TESTING THE CLIMATE FOR NEW BUSINESS CONCEPTS INTRODUCTION AND APPLICATION IN TRANSITION ECONOMIES – THE CASE OF SERBIA

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Abstract - This paper investigates the possibility of introduction and application of new business concepts driven by the new economy in transition economies. The selected business concepts included the new management model, the new human resources policy and changes in mindset and attitude towards employees, and a new way of implementation of the formulated strategy, which all deliver successful business results to organizations in developed economies in the world. Research regarding the investigation of the effect of applying the above mentioned, by the new economy driven business concepts to the achievement of economic and financial performance of the organization was conducted in organizations operating in the Republic of Serbia, as a representative of transition economies. Results show that there is a link between the use of these selected new business concepts and achieved economic and financial performance of the organization operating in transition economy.

Keywords - Transition economy, new economy, new management model, new human resource policy, new strategy implementation principle.

I. INTRODUCTION

Contemporary business environment is marked as the new economy, brought by the technological advancement, globalization, knowledge, change, and deregulation and liberalization of the market of goods and services, labor and capital, (Murphy & Murphy (2002), which is significantly more dynamic than the old one and entirely oriented to meeting demands of customers in the increasingly demanding market, which is characterized by very strong competition.

In this changing environment, organizations need to drastically change how they do business in order to their survival, growth and development and to achieve leadership positions. Adjustments and changes that organizations must implement, reflect, among other things, the need for (1) the new management model, (2) the new human resources policy and changes in mindset and attitude towards employees, and (3) the new principle of implementation of the formulated strategy (Milić, 2006).

In the domain of the need for the new management model, dynamic and free business environment and implementation of the leading strategy requires more dynamic, freer, more flexible, and more inspirational model of management (Pasternack & Viscio, 1998). The new model has to rely just on those activities and principles that will ensure full utilization of installed capacities and potential of individuals, their maximum freedom as well as maximum support to highlighting their ideas, creativity and risk-taking. In the new model increasing the freedom and encouragement of free, creative thinking and action as well as risk taking carries just awareness of the potential for errors and achieving poor results. The new management model should inspire, be enthusiastic, and encourage creativity and dedication to awaken the best out of employees, giving them the power that gives them autonomy in decision-making and execution of decisions made, accountability for execution. It should provide also applicability of employees' creativity to solve problems and improve work processes, products and performance of the organization. It must be based on elements, such as the management of resources and capabilities, to be focused on value creation, to build a network of connected relations, and to promote freedom, creativity and initiative as well as positive spirit of the organization.

In the domain of the new human resources policy and changes in mindset and attitude towards employees, also, the successful strategy of the organization requires a new approach to employees and building better relationships with them, because today in the time of the new economy, with extremely increased mobility of the workforce, loyalty cannot be expected as a feature of employees, especially of a key personnel, for whom is characteristic not to stay long in one company. So, what organizations need to do is to take advantage of knowledge of existing employees, and to incorporate it in themselves and improve. So, as learning organizations, they will themselves provide this continuous growth and development regardless of personnel currently present in it. For this reason, organizations need to create a partnership with their employees, which will adequately respond to changes caused by the new economy. In order to perform well and stay longer with the organization, employees must share the happiness of the company and be motivated to

achieve even greater accomplishments (Pasternack & Viscio, 1998). These partnerships enable organization to provide security of fulfilling market needs and success of the organization which motivates employees to continue to remain still with the organization, and if it happens that they do go, the organization will as prestigious and desirable one easily find other staff. The basic principles underlying the new personnel policy of the organization are: 1. The well-being of employees on both sides - employers and employees: must be committed to the welfare of employees as a primary value. 2. Open communication: forms the basis of everyday relationships. 3. Career: employees manage their own careers. 4. Staff security: staff builds job security by building critical skills. 5. Accountability for performance is extended to all levels of the organization.

In the domain of the need for the new principle of implementation of the formulated strategy, implementation of strategy is the most common stumbling block of all, even for the best organizations, which seems to reduce the effects of strategy, to make strategy does not carry out, or to be carried out in an inefficient and frustrating way. Therefore, no matter how advanced and the right one the developed strategy may be, or better than competitors', the organization will neither be able to achieve the desired position in the market, nor the desired business results. For this reason, it is very important to pay special attention to the ways and the necessary prerequisites for the successful implementation of strategy. Successful implementation of the projected business strategy is now based on new principles in the field of careful design of appropriate organizational structures, building appropriate organizational culture, introduction and implementation of the new management system, introduction and implementation of project management principles, and change management (Milić, 2006).
However, the question is whether this is true for transition economies and to what extent they are ready for the adoption and implementation of modern business concepts. The rest of the paper investigates this issue.

The transition economy is a term that marks economy that is on the path of the transition process from the socialist planned economy to capitalistic free-market economy (Gevorkyan, 2018). It involves 29 nation states of Eastern Europe (EE) and the former Soviet Union (FSU) region with nearly 400 million people. The transition reform started in the late 1980s and early 1990s, and is still very much ongoing. It rests on five key policy areas recognized to be necessary to create a free-market economy: price liberalization, external liberalization, macroeconomic stability and fiscal system, institutional building, and privatization (Havryshlyn et al., 1998, Fisher et al. 1998). However, no matter how easy it may seem in the beginning, the process towards a market economy proved to be problematic and time consuming. The potential of newly opened consumer markets has not significantly lived up to the pre-reforms era expectations. From the very start, a various social and political economy issues emerged, resulting in industrial collapse, economic structure destruction, and sharp declines in living standards across the CEE/FSU region (Gevorkyan, 2018) depicted with high unemployment rate, poverty, high debt, low wages, scarce or non-existent technology, the almost complete absence of industry and poorly trained workforce, as well as many non-economic social problems (http://gerusija.com/tranzicioni-procesi-u-zemljama-bivse-jugoslavije/).

II. RESEARCH DESIGN

2.1. Research Purpose and Research Questions

The purpose of the research is examining the perceptions and attitudes of managers of business organizations operating in the Republic of Serbia in relation to some elements of the newer business concepts in the field of new model of management, human resources policies and strategy implementation practices, and the use of investigated perceptions and attitudes of managers to evaluate the degree of their impact on performance of the organization.

In order to fulfill the purpose of research, in this regard, fundamentally, the research had defined the following subject of the survey: identifying and measuring the degree of influence of some of the newer business concepts in the field of new model of management, human resources policies and strategy implementation practices on the performance of the organizations in the Republic of Serbia.
As defined research objective is to determine the existence of statistically significant differences between the actual business performance of organizations in the Republic of Serbia and application of the newer business concepts in the field of new model of management, human resources policies and strategy implementation practices.
The research is expected to lead to an answer to the following research question: is there and what, if any, a statistically significant difference, the link, between business performance of organizations in the Republic of Serbia and the newer business concepts in the field of new model of management, human resources policies and strategy implementation practices.

2.2. Research Participants

Participants in the study were managers of business organizations operating in the territory of the Republic of Serbia. The survey was conducted on a

sample of 109 respondents. Testing managers of business organizations has been conducted using quantitative research techniques via the Internet (Computer Assisted Web Interview - CAWI) with previous consent from each subject for participation in the study. As a sample frame, publicly available databases of business organizations, public associations and media in Serbia are used. Upon the established methodology during the implementation of this study, the following categories of respondents in the Republic of Serbia were included (see Table 1):

Table 1: Research Participants

Participant	Percentage
Sex	
Male	46.79
Female	53.21
Age	
< 25	1.83
26 - 35	23.85
36 – 45	43.12
46 – 55	22.02
56 – 65	7.34
> = 65	1.83
Education	
High School	4.59
College	20.18
BSc	56.88
MSc	12.84
Magistar	3.67
PhD	1.83
Management Experience (years)	
< 1	7.34
1 – 4	22.94
5 – 9	34.86
10 – 19	22.94
20 – 29	8.26
> = 30	3.67
Management Level	
Top	45.87
Middle	37.61
Operational	16.51
Organization	Percentage
The total number of permanent employees in the organization	
< 100	50.93
100 – 499	34.26
500 – 999	2.78
1000 – 4999	10.19
> = 10000	1.85

2.3. Research Instrument

As a research tool for implementation of the method of collecting data from the primary sources, the questionnaire was used, established on the basis of review of the scientific and expert literature and as recommended by D. Mihailovic (2012), M. Saunders et. al. (2009), J. E. Babbie and Mouton (2007), W. Peltier et al. (2007), C. Welman et al. (2005), J. Boyce (2003) and A. Dillman (2000) and in compliance with the special needs of research. After demographic characteristics of the respondents and data about the organization, the questionnaire contained questions pertaining to the management model, human resources policy and strategic business planning. Economic and financial measures were examined at the end of the questionnaire. Results of Cronbach's alpha test of questionnaire as a measure of its reliability indicate the high reliability of results obtained ($\alpha > 0.8$).

III. RESULTS AND DISCUSSION

Items of the final questionnaire were analyzed using SPSS v20.0 statistical tool. Data analysis in this study consisted of descriptive statistics. Non-parametric Mann Whitney U test was used to test the significance of differences. In the study, results with $p<0.05$ were declared significant.

3.1. Evaluation of the Management Model Impact on Business Performance

Management model impact on business performance was measured using three items: 1. Knowledge in the organization is freely transmitted throughout the organization and mutually shared. 2. Accountability for performance is extended to all levels of the organization. 3. All employees have favorable conditions for decision making and for providing various ideas, suggestions, observations and other.

In the area of impact evaluation of management model on business performance, results show that successful organizations implement modern management model that gives greater responsibility and decision-making power to all its employees ($p<0.05$) (see Table 2).

Table 2: Management Model Impact on Business Performance

Var.	Total Organizational Performance, Success		
	Mean Rank		p
	Unsuccessful	Successful	
Item 1	41.99	54.97	.019
Item 2	41.67	55.34	.014
Item 3	42.06	54.89	.021

3.2. Evaluation of the Human Resource Policy Impact on Business Performance

Human resource policy impact on business performance was measured using four items: 1. The organization takes responsibility for investing in employee. 2. The organization offers its employees tasks to make them more desirable in the market. 3. Employees of the organization have their own careers and take on the burden of building skills that add value to the organization and make them desirable in the market. 4. Organization and employees work together to ensure that organization meets market

needs and to be successful, because the continued success provides the possibility of permanent employment.

In the area of evaluation of the impact of human resource policies of the organization on the business performance, results show that successful organizations differ in all matters of unsuccessful organizations in a way that statistically significantly follow more policy of partnership with employees ($p<0.05$) (see Table 3).

Table 3: Human Resource Policy Impact on Business Performance

Var.	Total Organizational Performance, Success Mean Rank		p
	Unsuccessful	Successful	
Item 1	40.51	56.68	.004
Item 2	40.28	56.94	.003
Item 3	40.79	56.35	.005
Item 4	38.88	58.57	.000

3.3. Evaluation of the Strategic Business Planning and Implementation Impact on Business Performance

Strategic business planning and implementation policy impact on business performance was measured using two items: 1. The organization has a long-term strategy, plans and objectives. 2. Objectives and plans of the organization are being achieved practically.

In the area of impact evaluation of the strategic business planning and implementation policy on business performance, results show that successful organizations have defined long-term strategy, plans and objectives, which are purposefully being achieved ($p<0.05$) (see Table 4).

Table 4: Strategic Business Planning and Implementation Impact on Business Performance

Var.	Total Organizational Performance, Success Mean Rank		p
	Unsuccessful	Successful	
Item 1	41.06	55.14	.011
Item 2	41.03	56.08	.006

CONCLUSIONS

This paper in the first part gives an overview of selected new business concepts carried by the new economy. The second part provides an overview of the results of managers of business organizations in the Republic of Serbia research in terms of testing the representation and influence of certain elements of new business concepts to the realization of their economic and financial performance. Results show that there is a connection between new business concepts and achieved economic and financial performance of organizations in today's business environment in Republic of Serbia. Also, tests of significance showed that successful business organizations as well as in transition economies follow modern business concepts and principles, characteristic of the new economy - i.e., promote a policy of partnership with employees, have a strong organizational culture and organizational structure harmonized with business strategy, they are quick and flexible in adapting to changes with the new management model. In conclusion, one can say that despite significant problems and barriers to progress, transition economies should fiercely crave to implementation and gaining of new business concepts and knowledge in order to fasten their development.

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