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## THE IMPACT OF TECHNOLOGICAL PROGRESS AND INNOVATION IN ECONOMIC DEVELOPMENT

**Summary:** *The changes with which companies are faced at the beginning of this century are the result of the impact of a number of factors. The first one is globalization – a huge increase in trade and availability of new products and services, as well as dramatic increase in the mobility of foreign investments, people and international competition. The next factor is the influence of contemporary communicational technologies. Fast changes of all types of technology enable fast access to numerous ways of communication, at low cost, which leads to the market opening for the consumers all over the world. These two factors have had an influence on a power change on the market, from the producer to the consumer or the final user.*

*In contemporary global environment the economy of every individual country depends on the consequences of technological development and the implementation of innovations.*

**Key words:** *technology, economy, innovation, efficiency, economic development*

**JEL classification:** *A12, Q14*

### INTRODUCTION

The implementation of new technologies and innovations does not only have positive effects in economy and society, but there are also some possibilities for the negative effect escalation. Sustainable investment is the investment approach which on a long term integrates the protection of living environment, society and governing of a state, i. e. their criteria for investment and ownership decisions aiming to make risky acceptable financial income. The aim is to point out the basic trends in the world economy as well as the measures for the improvement of positive effects of the technological development. Technology should give support to people in all spheres of society, by giving them more information, more options, bigger influence in the world and better control over their own health and their influence on living environment. Technological advantages ensure an exceptional level of cooperation in real time which means that the impact on these pieces of information has never been easier (Bertomeu and Marinovic 2016, 10).

The most recent research in the world economy and international business practice showed that there is an interrelationship between the improvement of the business quality and the establishment and development of competitive ability of business organizations, as well as the tendency in the first place, based on technological development whose carriers are the so called pioneers of technology and so it is more important to take in account that implemented innovations secure not only the development of the society but also make it sustainable (Bašić and Đorđević and Čockalo and Bešić – Vukašinović 2014, 288).

Economical development is a complex economical and social process by which a country gradually gets rid of economical underdevelopment and poverty, reaching the better

developed levels. Two basic components make this process: the economic growth and changes in the structure of economy. The economic development means not only quantitative changes concerning the economic position of a country, but also the qualitative changes (change in economic structure, the occurrence of new branches and sectors, new occupations etc.) that lead to better and more accomplished realization of all human needs (not only economical but also cultural, for instance). The increase of per capita production in the theory of economics is expressed as economic growth without which there is no economic development, though not every economic growth is due to lead to economic development. Economic growth comprises changes in material production in the course of a relatively short period of time, mostly lasting a year. In the theory of economics the notion of economic growth means a yearly increase of material production expressed in value, through the rate of increase in gross domestic product or national income. The increase can be achieved without the realization of economic development course. Thus, the economic development does not only include the increase in material production but also all other social – economic processes and changes conditioned by both economic and non – economic factors (Dodig and Kozić – Rađenović 2017, 229).

Contemporary economic trends in the world economy and especially tendencies in regional integrations, are becoming more dynamic and directed in advance, by coordination of economic policy in international economic regional integrations. Scientific – technological revolution positioned the technological factor as the most important moving force of economic development and activated the powerful process of reindustrialization of developed countries in the West, and not only them. In such conditions, together with the growth of mutual dependence of national economies and with more vivid need to resist American and Japanese competitiveness (in some high technological areas of domination) the process of formation of unique internal market has almost been finished in the EU, i.e. European economy area. Economic and technological competition from 1990s, in the triad (the USA, the EU and Japan) and China, in which Russia has taken part, too, for the more superior and more favorable position in the world system, has also continued in the 21<sup>st</sup> century (Petković 2009, 10).

The process of globalization, in the first place due to the development of means of transport and connections, transformed our planet into “the global village” i.e. “the world society”. Basically, globalization is a complex process by which technological, economic and political unification of the world has been done, i.e. “this process guarantees the greater homogeneity of all societies notwithstanding their historical origin and cultural heritage” (Petković 2009, 31).

Standardization is the essence of the globalization process in the world production and trade. Mere acceptance of standards does not mean that obstacles for their entire and true implementation in all countries have disappeared.

The importance of international company activities of every national economy and even more of small countries, is certain and also a key factor of development and growth in contemporary conditions. However, Serbian experience has in many ways been, during a lot of years, followed by numerous wrong opinions, negative results, burdened by old – fashioned approaches and non – efficient solutions (Vesić 2010, 135).

## 1. NEW TENDENCIES IN BUSINESS ENVIRONMENT

New scientific – technological revolution, informational technology, increasingly develops international division of work connecting national economies in one unique entity through the world market. World today is characterized by the domination of transnational companies, strong impact of government in economy and the globalization of the world economy. The process of globalization begins with the formation of economic integrations (the EU, NAFTA and ASEAN). There is a battle among them for domination on the global market in the world

economy. That conditions the internationalization of the production and capital aiming to make profit interest. This process is intensified by the end of the 20<sup>th</sup> century so that financial capital of the most developed countries in the world manages to connect every point (national economy, enterprise) on the globe, in one “global village” (Pečujlić 2000, 126).

Today the world economy is usually spoken about as the economy of transnational companies. Transnational companies after the 1980s of the 20<sup>th</sup> century, control over the 50% of the world production, 2/3 of the world trade, 3/4 of the international technology transfer, with the tendency towards further growth. It is noticeable that the “interest of the almost all countries in the world is switched from ideological – political and military complex to the economic – technical – technological development” (Drucker 1995, 32). The dependence among countries is achieved through new technologies and financial ways (capital and production export).

The imperative of science and technology development – IT, telecommunication, genetic engineering, biotechnology etc. fasten the process of globalization in the world economy and lead to mutual dependence in the world economy, which differs in relation to developed and developing countries. It is enough to point out that developed countries prefer differently the cooperation with other countries. They are satisfied with cooperation concerning raw material supply, energy supply, cheap workforce and using absorbable possibilities of a market.

Globalization as a permanent process has led to a series of important changes in the business policy of companies, organizations and institutions. The reason for that lies in the very essence of the globalization process which is characterized by universality, homogeneity and unification of the world in some crucial principles, directions and norms of behavior, as well as the affirmation of the growing mutual connectivity and dependence among certain countries, regions and big companies (Drašković and Jovović 2006, 121). Although globalization aims to make a uniform world market, it carries some very significant negative consequences with itself, too, especially for developing countries of the world. Thus, for instance, most of the trade is going on within the three, already mentioned integrated units – regions (the EU, NAFTA, Asian Union), and not among countries which belong to different integrated units.

From all disadvantages of globalization, the most striking problem is the gap between the rich and the poor. According to statistical data, the relation between the 20% of the richest and 20% of the poorest countries is lowered from 15:1 to 13:1 in the last thirty years. Besides, the comparison itself is not the best because the core of globalization is not only made of 20% of the richest countries, but much smaller number, in which the most important place is for 6 -7 countries (group G – 7 most developed countries of the world). Thus, globalization increases the power of transnational companies, especially because it is known that some transnational companies have higher incomes than other countries, though these comparisons have some drawbacks due to the comparison of different data, sales and GNP (Petković 2009, 112).

Nevertheless, the biggest disadvantage of globalization is that it is estimated as harmful for workers. The slogan “there will be more work to do” means lower pay. Workers have smaller influence on working conditions and their negotiating power is diminished. Besides, most of the investments go to rich countries. So, for instance, 81% of the financial means were placed by America outside the country into the countries that have high incomes, and less than 1% goes to the countries with low salaries, though salaries given by transnational companies in the countries with low and medium pay on average are 1.8 to 2 times higher than average salaries in these countries (Vesić 2009, 233).

Informational revolution and powerful development of technology and communications contribute to a high degree of the mobility of capital which improves the development of the rich, and destabilize the developing countries and those in transition.

As soon as the first signs of crisis are noted, rich countries, due to the mobility of the capital, manage to pull out their capital, which deepens the crisis and makes it faster, while in certain

countries withdrawal of the capital from transnational companies will be a drop over the glass brim and will cause serious economic crises (Petrović 2006, 35).

For integrating economic subjects into the international currents, economic policy should provide certain preconditions: motivation of companies to do international business, marketing orientation of companies, both on the global and the national market, adequate development of international informational systems, orientation of companies towards efficiency, and not only on the efficiency of business, strategic approach to international services, capital and information, the unity of technological and marketing strategy and innovations in the strategy and structure of companies.

## 2. GLOBALIZATION AND DEVELOPMENT OF SERBIAN COMPANIES

In the organization of economy as well as in the race for achieving competitive advantages, the world trends affirm quality and not quantity of the growth. Strategic alliances are very attractive and also a necessary form of contemporary economic business. They include a very complex process of research and management in general and not only of changes (Vesić 2010, 144).

Strategic alliances are formed with the aim to broaden market and stabilize business activities of an economic subject. By this, alliance synergy of asymmetric competences is provided, and so competitiveness is pacified (by a network of intersecting properties and eliminating particularism).

Strategic alliances, through dynamism contradictions interest make all patterns included cautious, and in this way contribute to faster economic development. In that sense strategic alliances can play an important role in qualifying Yugoslav companies for efficient inclusion in the world processes of capital movement and technology transfer. Moreover, their more efficient use can be contributed by property transformation of our companies and in this way adapted system or governing (lowering transactional expenses, instead of individual performance of our companies). Then, a strategic alliance contributes to the forming of technological and vertical networks, consortium agreements, especially in the field of research and development (Rakita 1999, 127).

Market globalization causes internationalization of business and globalization of companies. Developing behavior of companies is conditioned by the state of the market of goods and capital, improvement of innovations and organizational forms. Generally, in contemporary conditions (prevailing as a race for acquiring competitive advantages) quality is more often confirmed, and not the quantity of a company's growth.

Sudden development of technology on one hand and liberalization of law regulative on the other, affirm companies' integration in constant endeavor to adapt to business environment and in this way companies, by integration (strengthening mutual dependence) increase their competitive position on the market.

Thus, under the influence of globalization, strategic alliances and coalitions are formed, by which (through synergy) the growth of all members of an alliance is increased. Strategic alliance themselves presuppose very flexible forms of strategy (marketing arrangements, licensing, research and development, purchase, franchising, joint venture, consortium etc.) in the sense of: increase of sales range (market broadening), access to modern technologies, synergy effects (combining asymmetric advantages of firms), access to rare resources, relativizing (relieving) conditions for entering new markets, intensifying international business capital and knowledge (Rakita 1999, 129).

So, strategic alliances are very flexible and attractive form for the realization of developing behavior of a company. Combining the economy of range and economy of broadness demands more often different business and organizational arrangements by which independence and self sufficiency of a company is awarely submitted to propulsive business economy. So, instead of competitive collisions based on solo performance there is a demand

for ways that will lead to pacification of competitiveness, in other words aiding and removing barriers. Involved companies have the possibility to combine asymmetric advantages to provide benefits on both sides when occurring on new markets, on one hand and in technological spheres, on the other. In this way modalities of combined growth are better affirmed, instead of mere internal or external growth (Vesić 2010, 145).

Developing behavior of companies is more often based on a bigger number of partners and special forms of cooperation, aiming to preserve its vitality, in other words, to increase its resistance to market impacts. In this sense developing behavior of a company and internal configuration are in correlation with relative independence, self – sufficiency and limits of external growth. A modern company can, by realizing synergy, find ways of its development in a broad spectrum of possibilities, by using asymmetry in relations to parts, subtle maneuvers concerning the reconstruction of business portfolio and establishing relations with environment (Petković 2009, 101).

According to this, strategic alliances occur more often as a rational form of developing behaviour of a modern company and its endeavour to adapt to changed market, technological and social trends. Processes of business proliferation and untying of companies lead to establishment of varied forms of cooperation in the realisation of certain endeavours. Numerosity of forms and potential partners make it possible to, through alliances, provide a broad scale of benefits for included partners (Petković and Vukotić and Čabilovski 2017, 358).

Forms of cooperation in alliances are determined in accordance with the business nature and expected results. Thus, they can comprise: agreed capital investment (one in shares of other firm), licensing, franchising, joint venture, aiding in production, marketing, research and development.

In general, benefits from alliances can be classified as follows (Petković and Vukotić and Čabilovski 2017, 359): (1) Easier access to sale and purchase market (agreed reallocation of certain products): combined occurrence on some determined markets with overcoming barriers, promotion of certain products with more stable arrangements, opening, development and control over canals of distribution, realisation of more stable and higher quality sources, raw – material supply, providing components and production services; (2) More efficient production management (neutralizing bottlenecks, improvements of production processes and transfer of production “know – how”): better distributed employment capacities, utilization of superior partner’s competence, promotion of new production processes (inventions); (3) Benefits in the field of production management (increase in the product value i.e. more efficient offer complexity): in time product development and its placement on the market (license or other form), more efficient creation of research and marketing aid (dispersion of risks), providing distribution and post – sale services, diminishing production and marketing expenses in completion of standards, improving the image of a product (by joint advertising); (4) Strengthening and more efficient technology management (more expensive and uncertain technological research are more affordable to alliances): by intercrossed licensing expenses are diminished, research horizon is broadened, significant number of researchers is provided, more partners are included (faster is the process of innovation diffusion), encouragement for more efficient research realization exists; (5) Acquiring and strengthening of management and organizational “know – how”; development of new management knowledge, promotion of new culture and business organization, improvement of internal entrepreneurship; (6) Strengthening of financial capacity: certain arrangements increase or accelerate income influx: certain expenses for financing some activities are significantly lowered, diminishing expenses and risks makes financial position easier; (7) Strengthening of development potential: internal factors (production, marketing, research and development), external factors (overcoming barriers of entering branches, the use of anticipated possibilities).

The use of alliance for the purpose of strengthening a company’s market power can be explained as (Petković and Vukotić and Čabilovski 2017, 365): (1) Individual aid: helping



partners (consumers, distributors, suppliers, competitors) with the basic idea that by helping them, help itself in securing or broadening the market of sale and supply; (2) Creating “strategic networks” (collective force): through multiplied connections of a group of independent firms, it is tried to provide common benefit, networks that are based on vertical connections (in other words on added value that is meant for every partner in the chain), networks for mutual use of technology, networks for the realization of multi discipline institutions, networks which are based on intersectional ownership.

Constant protectionism in developed countries, which is evident, instead of a permanent claim about free trade, is basically the result of the attitude that prevails in developed countries that liberalization is in fact giving allowance to other countries. The best example for this is the introduction of customs duties on steel import by American administration and against measures from EU and other countries.

The most recent analysis of GNP in the world and of selected regions and countries shows that recession weakens and that developed economies show noticeable recovery. It is estimated that the entire world production will rise for 3.5% in 2019 (Bojić and Joldić 2018, 220). Entire global consumption, especially in developing countries, shows a positive trend in the last year, and the same is expected for the current year and the following period. However, the unemployment rate is still high, and there is danger of inflation, especially because of the intensive infusion of the financial capital.

Governments of all countries fighting for financial and economic stability must take in account the foreseeing of the so call next wave. These waves concern economic and social development which is expected in the following years, especially after the most recent world economic and financial crisis. In order to be competitive on the global market Europe must create better quality and more innovative products and services. Competitiveness is not an isolated phenomenon, but an interdisciplinary occurrence, which rises from internal and external environment and connects business strategy, macroeconomic policy, legal and regulative reform, education, management and employee motivation and a lot of other economic, business and social factors to create a uniform strategic plan and policy of competitiveness aiming to increase added value (Bojić and Joldić 2018, 220 – 221). Higher productivity is the basis for establishing a good social model. New jobs and new skills that are being developed, as well as, technology, innovations, demographic changes and climate changes, all of them call for new needs and demand new strategies. Turbulences and outgoing strategies make economic restructuring faster.

#### **Changes in labor force availability**

All of this has an influence on types of skills and qualifications of working force that are to be needed. Planned results will not be useful only for those who deal with politics but also for those who conduct education and training, also for agencies that deal with employment and for companies themselves and other types of enterprises and institutions. If they are all informed in a better way, then their decisions about investment in knowledge and skills will be more efficient.

Recognizing skills is an important demand for people in education and training which they must meet as well as to enable the mobility of the workforce.

#### **Mobility in the workforce skill offer – towards higher qualifications**

Future number of people and qualifications which they have are mostly predetermined by demographic development and education as well as decisions in training. These decisions have already been defined, so that most young people 15 – 24, are still in the process of acquiring qualifications (David and Aghion 2008, 11). The trend of entire offer measured by the number of active people in work (older than 15) with high and secondary level of education remains positive.

Significant increase is projected for those who have qualifications. It is estimated that the need for employees with low level of education will decrease for about 15 million, while it is expected that in 30 European countries (the EU and Norway and Switzerland) at the same

time demand for the number of people with high education will be 16 million. It is also expected that the offer of those with secondary education mostly vocational, will increase for about 1 million, and so they will still make the majority of European workforce (Stojanović 2011, 273). This will result in occurrence of young people who will be present on the workforce market with higher qualifications, while less qualified, older people will leave the zone of active labor force.

In spite of recession, higher and secondary educated employees will always have better possibilities to find jobs than those with lower qualifications. The results of the prognosis also predict that a lot of people with higher and secondary level of qualifications will do jobs where lower level of education is needed (Stojanović 2011, 274).

### **Outstanding representatives of the pioneers of new technologies**

In recent years informational and communicational technologies have been changing the world dramatically, with increasing innovations and productivity, connecting people and societies and raising living standards and possibilities all over the world. While changing the way of individual life, interactions and work, informational technologies also proved themselves as a key precondition for acquiring competitiveness and economic and social modernization, as well as an important instrument for removing economic and social divisions and diminishing poverty.

Every country, institution and/or every social group, in the last 10 years has been changing its interactions with aims of technology (David and Aghion 2008). For instance, governments which have concentrated only on actual subjects as infrastructure building and providing approach to citizens, are beginning to understand that technology in itself is not so important as social economic results which it can boost, through health programs, electronic service and forms of electronic networks comprising digital technology.

Having knowledge about informational communicational technologies is not only a way of diminishing costs and numerous more efficient operations, but also a critical way to open a dialogue with customers and other participants, through all kinds of digital communication, mobile advertising, digital marketing, social networks and electronic trade. Customers also get used to new permanently present online digital world, especially of generation C, who are connected, communicating, content directed, computerized, socially oriented, customers born after 1990.

NRI – *Network Readiness Index* (index which measures capacity and affinity of countries to use possibilities that are given by informational communicational technologies), for the period 2009/2010 show that Sweden is ranked number one, then Singapore, then Finland etc., while Serbia takes 93<sup>rd</sup> place behind all surrounding countries, except Bosnia and Herzegovina (World Economic Forum 2010, 19).

### **Social networks**

Growing number of technological pioneers, like for example “Twitter”, use technologies to strengthen an individual, changing a society while happening. One thing is certain, politicians use social media to win at elections and come to power. For example, during the presidential elections the USA employed about 100 people to work on new media in the course of election campaign. They used social networks such as “Facebook” to mobilize millions of volunteers all over the country to raise money and work on the campaign. Similarly, the new president of Chile, asked from the whole cabinet to start using “Twitter”. Based on the data from the press, a lot of world politicians use services of social networks.

Increase in the use of social networks has led to hierarchy change and now there are much more activities from the bottom to the top than it used to be, from the top to the bottom. “Twitter” is exactly an example how, thanks to technology, strength and power move towards peripherals. Social networking helps emergency services and doctors to cover terrain and be more efficient, especially in some poor developing countries in parts of Africa and Asia. All of this can contribute the improvement of human health and spreading of cultural influences. Besides, it is necessary for all companies to understand that thanks to technological

innovations, much greater power is transferred “into the hands of customers”, and so all companies must estimate again their attitude towards customers (Milićević and Arsić and Milićević 2014, 125).

It is good to mention an interesting example of the author who after finishing his literary work, instead of publishing in a traditional way, publishes it on a social network. This enabled him to have an instant electronic publishing and also it attracted the publisher who accepted this book for printing in a classical way and issuing it. New technologies make it possible to avoid obstacles that prevent products and services to reach their customers easily.

### **The Power of Cooperation and Responsibility taking over**

One of the technology pioneers which specialized for energy efficiency has the intention to make energy consumption closer to sale conditions in a supermarket, and that is, to make it possible that energy consumption has its components, its purpose, and its price, and not that after 30 or 40 days a bill for electricity is delivered for the used energy and no other information. However, the newly received information delivered from the energy sector will make it possible for the consumers to have the same level of information which they get at supermarkets and will motivate them to make smarter choice in their energy use.

Technological development, technologies and innovations themselves enable people to cooperate and to connect in new ways, influencing both businesses and humanitarian activities (Bojić and Joldić 2018, 221).

Companies which are classified in the so called pioneers of technology also enable and encourage people to understand exactly how much energy they use and to take much more responsibility in order to use it less and so save money and help in diminishing negative effects on living environment. One example for this is a company which analyses the work of machines by using algorithms, so that it can completely comprehend the use of energy. In this way it is possible to compare one’s own energy consumption with the neighbor’s use or some other companies and advice can be given about how to diminish energy consumption.

A group of technology pioneers from 2018 provided its consumers and companies with more than just control over their influences on the protection of living environment in several ways. It is interesting to say that technology pioneers, since they are officially registered, 11 years ago, have the same number of companies which use ecologically acceptable technologies, as well as the number of IT companies. This is not by chance, as the pressure to become more energy efficient has never been bigger for companies, and that is not only because of legislation, but also because of consumers, so that companies must be registered as socially responsible. Pioneers of energy help us in this. Some of them give people new ecological options in case of house and factory construction, by using varied technologies to make ecologically acceptable buildings. However, potential dangers of being included in the global market do not leave out vulnerability of national economies to global fluctuations of production and employment, negative influence on income distribution, worsening of ecological problems and other (Nuti 2002, 24).

The protection of living environment, social and corporative management and ESG account as basic factors in measuring sustainable development and ethical consequences of investments in companies or other businesses, and when all these factors are taken in account we have the so called socially responsible investment. The effects of ESG focus can help to identify new possibilities for raising profit for instance with new “green” products and services, and then, to lower expenses, as it is for example elimination of losses and non – efficiency, in the production process (World Economic Forum 2011, 24).

Technologies help individuals to take over the responsibility for their own education. It is expected that in the following 10 years all texts are in electronic form, and they will be delivered through improved electronic readers. Students, wherever they are, will be able to download accredited Web video lectures, given by the best world lecturers. In this way, one of the representatives of the technology pioneers developed the algorithm which helps



students to find the best online content and the adequate study mode, adapting the educational content to their individual needs.

The determination of technological pioneers is based on the following criteria:

1. Innovation; a company must be truly innovative, new versions of prepackaged or already accepted technological solutions are not considered innovations. An innovation and its market role must be new. A company must significantly invest in research and development.
2. Potential influence; a company must have a potential which will for a long time essentially have influence on business activities and/or on a society.
3. Growth and Sustainability; a company must show a potential with which it will realize a long – lasting leadership on the market and it must have well – formulated plans for the future development and growth.
4. Concept proof; a company must have a product for the market or a proof for the practical application of technology. A company which is not presented with ideas and models that are not proved is not qualified to be a technological pioneer.
5. Management; a company must have a visionary management, which plays a decisive role in a company's leadership towards already determined aims.

### **3. CURRENT QUESTIONS OF TECHNOLOGICAL PROGRESS AND INNOVATIONS**

Globalization is present all over the world including the region in which we live. Simply said, globalization and transition are interconnected moreover (Bahar, i Hausmann i César 2014; Duvnjak 2018) through transition the market is revived as well as private property as a precondition for the democratization of a society. Thus governments intentionally change the policy of diminishing and elimination of obstacles to enable smooth flow of goods, capital and services, especially when a government through its own activity, finds out how much these barriers cost. On the other hand, powerful companies change their business strategy and put an accent on the profit growth by lowering expenses, and not by means of increasing the cost of products and services.

Competitiveness on the international scale demands from companies to turn national positions into international i.e. to have a global strategy of performance.

The strategy of performance on the international markets, as its basis, should have the system of collecting, digesting and distributing information about export markets, i.e. methods of selecting markets and good for the chosen markets. A company should in its strategy of performance build in information about certain markets and the structure of demand on them (together with answers to questions which products need promotion to be placed on certain market and to which markets their products can and should be exported).

In contemporary economy the fulfillment of needs and demands for certain market segments sometimes overcomes the capacity of a company, especially in endeavor to provide a significant competitive advantage at certain market segment.

One of the basic specific features of a company's adaptation to market ambient is the increase of negotiating power on the market. A company can, through a long – term cooperation, increase its stability and influence on the market through the raising level of satisfying the needs of big buyers, by creating a common image, status and greater participation on the market.

Every degree of business internalization presents and marks some form of developing improvement in management and in a company. A typical direction of a sound development of a lot of companies starts with local and goes to national (a country's); from national proceeds to foreign (international), from international to global. Enterprising companies which manage to overcome the initial strata of development that business on foreign market imposes them, get in the situation to stabilize their business and make it continuous, and after

that to, on the basis of space diversification and range economy which they make, secure rentable business activity with permanently growing incomes.

Conquering foreign market for a lot of big companies of process (industrial and similar) character is the only solution if they want development. Sometimes, only by a penetration (going through) the foreign market necessary conditions can be made for overcoming economic, technological, trade and/or other strata of development, which they face with. Without overcoming these strata companies can neither do business successfully nor develop themselves.

Numerous firms from different branches of business, even the biggest part of their income, their profit and/or employment realize abroad – in the countries in which they have their business branches of different types of business cooperation with domestic (local) firms do or develop certain business.

It is completely clear that in the contemporary society, as it was before it, there is inequality. Hence, it is not surprising that there are different perspectives of development, even in this contemporary society. Differences, when current levels of development are observed, in the future perspectives are more than big. Because of that, it must be spoken separately about the perspectives of developed, medium developed and developing countries. Developing perspectives do not belong only to developed countries, however they influence all global social changes. Developed countries, naturally, imposed themselves as leaders of creating not only their own, but also the future of the whole world. The best indicator of such approach is globalization, the phenomenon of contemporary society which rightly depicts a modern (Western) man. It also has the aim not only to show a big influence of (Western) forces on the world and trends, but also to base them as the carriers of social development. In the culture sphere it is insisted on creating a citizen of the world and that leads to the homogenization of taste, creating patterns in clothes, nutrition and life style. By an objective point of view at the image of the global world neither one nor the other side can be determined. It is the story about one bright and the other dark side of globalization. The dark, destructive side is gradually becoming more dominating, getting threatening size, turning the modern arena into “the world society of risks”. Constant protectionism in developed countries which is evident, in spite of continuous slogan “free trade”, is in fact the result of the attitude that prevails in developed countries which says that liberalization is essentially making allowances to other countries. The best example for this is the introduction of customs duties on steel and aluminum import by the American administration and against measures of China, the EU and other countries.

At the international market countries do not apply but companies and so the quality of managers is an important presupposition for realizing the competitive advantages in a certain branch. Management must be oriented for a long – term and not short – term in order to emphasize the product innovation, process and marketing methods, to be ready for accepting bearable risks and to be prepared for business cooperation with companies from other countries. In branches which have a global feature, competitive advantage will depend more and more on the capability of management, and not as it used to be the case so far on the work and capital, as well as on available natural factors. International advantage is often concentrated in limited industrial branches and in some more limited segments. Also, innovatively oriented management will ask for and find new technologies, will notice the needs for some products and services, will consider possibilities for new sources and institutes of production etc. The degree of innovation, significantly depends on the competitiveness of economy. Branches and companies that are protected from foreign competitiveness do not have the aptitude towards innovation.

Serbia itself cannot be excluded from the process of globalization. Its case is full of controversy. Reasons for delay are first of all in relation to the remains of the planned economy and not completely carried out privatization of the social sector of the economy.

Integration in international economy trends and international work division is an essential part of the strategy of economic development of Serbia, in which neighboring countries have special importance. Countries of Southeastern Europe, and Serbia among them, are undergoing radical social and economic reforms, and in a degree they accomplish these reforms, these aims are going to be achieved, first of all through the Pact for Southeastern Europe Stabilization, and to full membership in the EU. It is possible to approach the study of factors of regional growth and economic convergence (divergence) from different angles. Some authors think that the postulates of the theory of location and the theory of regional growth and development are crucial in the procedure of assessing factors of regional growth (Capello and Perucca 2015, 233). Depending on generally accepted concept of space, vary the key boosters of regional development.

On productivity factors and the size of income multipliers a dominant impact have interregional allocative efficiency and intraregional multiplicative mechanisms (Stimson and Stough and Nijkamp 2011, 10).

Global economy in contemporary time sphere, is characterized by a growing interdependence of national economies (Dodig and Kozić – Rađenović 2017, 229). The latest analysis of the world economy trends shows the weakening of recession, but there is still a high rate of unemployment and the danger of inflation due to intensive influx of financial capital. For Europe itself it is important to create more innovative and better quality products and services. Current turbulences and the need for outgoing strategies accelerate the entire economic reconstructing. Changes in workforce offer will go towards the demand of higher qualifications. Informational communicational technologies change the world dramatically, connecting people and societies, increasing the living precondition for achieving competitiveness and economic and social modernization, as well as an important instrument for removing economic and social divisions and diminishing poverty, but also giving horrifying possibilities for some manipulation and misuse.

Every state, institution and social group in the last 10 years has been changing its interactions with aims and results of technology. The relationship between technology and economy denotes the possibility to open a dialogue with other participants in this interaction, and so to improve social – economical results and avoid possible negative consequences.

## CONCLUSION

Nowadays companies must be prepared for the new era which demands more efficient and more encouraging management of new technologies and innovations. A lot of research has confirmed that companies which accept the challenge of innovation management, become more prestigious and more successful on the market, compared to their rivals. The spreading of European Union imposes on Serbia the need to recognize new technological processes and innovations as an inevitable condition for the exit from a phase of slow development. Today small and medium – sized companies are “generator” of contemporary economies due to the contribution that is mirrored in technological innovations, employment, export increase, dynamism of competitiveness etc. The capability of small and medium – sized companies to innovate is of great importance because innovations provide competitive advantage to a company, branch in which they do business, as well as in economy as a whole. New and existing innovative small and medium – sized companies contribute the increase of entire productivity, and competitiveness in economy, eliminating less efficient companies with lower productivity. Innovative small and medium – sized companies take part in the flow of knowledge within innovational systems, less than passive users of knowledge, and more as important source of knowledge. Innovation is a powerful means for small companies to enter the market successfully and change their present state, and it enables the existing companies to keep or improve their position on the market through innovation. Innovative small and

medium – sized companies take part in the flow of knowledge within innovative systems, less than passive users of knowledge, and more as a significant source of knowledge.

Innovations represent a new approach to problem solving, which often means incremental, revolutionary changes in the way of thinking, products, processes and organizations. In order to be more effective, an innovation should be simple. Innovativeness is a specific mental attitude which focuses a company to look in front of present, into the future. The aim of innovations is a positive change. An innovative company must have a consistent technological strategy. Measuring of innovative efficiency is very complex, but it is also very significant because in this way the position of a country is noted. In recent years small and medium – sized companies give a special importance to the problem of innovation. One of the ways of improvement for the Republic of Serbia is also the investment in knowledge, this is the way to sustainable economy and society.

Social – economic changes, which follow fast scientific – technological development, especially the expansion of modern technologies demand high education from people who are able to function efficiently in social processes and use the available technology. In the unity of knowledge, companies and national economy they base the competitive advantage on knowledge and the use of potential opportunities and possibilities necessary for their realization. That is the reason why the basic development aims of the most developed countries are the increase of investment in IR and innovative activities through continuous studying and education of human resources.

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