meant that they suggested that they are one of the top students of the European Union. The third phase could only take place when they were already discussing what characteristics distinguished the country from others. This was (and is) the era of "we are special".

Interestingly, the starting point of the latter stage in Estonia was a discussion of a possibility to change the name of the country. What happened in 1994 was that a ferry named Estonia sank on the way between the Estonian capital, Tallinn, and the Swedish capital, Stockholm. The tragedy claimed the lives of 852 people, and there are still several conflicting stories on the sinking of the ferry to its watery grave. Some say that it was a revenge of the soldiers of the former Russian empire, who had to leave Estonia for ever in 1994, and they therefore placed explosives on the ship. A film starring Donald Sutherland was also produced on the story later on – it was titled *Estonia* (aired in Hungarian cinemas with the title *Baltic storm*). As a result of the occurring events, Estonian leaders were seriously considering to replace the name Estonia with Estland, hoping that foreigners would not associate this German-sounding name with the ferry accident. (Papp-Váry 2016)

THE E-STONIA VISION

The "baltic storm" subsided, and the name Estonia remained. At least for a while. In the early 2000s, another idea to change the name of the country arose: Estonia should become E-stonia! The starting point was that the government realized that Estonia only had forests, timber industry and some machinery industry, but the latter was not too competitive. Therefore they defined new areas including electronics and information technology as the possible way out, and the first results were achieved soon. According to research by McConnel International, Taiwan and Estonia took the first and second positions in the e-climate world rankings in a few years. The development of internet penetration was faster than in Germany, and free wi-fi was even launched in sparsely populated places (Baltic States City Paper 2001).

Although the name of the country was left unchanged again, E-stonia became an existing vision that could be translated into concrete actions and communication.

They even found its historical roots and ideology: Estonia was the first place in the Soviet Union where computer education was started in 1965 (!), using the famous Ural-1 model. Another reference is that most Western countries provided support for Estonia by donating computers after the restoration of independence in 1991, which were then used by Estonians with great enthusiasm. (Bucszy 2016)

Another important factor in the quick spread of computerization was that paper-based bureaucracy had not been built up before, because Estonia was just "too small" for this within the Soviet Union. Therefore they did not have to replace something in the nineties, but build and launch something new. This was especially true for the bank system, which they had to build up from scratch – they launched a system with state-of-the-art IT technology. This attitude is also characteristic of their government: since 2000, there is no actual use of paper in the sessions of the government and the parliament. Moreover, the right to internet access was also included in their constitution (!) as a significant channel of democracy. (Torontáli 2016)

Nevertheless, the most important innovation is undoubtedly the digital personal document system which was greatly admired by people from the Hungarian government following its launch in 2002.

ID-kaartis functioning as an identity card, an address card, a passport within the EU, a health insurance card, a tax card, an identifier for bank transactions, a digital signature, and a ticket/pass in Tallinn and Tartu. It provides access to government databases, and also allows citizens to buy prescription drugs. All at the same time. (Torontáli 2016)

We may also ask how many people use the system. A suggestive number could provide an answer: in the 2015 parliamentary elections more than 30% of votes were cast online from 116 various countries.

Other indicative data prove that filling in tax returns only takes 3-5 minutes with the system, but there are also quick formulas that enable citizens to perform this in 1 (!) minute, because they only need to check the numbers provided by the system. It is no wonder that 95% of Estonians fill in their tax returns online.

The eesti.ee government portal, launched in 2003, allows citizens to manage more than 160 kinds of their affairs. These are all matters that should also be managed online in other Central and Eastern European countries. For example, citizens can apply for child care benefit, unemployment benefit, or other social benefits by the state online, and they do not have to gather information or statements registered by the state again multiple times, or visit government offices for this reason.

E-healthcare may be the most outstanding point of the novel system, and there are opinions that it is the best e-healthcare system of the world. Doctors see the whole patient journey including all prescribed drugs and performed examinations, and they also have access to X-ray, lab tests, MRI data and images. Patients may also authorize their relatives to access some of their personal information. Due to the sensitive nature of patient information, they log everything in the system, and there is a strict monitoring of permissions to access these data. Patients may consult doctors and make appointments via e-mail, telephone or Skype (!). Another useful feature is the digital medicine system: there are no prescriptions, and citizens can get their medicines in the drugstores with their ID card. They can also request their regularly used medicines via e-mail, and they do not have to visit their doctors for this purpose (Bucszy 2016).

In the meantime, important international organizations also created their centres of digital operations in Estonia: the NATO Cooperative Cyber Defence Centre of Excellence was established in Tallinn in 2008, and the European IT Agency of the EU responsible for IT development within the Union was built here in 2011. Two years later, the UNESCO World Summit on Information Society honoured Estonian e-Annual Reporting as the decade's best e-Government content – among other things, the system provides assistance in the start of businesses. In Estonia, the documentation of the latter can be completed in 18 (!) minutes (Századvég Alapítvány 2015)

DIGITAL CITIZENSHIP

As a result, it is no wonder that Estonia is a "startup nation", especially regarding the number of new enterprises in correlation with the population, 1.3 million people. This is also supported by the fact that Estonian children study programming from the age of 7. All this is part of the so-called Tiigrihüpe (Tiger leap) programme.

The small country has also provided the world with great brands. The most famous example is Skype, which has become a standard communications tool on the computers and phones of companies and individuals. Playtech, a digital gaming, online poker and casino company belonging to the FTSE250 index of the London Stock Exchange, also has Estonian roots. In 2016, TransferWise helped users to perform international financial transfers worth 800 million pounds each month, which saved 30 million pounds a month as compared to traditional inter-bank transfers. DreamApply is the most popular online application system for people who would like to study in higher education institutions abroad. According to the feedback, universities introducing the system increased the number of their applicants by 20-300 (!) per cent. Taxify, a competitor of Uber (trying to walk in the footsteps of Uber alternative taxi service in places where it has been banned), is also Estonian. Lingvist, an application for language learning is also an Estonian development, which enables us to develop our skills in multiple languages. This is also special because Estonian is a language only spoken by a small number of people around the world – maybe this is one of the reasons studying and teaching languages are important for them.

However though, the brands mentioned above "forgot" one thing that would be important from a country branding point of view: none of them communicate their Estonian roots directly. Just imagine that every time you use Skype, you see that it is an Estonian brand – it would increase awareness regarding Estonia, and develop the image of the country.

In comparison, a much less effective, but undoubtedly important solution is that there is a showcase room in Tallinn presenting the success of the E-Stonia concept: the far-sighted government, the proactive information technology sector, and the population open to innovation. The 360 square metre exhibition has received delegations from more than 120 countries, who got an insight into topics such as the development of digital society, digital and mobile identity, cybersecurity, smart city projects, transparency, or the Big Brother phenomenon. And, of course, there are a lot

of e-topics: e-citizenship, e-government, e-healthcare, e-justice, e-taxation, e-police, e-schhol and so on. (<https://e-estonia.com/e-estonia-showroom/>, 2016)

If we examine the influence of this smart E-stonia positioning on Estonian economy, we realize that the result is outstanding: at least one third of the 700% Estonian GDP growth is connected to information technology. According to data for the year 2015, the Estonian GDP per capita is almost USD 30 000, which is more than the GDP per capita of two other Baltic states, Latvia and Lithuania, and Hungary.

The nations listed above must face similar challenges: the number of births is decreasing, so a shortage of skilled labour is expected in the future. Estonia even has a solution for this: digital citizenship, which is available for anyone. 10 thousand people applied for it in 2015, which is a big deal, because only 13 thousand children were born in the country in the meantime. Of course, digital citizens do not live in Estonia, but abroad. Still, according to a report by Hungarian magazin HVG, 400 of them established a company in Estonia, and created 800 new workplaces. In addition, digital citizens only have to pay any kind of taxes if they take income out of the company, so the adventure might be worth a try. (Torontáli 2016)

And how serious is the Estonian government about this? According to their plans, this method will increase the number of their citizens to more the 10 million by the year 2025 (even if they are virtual citizens). This digital community may further develop E-Stonia.

CONCLUSION

The basis of successful country branding is appropriate positioning, that is, to present how the country is distinguished from others, its so-called "competitors". This is mostly based on three factors:

- What is the strength, or what are the strengths of the specific country?
- What do "customers" need? What is the sensible advantage for locals, tourists, investors and other stakeholders?
- What is the positioning of competitors, that is, other countries? What do they communicate as their competitive advantage? (Our country must be different, or, at least, say something different.)

In addition, good positioning is characterized by attributes such as distinctive, relevant, true, concrete, motivating and strategic.

Although country image centres and country branding organizations are established all over Europe and worldwide, we can only see a few examples of unique positioning, implementing the abovementioned ideas.

The case study highlighted that Estonia is a successful example: positioning the country as E-Stonia is distinguishing, relevant, true, concrete, motivating and strategic at the same time. It is something that sets the "coherent strategic direction". We can

state that positioning the country as E-Stonia had a clear role in the development of the country in recent years, and it will most likely play a similarly significant role in the future considering e-administration, ID-kaart, digital citizenship, or IT brands launched in the country, for example.

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január)

PROFESSIONAL PAPER

UDK: 331.103

Paper received: 15.02.2018.

Paper accepted: 23.05.2018.

Journal of Entrepreneurship

and Business Resilience

Year I · number 1

pp. 91-95

PROFESSIONAL PAPER

ORGANIZATIONAL STRUCTURE OF PROCTOR AND GAMBLE: AN EXAMPLE OF BUSINESS SUCCESS

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ABSTRACT

The goal of this paper is to use Proctor and Gamble as a paragon for other already successful businesses looking to expand further within their own markets. Organization and proper personnel placement have proven to be very important for business development. The proper people placed in the right positions with appropriate support both above and below allows for a well-run company. What about other components of the organization, specifically when expanding abroad? How does the company work as one single unit while still being able to supply and meet demands from so many places? This is where Proctor and Gamble (P&G) become a perfect example of excellent organizational management. Already a household name, P&G acquired another company, Gillette, in 1999 and decided to become a more globally dominant household good company. With this goal, the managerial shift called "Organization 2005" began. In starting this shift, the leadership determined that the need for rapid growth, expansion and research were all to be done simultaneously not only in domestically but abroad. This would allow for faster response times to local problems and introduction of products to specific markets much faster. The way that P&G went about it most effectively was by using the Transnational Approach. With decentralized R&D and centralized business services the company flourished and took over a larger global share. This shows that it is not just growth and increased personnel, but also the appropriate use of both decentralizing and centralizing services for employees and technology that truly allows for maximal efficiency in international management. All of this was done while still accounting for the labor law and other

potential consequences that can come from working internationally with multiple labor forces.

Key words: *Transnational approach, global market, organizational management, technology.*

JEL classification: *F10, F23, F60, M10, L20*

INTRODUCTION

Company growth is almost always seen as a positive by the market and outside investors. This can often go south when the large investment in technology, workers or real estate does not lead to increased profit. This can be seen with many different companies, specifically ones who are near the top of their industry as they fight to gain small growth by making big investments to seem relevant. Proctor and Gamble, however, went from almost the number one company in their industry to doubling their revenue in only six years. They did so by overtaking Gillette and then completely reorganizing their structure to become more innovative and decentralized. This project was called “Organization 2005”. The company started by adding product testing domestically and abroad simultaneously, replacing regional business units with global ones and then P&G decentralized new product development while centralizing business services. This change in culture and organization ultimately led to increased profitability.

The biggest change in culture for P&G was the attitude towards relentless growth, in the years before the company seemed content to rest on its laurels and not push expansion (Pieterse, 2012). The other major accomplishment was the institutionalizing of an environment that leads to decisions being constantly reassessed while maintaining safety checks to ensure progress in the correct direction. Due to the size of the corporation the structure will always be changing and will impact the chance and percentage of innovation. This new structure implemented led to a much more creative workplace, while still pushing more revenue (Jackson, 2015). The worldwide presence also presents more issues, but these were taken care of with the new organizational changes. This was done because each regional component was self-sufficient, doing its own R&D and working on local issues at the same time. This regional presence allows for immediate responses and a unique solution to unique problems. Improved regional and local product delivery and marketing also boosted revenue. The behind the scenes parts of the company like HR and other services offered by P&G were taken care of centrally on a global basis to make things easier and allow more autonomy.

Would this organization of decentralized R&D decentralized work for all corporations? According to Bartlett and Ghoshal there are four strategies to be innovative in multinational (Bartlett, 2008). The four were center for global, local for local, locally leveraged and transnational approach. Specifically, the two of them

recommend the transnational approach, where the geographic market to be leveraged and opportunities exploited for improvement. This specifically works on reciprocal interdependence amongst divisions, balance between organizational identity between national and global brands and strong integrating mechanisms where by multiple personnel rotates to learn and share ideas (Harzing, 2000).

THEORETICAL OVERVIEW

TRANSNATIONAL APPROACH

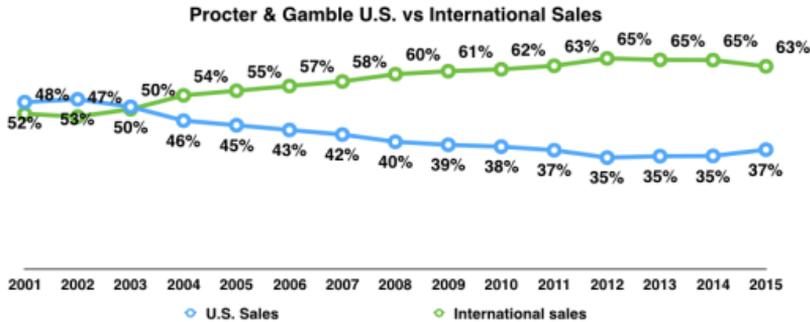
This is an organizational approach for companies and firms that are large enough to be able to decentralize and have multiple locations. This approach will work when personnel, resources and marketing strategies are all organized in such a way that they have autonomy for their location (Bartlett, 2014). This specifically works for innovation and product R&D. This approach has garnered a lot of traction and research in the past few decades with the emerging markets specifically (London, 2010). This is due to the saturation of markets overseas that are allowing for more decentralized approaches to be taken. With the increased competition comes the need for each area to be self-sufficient and compete for market share as necessary, facing challenges that the domestic brand does not have nor understand. The measurement of success of this approach must be accounted for on many levels. Simply looking at the bottom line does not give an accurate representation of performance. Utilizing many factors such as; country change financially, organizational changes, individual personnel growth, how well embedded the organization becomes and the social changes are all important too (Kostova, 1999). If the bottom line improves, but the company is unable to understand the norms, values and mores then long term success. As stated above, the need to rotate employees to different locations to bring new ideas and grow the brand is also important and must be measured.

KEY FINDING AND DISCUSSION

Running a domestic only or international company from an organizational standpoint can prove difficult. The need for enough oversight while not stifling the employees' creativity is a hard balance to find. The job of the manager should be to place the right people in the correct positions to be successful. This can only be done if the organizational set-up is appropriate and that comes from the higher ups and constant growth with trial and error. P&G navigated this by working on the following set-up; corporate, business unit, organizational unit, departments, teams and individuals. Corporate was responsible for the entire business strategy and direction of the company. The Business unit was the vision, mission and had specific goals and measures. Each organizational unit over saw measured and directed compelling business needs. Departments were given different and very finite goals to achieve and measures to take for data and feedback based on what their goal was. Teams and

individuals were also given specific tactics, plans and measures to take and work (Withey, 2015). Most companies would find it behooving to be able to follow this same basic model while working towards a more international approach if they can afford to have that reach and get to a more transnational approach.

P&G U.S. vs International Sales



Graph - Vij, R. (2017, November 04).

The increase in international sales can be seen here. The domestic sales decreased slightly but this can partially be attributed to the change in business strategy and the increased budget being pushed towards the international sales.

CONCLUSION

Procter and Gamble is the #16 largest public company in America. This is not due to just good products and a robust history of performance, it is due to daily improvements worldwide. The fact that they were already a huge player in their market share and then pivoted to a completely different organizational style is what makes P&G so interesting to talk about. The CEO had the foresight and wherewithal to see that they needed to change to grow and increase profits. He did so and reaped the rewards soon, simply by changing the company's international organization, becoming a more transnational company. Management of organization isn't simply drawing flow charts and saying what position oversees another, but seeing shortcomings and positives of each and what improve them. Constant feedback from the personnel, managers and up is of extreme importance for company growth. Not just for major corporations, but all seeking growth.

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INSTRUCTION TO AUTHORS FOR WRITING AND PREPARATION OF MANUSCRIPTS

Entrepreneurship and economic resilience are two seemingly different issues which are inherently connected. Economic resilience is an emerging field which has been applied to study economic performance and responsiveness to external shocks in different regions. Shocks such as financial crisis which have been faced by entrepreneurial actions in the economic history of the regions; however, the entrepreneurship-economic resilience nexus is recently drawing the attention of scholars and policy makers. This approach, more specifically, could pave the way for those societies which are following economic resilience policies to handle their economic issues.

The main objective of the journal is to fill the existing knowledge gap within the fields of entrepreneurship and economic resilience. In spite of the raising interest in this field, there are very few sources of research for this subject, especially in the field of entrepreneurship-economic resilience nexus.

MANUSCRIPT SUBMISSION

Authors can submit manuscript, necessarily in electronic form, to e-mail: jebroffice@gmail.com. In version of the paper at the address: Faculty of Economics and Engineering in Novi Sad ,21000 Novi Sad, Cvećarska 2, Serbia, with the directory “For the editorial staff of the journal Journal of Entrepreneurship and Business Resilience (JEBR)

Manuscripts will be taken into consideration for publication, subject to the same work is not simultaneously offered to another magazine, and in the case of collective works – when all authors agree that the work will be published. It is considered that all opinions are made public work is under the sole responsibility of the author. Editor, reviewers or publisher no accept responsibility for the opinions expressed by the author. Manuscripts should meet basic technical and stylistic criteria. Failure to comply with these Criteria may result in non-acceptance of the text, by seeking to adjust the work or delay in publishing.

TECHNICAL INSTRUCTIONS

Paper Title [Times New Roman 16, bold, left alignment, capitalize the first letter]

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Define abbreviations and acronyms the first time they are used in the text, even after they have been defined in the abstract. Do not use abbreviations in the title or heads unless they are unavoidable.

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Tables, figures, and graphics should be centred, numbered and accompanied by a legend. Figure captions should be below figures; table heads should appear above tables. Insert figures and tables after they are cited in the text. Use the abbreviation “Fig. 1”, even at the beginning of a sentence.

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Einstein, A. (1916). General Theory of Relativity. *Annalen der Physik* 49(7), pp. 769-

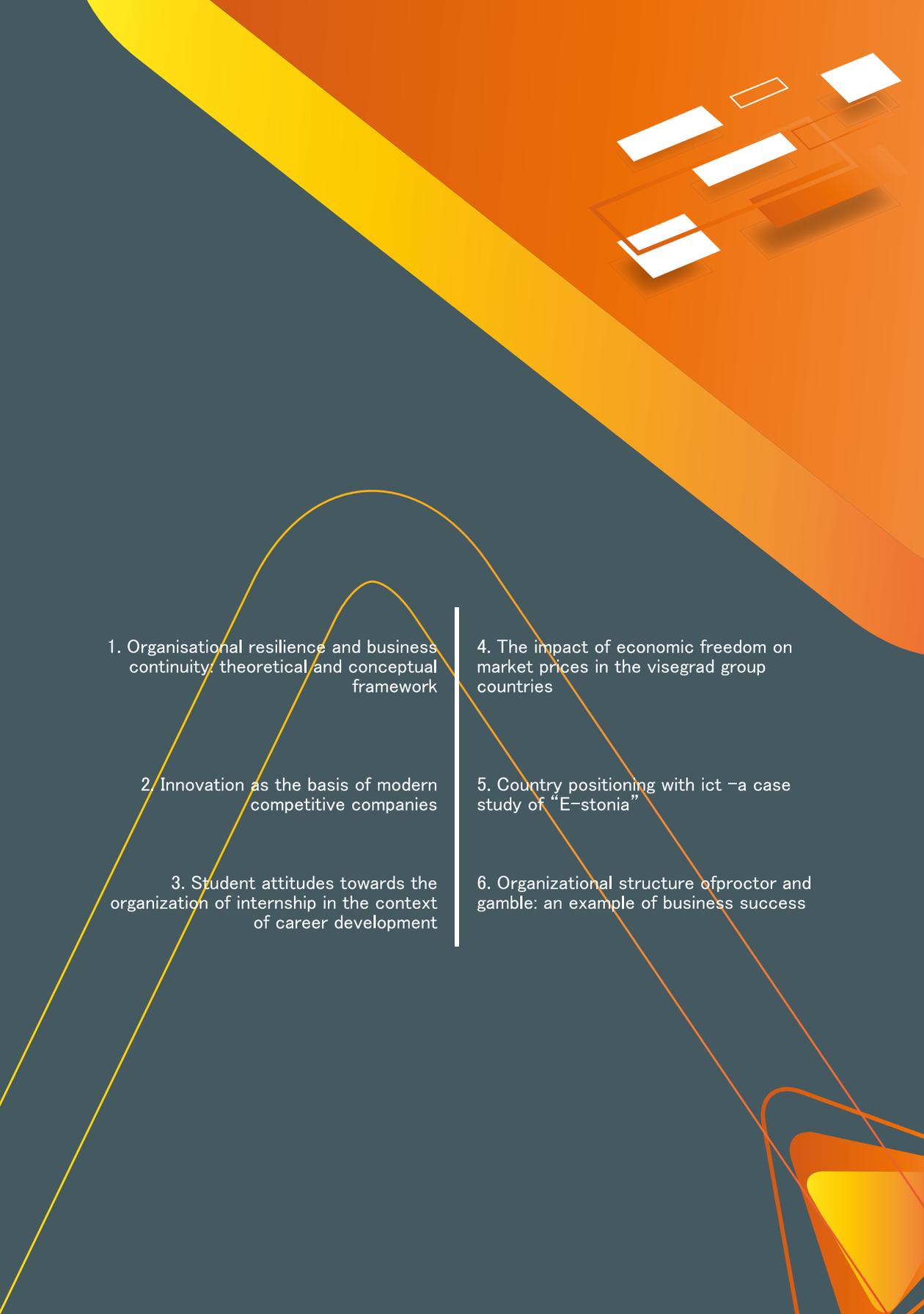
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**The Journal of Entrepreneurship and Business
Resilience** / editor-in-chief Mirjana Radović Marković . - 2018,
no. 1- . - Novi Sad : Business Academy University, Faculty of
Economics and Engineering Management ; Bologna : Inforomati-
ca S.r.l., 2018- . - Ilustr. ; 26 cm

Dostupno i na: [http://www.fimek.edu.rs/sr/o-nama/naucnois-
trazivacki-rad/journal-of-entrepreneurship-and-business-resil-
ience-jebr.html](http://www.fimek.edu.rs/sr/o-nama/naucnois-
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ience-jebr.html). - Dva puta godišnje.

ISSN 2620-0414 = The Journal of Entrepreneurship and Business
Resilience
COBISS.SR-ID 324273671



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