

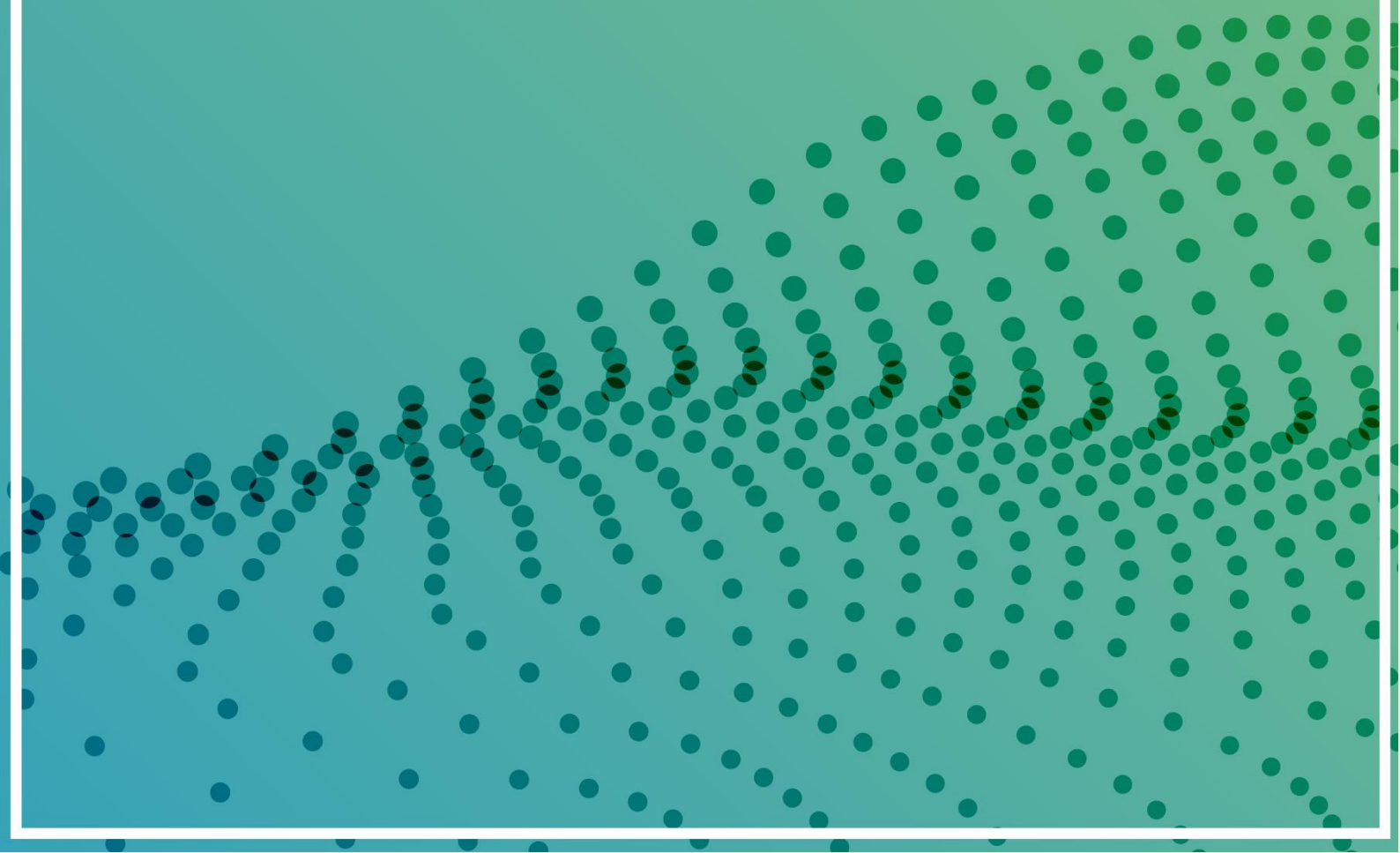


**Integrated Business Institute**



**Integrated Business Faculty**

**BOOK OF ABSTRACTS**  
of the First international conference on  
**SUSTAINABLE DEVELOPMENT IN BUSINESS AND ECONOMICS**



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**Edited by:**

- Aneta Vasiljevic – Shikaleska
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**First published** in 2019 by

Integrated Business Institute

3ta Makedonska Brigada 66A, Skopje, Republic of North Macedonia

Phone: +389 2 2402 162, +389 2 2402 160

[www.ibi.edu.mk](http://www.ibi.edu.mk), [info@ibi.edu.mk](mailto:info@ibi.edu.mk)

**Publication type:** e-publication

**Published:** June 2019

**For publisher:** Prof. d-r Aneta Vasiljevic-Shikaleska, Director

**ISBN 978-608-66381-0-8**

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## PREFACE

*This Book of Abstracts contains the abstracts of papers presented on the First International Conference on Sustainable Development in Business and Economics, held on 12th of April 2019 at the Integrated Business Institute, co-organized by the Integrated Business Faculty in Skopje, Republic of North Macedonia.*

*The conference was a unique event combining different approaches of the sustainable development of business and economics such as economics of sustainable development, finance and accounting, entrepreneurship, business administration, legal environment of businesses, corporate social responsibility, ethics in business and education and knowledge management.*

*The conference managed to bring together an international community of experts and researchers from various fields of business, economics, education and social and behavioural sciences to discuss the state-of-the-art, new research results and perspectives of future developments relevant to the topics of the conference. All of them have shared their knowledge, experience and achievements so far thus enabling to set the future directions of the sustainable development in business and economics.*

*All accepted papers from the Conference will be published in the Journal of Sustainable Development, edited by the Integrated Business Faculty and listed in the EBSCO and CEOOL databases.*

*Before ending, I would like to acknowledge the hard work, professional skills and the efficiency of the team which ensured the general organization of the Conference.*

*On the behalf of the Scientific Committee,*



*Prof. d-r Aneta Vasiljevic-Shikaleska*

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# **ABSTRACTS**



## FINANCIALIZATION OF GDP - DYSFUNCTION OF THE REFERENCE MEASURE

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Financialization is one of the most important trends limiting the sustainable development of economies. Despite of growing significance of finance in market economy, the perception of these new phenomena is not unambiguous. Theoretical discussion over financialization oscillates between acceptance of natural evolution of the market economy towards growing importance of financial sector on the one hand, and warnings of destructive role of finance in economic, social and ethical aspects of sustainable development on the other hand. A framework of the discussion over financialization should embrace pursuing the answers to the following key questions: what are the key drivers of financialization, what are the key symptoms, what is its impact on real economy and finally how to cope with it. To make financialization manageable, however, it must be measurable in the first place. Applied measures should take into account primarily the scale of financialization (total size of financial assets, employment in financial sector, revenues from the financial activity of the real industry and so on) and secondarily, its impact on the economic growth. The most commonly used measures that address the above mentioned both aspects of financialization refer to the GDP aggregate. This can provoke the question about reliability of the obtained outcomes. Starting from the second half of the twentieth century, the set of economic inputs used to calculate the GDP began to skew rapidly towards finance. Therefore, there is a fear that, on the one hand, the scale of financialization is underestimated and, on the other hand, its impact on economic development is overappreciated.

The main aim of the paper is to present the key constituents of GDP with a particular focus on those, directly and indirectly originating from the financial sector. Review of literature will be conducted to identify the key implications of financialization of the GDP for selected aspects of macroeconomic debate.

Finally, the paper will lead to a conclusion, that despite being imperfect, the GDP fulfils its role of a reference measure in assessing the scale of financialization. However,

to evaluate the impact of financialization on economic growth and other aspects of real economy, it should be replaced with another reference aggregate which would be free from the overwhelming impact of finance.

**Keywords:** financialization, economic growth, GDP

## **MONEY BETWEEN ECONOMIC PRINCIPLES AND POLITICAL POWER**

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Power as an ability to produce certain changes in separate societies and in the world has a great influence on national economies and global economic relations. However, it is rarely found as a factor in economic analyses. It does not mean that power is not present in economic relations. It comes to the fact that the changes made under the influence of power are considered to be something which is presented objectively and thus they are not discussed. In fact, they are “taken for granted”. Subjects only have to find a way to adjust the made changes and under such conditions to gain a place in the domestic and foreign markets even when the “produced changes” generate unfavourable results both in the domestic and international economic relations.

In this context, the relation of power in terms of money functioning is particularly illustrative.

**Keywords:** Political power, the USA, Money, Economic principles, Global currency, Commodity-money relations, Gold standard, Paper money systems

## CAVEAT EMPTOR VS FIDUCIARY OBLIGATIONS OF FINANCIAL INSTITUTIONS. ETHICAL PERSPECTIVE. CURRENT TRENDS AND IMPLICATIONS.

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The complex nature of financial services and the importance of finance in the economy may imply that more protection is needed. Too much protection, however, may diminish alertness, ability to make knowledgeable decisions and acquire knowledge.

Financial institutions' operations are based on trust whose sources are different in nature. Results of an online survey carried out among young people which addressed the issue of trust in financial industry and its foundations will be discussed to provide for profound understanding of potential threats and opportunities the industry may face. Trust in financial institutions may be undermined by moral deficiencies in the industry which are not rare. They should be identified as having potential in making customers' position disadvantaged. On the other hand, new customers' stance towards ethical issues, their expectations and new trends in behaviour have potential to affect changes.

The emerging new business models are, to great extent, based on trust. Peer to peer transactions and sharing economy are signs of consumers' more active role and evolving attitude to ethical issues. Are the trends in parallel to consumers strength, and level of education? Should the new consumer be empowered to make decisions, also financial, based on own experience and knowledge? Or should there be regulatory protection, and if so, in what form? The new generation of creators rather than passive consumers, more users than owners need independence which often results in selecting offerings of new players - "disruptors"- also in the financial services industry.

**Keywords:** banks, financial industry, trust, ethics

## **FOREIGN EXCHANGE MARKET IN REPUBLIC OF NORTH MACEDONIA: DEVELOPMENT AND CHALLENGES**

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Financial markets have always attracted attention. External liberalization and globalization integrate international and domestic financial markets in a global world financial market. The foreign exchange market as one segment of the financial market is by far the largest and most liquid market in the world, therefore it is subject to numerous research and analysis. The 21st century is an era of currency wars, which have a major impact on the positioning of national economies in the global world.

In this paper, an exhaustive analysis of the functioning of the foreign exchange market in the Republic of North Macedonia has been made from its establishment until today. At the beginning, an explanation is given on the need for building a foreign exchange market in the Republic of North Macedonia. Then there is a historical review of its development, systematized in several phases and the regimes for the formation of the denar exchange rate. At the end, a detailed analysis is made of the current characteristics of the Macedonian foreign exchange market, its organization and functioning, movements, the influence of current and capital transactions, as well as the problems and shortcomings.

Based on the research on the issues on the foreign exchange market in North Macedonia, we can draw a few basic conclusions. It is completely right to say that the Macedonian foreign exchange market is very shallow, this is especially true for the interbank foreign exchange market and that the exchange market is inappropriately dimensioned. Thanks to the restored confidence of the banks as savings institutions, and in favourable conditions of several years of low inflation rates and high currency substitution, they become a significant and cheapest source of foreign currency. Having in mind the characteristics of the Macedonian economy, the applied monetary strategy proved to be one of the key factors contributing to the continuous maintenance of low and stable inflation in the country. Thus, the degree of euroization in the Republic of

North Macedonia, especially among households, is high, but there is a descending tendency.

The liquidity and the volume of the foreign exchange market have been significantly improved. With all its "marketability", and with all the anomalies, in extremely unfavourable total political and economic conditions, the Macedonian foreign exchange market can be said to be an efficient market, in terms of the few goals it accomplishes. Thus, in conditions of restrictive supply, it maintains liquidity, allocating the funds from the surplus to the deficit economic units, and, what is especially important, not at a high price.

We can conclude that the benefit of the further development of the foreign exchange market in Macedonia is multifarious, the liquidity and the volume of the foreign exchange market will be significantly improved, it will open up space for appropriate hedging instruments and will minimize the risk of foreign exchange fluctuations, indirectly the positive effect of the development of the foreign exchange market will also positively affect the money market and the capital market.

**Keywords:** foreign exchange market, Macedonia

## CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATIONS

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Organisational development changes led to changes in the way they are managed and hence to dramatic changes in the professional obligations of their managers. Their daily routine requires that they should be "aware" of a huge amount of information. Indeed, in order to be successful, we all have to be committed to our work and make the most of all available resources and opportunities. The founders of innovative companies have been aware for quite a long time that each company is responsible not only to its employees but also to the society: " I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company's existence, we have to go deeper and find the real reasons for our being. As we investigate this, we inevitably come to the conclusion that a group of people get together and exist as an institution that we call a company so they are able to accomplish something collectively which they could not accomplish separately. They are able to do something worthwhile — they make a contribution to society (a phrase which sounds trite but is fundamental). "(Dave Packard). This group of people do something worthwhile by means of corporate social responsibility (CSR).

Thus, the ability of an organization to learn and to increase the value and performance of its human capital have become of primary importance. Lifelong learning is a strategic goal for the European Union. It poses new requirements to those responsible for the adequate management of the organization and the efficient use of its employees' potential. This is why the processes of their professional training and development have stirred the interest of employers and experts.

To be successful, each organisation should follow the strategic approach of identifying a set of competencies required from its managers. Many university graduates who want to be successful in Bulgaria are discouraged by the lack of respect for professionalism and the low competence of the managers they have to work with. Many people assume, wrongly, that they are being put off by the low levels of remuneration offered by their employers. Indeed, most often than not they are demotivated by the lack

of business ethics and socially responsible behaviour of their organizations. Therefore, corporate social responsibility and ethics must be “put on a pedestal”. This paper aims to corroborate the thesis that CSR, as an element of the corporate culture of an organization, is equally important for its employees and the general public.

There are many publications on organizations’ routine corporate social responsibility to their employees, the society and the environment. Social responsibility is a strategic approach followed by managers who want to achieve better integration of their organization and its business environment. It is an element of their corporate culture that requires a commitment which puts the personal gain and the strictly financial interests of their company in the background and establishes new corporate values. Social responsibility is "the responsibility of enterprises for their impact on society, i.e. the strive to minimize the negative environmental, social and economic effects and maximize the positive effects." (Stefanova, M., 2014)

**Keywords:** corporate responsibility, communications, external dimension, internal dimension



## CORPORATE SOCIAL RESPONSIBILITY OF MACEDONIAN COMPANIES

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The aim of the research was to study the implementation of the corporate social responsibility in the companies of the Republic of North Macedonia.

The statistical analysis data obtained through a survey realized by e-mail to the representative sample of companies, lead to results that illustrate the state of acceptance of this concept in Republic of North Macedonia.

The concept of CSR in the economic entities in Republic of Macedonia is accepted mostly by the small and medium enterprises from the more developed regions in the country. These activities are mostly directed towards investment in the communities and relationships with their employees. The enterprises do not have developed yet special departments for coordination of these activities. The implementation of CSR in Republic of North Macedonia shows a raise comparing to the previous 10 years.

In Republic of North Macedonia evidenced are efforts for affirmation of this concept through local and global activities supported by the governmental and non-governmental sector.

**Keywords:** corporate social responsibility, small and medium enterprises

## **BUSINESS SUPPORT MEASURES IN EU PRE-ACCESSION PERIOD: EXPECTATIONS FOR THE REPUBLIC OF NORTH MACEDONIA**

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The process of Pre-accession to the European Union is filled with measures for assistance for the candidate countries, as to create a favorable accession and harmonization period for the candidate countries' systems. As such, the European Union uses different measures for support of businesses and the economic environment of a candidate country, as a part of a large programme, dubbed "the Instrument for Pre-Accession (IPA)". Funds used from this Instrument target capacities build-up on different areas within the candidate country throughout the accession period, with the goal of creating progressive and positive developments in the candidate country. The IPA is not solely a financial instrument; it offers technological, technical and know-how assistance in different areas as to enhance the development of the candidate country and ease its accession process in the EU.

The Republic of North Macedonia has been identified as a potential EU candidate since 2003, when the Thessaloniki European Council has granted this status. Since 2005, the country has been granted candidate status, with recommendation to open accession negotiations in 2015. Therefore, the pre-accession assistance that is to be granted to the country is expected to be similar to countries that have already been through this process and are now members of the EU. For comparison purposes, the support measures from the pre-accession period of two similar, already EU-member countries are compared throughout this paper. Slovenia, as a member state that has similar population, size and political background to the Republic of North Macedonia, is taken into the research of this paper, as well as Bulgaria, which is a country that is most similar to the political and economic situation of the Republic of North Macedonia during its pre-accession period, and it is one of the last countries to enter the EU. Their respective use and allowances under the IPA, with focus on measures within the instrument used to enhance the business environment of each country, are thoroughly analyzed throughout this paper,

as to offer an insight into what can be expected as business support measures for this period of pre-accession for Macedonia. Additionally, the results from these support measures in Slovenia and Bulgaria give a clearer image as to what should be expected and what can be the impact on development and progress of the business and economic environment of Macedonia, during this pre-accession period.

**Keywords:** European Union, business support measures, pre-accession

## **HUMAN RESOURCES MANAGEMENT: EDUCATION AND TALENT MANAGEMENT**

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Human resources management is an unavoidable topic in the international business economy. The goal is to prove that human education, skills and his all knowledge, make the basis of the development of the enterprise. And economic development today, those societies whose economies are based on knowledge. Those countries that have lower economic development do not necessarily have to stay on the margins with other economically weaker countries, because they can educate their human resources and find their talents to empower them to work. Investing in people certainly affects the increase both, productivity and competitiveness. Investment in human capital implies various types of investment, but education is especially emphasized. Education includes basic, formal education and training in the workplace. Today, it is mainly said that education is continuous as long as the lifetime lasts. Employee education is a key element in the selection of human resources, followed by other skills, ability to adapt, and ability to teamwork. Today, employees are expected to have the ability to adapt to constant changes.

Speaking further about human resource management and education, it is necessary to mention talent management as a key aspect of the human resources management strategy. Human resources as an "authentic resource", a resource that creates a synergetic effect in team work, is unrepeatabe in other companies and environments. Among other things, this leads to its uniqueness. On these grounds, multinational companies are developing international executive teams that successfully overcome the barriers they encounter. Overcome an obstacle because they have developed strategies based on experience. More complex and demanding markets require knowledge-based business, and this has created the need for talented (gifted) specialists. From these reasons, the importance and talent value in modern business strategies are very much related to the business.

In this paper the analysis method will be used as a way of connecting HRM, education and talents. The main conclusion is that human resources are one of the most important elements of the economy in the conditions of globalization and the intensified connection of the world. In doing so, talent management is of strategic importance for companies operating in international markets.

**Keywords:** human resources, education, skills, international human resources management, talent management, leadership

## DIGITAL STRATEGIES FOR MUSEUMS

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This article aims to explore the influence that digital technology have on museums and their core activities in order to be able to meet the real needs of society: building bridges between various disciplines and types of knowledge, and people. Based on theoretical knowledge and successful case studies on the subject, the article addresses fundamental issues as a base for future primary research focused on the role digital technology has in transforming museums into informal centers for learning and entertainment. The article introduces the basics of museums, cultural policies that are defining them, overview of the digital technology and its penetration in museum industry, current trends and case studies. It aims to bring answers to the questions: What is digital? How can digital technology transform the way museums manage their collections, present and communicate their vast information to everyone or engage the audience? What are the most beneficiary digital tools for museums? What are the major opportunities and constraints digital technology can impose to museums? How digital a museum can be? Do museums need digital strategies? The findings in the paper benefit the way museum institutions are facing the crucial challenge in their alignment with the needs of contemporary societies of 21. Century. They will serve as a guideline in adopting and benefiting from the digital technology as an essential part of museum's development in sustainable manner, without jeopardising basic values and principles of their work.

**Keywords:** digital technology, museum, sustainable, development

## **ANALYSIS OF PROJECT MANAGEMENT AND PROJECT MANAGEMENT OFFICE PRACTICES IN REPUBLIC OF MACEDONIA**

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The purpose of this paper is to offer understanding and analysis of the current practices, status and position of project management and Project Management Offices (PMO) in Republic of Macedonia. This paper presents own research data from a survey where more than 40 organizations from various industries and 155 participants relevant for the research from Republic of Macedonia took part. By analyzing the research data, this paper gives conclusions and answers to important aspects about project management and PMO status in Republic of Macedonia. This paper also offers a compilation of recommendations for organizations interested in improving their PMO position and project management practices and in the contemporary business environment.

**Keywords:** project management; project management office; portfolio management; resource allocation management; project manager

# THE INFLUENCE OF POLITICAL FACTORS ON THE PERFORMANCE OF MULTINATIONAL COMPANIES

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The paper is dedicated to the political factors and their influence on the performance of multinational companies. According to the systems approach, a multinational company is considered an „open system“, affecting and being affected by the surrounded business environment. The environmental factors in the host country, especially the economic, political, legal, socio-cultural and technological factors, have a direct impact on the performance of foreign subsidiaries and their managers. The environmental factors in host countries and those in the home country are completely different.

One of the most important environmental factors that have a significant impact on the economic activity in a certain host country as well as on the activity of multinational companies operating within its borders are the political factors. The aim of this paper is to provide an understanding of the importance of political factors' influence on the performance of multinational companies. It pays special attention to several important political factors that should be taken into consideration by multinational companies when deciding to invest in a certain host country, such as regional economic blocs, government regulations, political risks, and corruption. The paper thoroughly analyzes these political factors.

Political factors are beyond the control of the managers of a foreign subsidiary. Therefore, if multinational companies want to perceive and evaluate the actual performance of foreign subsidiaries and their managers, they need to consider the impact of all relevant political factors.

**Keywords:** political factors; multinational companies; performance evaluation; regional economic blocs; government regulations; political risk; corruption



# THE ROLE OF USAGES AND BUSINESS PRACTICE IN THE INTERNATIONAL TRADE – CHALLENGES AND CONTROVERSIES

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The trade usages are very important in both - the internal trade and international trade. Indeed, the gap – filling is almost always made with the trade usages.

The usage is a social rule, and the court whenever encounters a legal gap in addressing certain issues, refers to a custom rule. Therefore, the contracting parties are bound in certain conditions by the trade usages even if they knew about them or not.

Therefore, the purpose of this paper is to give an answer to the following questions:

1. How the usages are important in filling in the legal gaps in the international sales contract and
2. Whether their application is limited or is controversial due to the different interpretations by the courts.

The role of the usages in the international trade and in the international sales contract in general, is very important in creating the unification of the rules that apply to the contractual relationship with an international element.

In order to answer these questions, a comparative analysis of the international rules for the sales contract will be made, through the provisions of United Nations Convention on Contracts for the International Sale of Goods (CISG), the Principles of European Contract Law (PECL) and the UNIDROIT Principles on International Commercial Contracts (UPICC), as one of the most significant sources of the sales contract in international law and the Macedonian Law on Obligations.

During the research, it has come to the conclusion that the application of trade usages in the sales contract in general, plays an important role in creating the unification of the rules that apply to the contractual relationship with an international element. However, at the end, even if we strive for uniformity of international rules relating to the sales contract, the last decision will make the arbitrators and judges.

**Keywords:** usages, trade usages, business practice, international trade, gap – filling

## THE CASE OF IT-SECURITY: ANTI-PATTERNS IN POLICY MAKING AND ITS IMPLEMENTATION

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IT-security is increasingly becoming the focus of political decision-makers. While in the past it was only a niche issue, the impact that attacks can have on a country's IT infrastructure is making a broader public increasingly aware of the need for protective measures in this area. An attack on the IT systems of power utilities can lead to power outages that can completely paralyze life in a country. The economic consequences would be catastrophic.

However, despite the objective risk situation, countermeasures and protective measures are only available to a limited extent. There seems to be a generic anti-pattern which can be described as "On paper everything is fine" which also seems to apply to IT-security. What is the essential characteristic of this anti-pattern? Politicians and the higher administration believe that it is sufficient to regulate something on paper. They believe that the regulation is automatically, directly implemented without any need for resources. Everything is fine.

If you take a closer look at this anti-pattern, you can easily identify three sub-patterns or partial instances that are interwoven with each other - without this list being exhaustive: a) „New law – task done“; b) „Assignment to an employee – task done“, c) „Centralization – task done“

With the first sub-pattern, the starting point is often an acute event that makes the problem or inadequacy visible to the public. Instead of working out a basic and sound solution, new laws are passed at short notice. It is suggested to the public that this is the final solution to the problem. Subsequently, the second sub-pattern is often applied by the executive authorities. Since they are usually not provided with any additional resources to implement the law, they simply delegate the task to an employee. This formally fulfills the task on paper without this actually happening in reality. The employee simply has no free capacities. If politics or the highest administrative level feels

compelled to take real action, it often centralizes the fulfilment of tasks. However, regional and local specifics are often overlooked, so that the task can only be fulfilled inadequately. In addition, the resources for centralization are not provided additionally, but are withdrawn from the lower authorities. This increases the scarcity of resources in these institutions.

Unfortunately, the fulfilment of IT-security in the state of Baden-Württemberg is an example of anti-patterns. At the beginning of 2017, a new law on IT security was passed. However, no additional human resources were made available to the municipalities and the lower state authorities, although there is an official, federal calculation tool that clearly documents the need for new personal. Since the implementation is unsatisfactory, the regional government decided to centralize the system, but this is consequently even less effective.

The aim of the presentation is to define the patterns outlined above more precisely using the case of IT-security. On the basis of this analysis, success patterns might be developed in future research as antipodes to the anti-patterns allowing for sustainable policy making.

**Keywords:** Policy making, IT-Security, Anti-patterns, Public Administration

# ECONOMIC FREEDOM, NEOLIBERALISM AND MORALITY: FROM JOHN LOCKE TO ROBERT NOZICK

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*"When plunder becomes a way of life for a group of men in a society, over the course of time they create for themselves a legal system that authorizes it and a moral code that glorifies it."*

*Frédéric Bastiat*

In this scientific announcement we will focus on the moral foundations of economic freedom and neoliberalism through the prism of the political economies of John Locke and Robert Nozick. Through the analysis of their arguments about the minimal state and the ethical power of capitalism, we will try to emphasize the danger of new forms of economic statism such as crony capitalism and corporatocracy, fiscal slavery and legal robbery and government failure, as well as the need for organized ideological and social resistance against the growing state consumption and state control of economic processes. We believe that a "slave" cannot be released until it understands the nature of its slavery, ie tax policy. Therefore, in this scientific statement, we will point out this new nature slavery, believing that this type of philosophical-economic reflections on the nature of slavery (the morality of the taxation) is necessary if we want to exert political pressure for a lower (minimum) public spending and more responsible disposal of public funds. On the other hand, through the analysis of the Nozick theory of distributive justice and the connection between justice and the free market, we will try to answer questions about the ethical, political and economic nature of redistribution, unlimited capitalism and free market. Especially their usability in Macedonian economy.

**Keywords:** Economic freedom, neo-liberalism, fiscal slavery, economic statism, free market, minimal state, distributive justice.

