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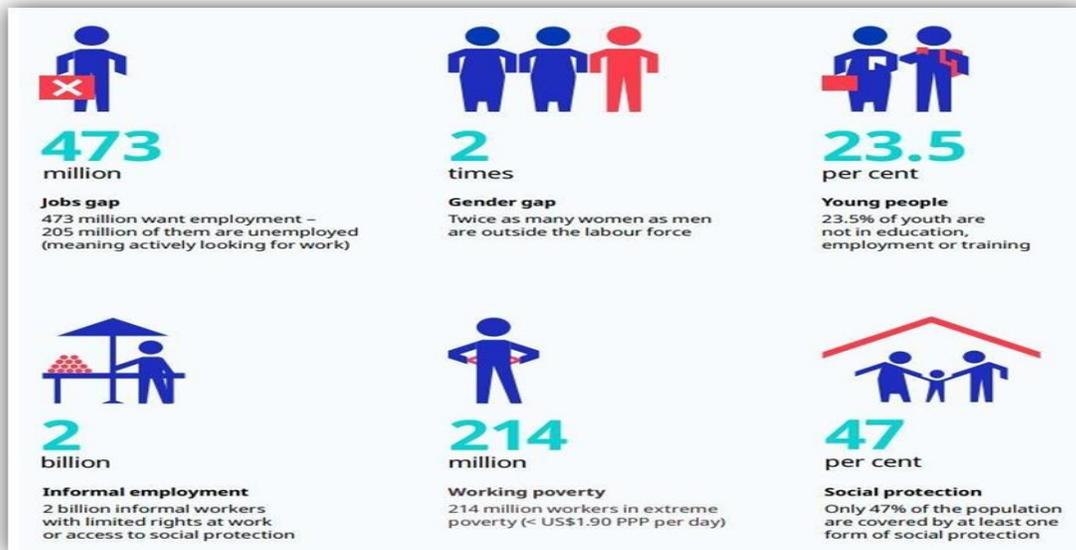
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Promoting sustainable rural economic development: how to embrace new knowledge and innovation through the coworking space model

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Abstract

Rural areas usually have a spatial-organizational structure that is very different compared to urban centers. Rural settlements to a greater or lesser extent significantly lag behind the urban core (as in developed and underdeveloped countries), especially in terms of infrastructure, equipment, benefits in the health, educational, cultural sector, which makes them unequal functional entities that are necessary for the population in these environments. The importance of rural areas for every country is of great importance, especially in areas with active agrarian activity, which greatly affects the economic transformation of the area, provision of basic agricultural products, necessary for nutrition, industry, tourism, etc. Starting first of all from the economic aspect, while also respecting the environmental aspect (environmental protection, tourist potentials, especially eco-tourism, etc.), significant initiatives are necessary that will influence the increasing affirmation of the rural environmental space. The pandemic with Covid 19 significantly influenced the population from urban centers to change their habits and seek a certain harmony of life in the rural environmental space. But now that the Covid-19 pandemic is behind us, the transformed life habits of the city population remain as a positive signal. We have more and more examples of partial or permanent migration of city families to quiet, ambient forms of rural environments. In addition to all of this, the development of information technology, digitalization, which encourages such opportunities for work, living and longer stays. The co-working models of work that have opened up a completely new dimension for the transformation of work "offices" that represent permanent forms of transformation of rural environments are becoming more and more noticeable.

Co-working centers today are a unique status symbol that will bring back the "life in the village" into game, and moreover, to make a complete transformation of the infrastructural, economic, social and cultural aspect of the rural environmental space.

Keywords: rural environment, promotion coworking models, job creation, business opportunities, information technology

1. Introduction

The end of the 20th and the beginning of the 21st century is characterized by significant global changes. The world is passing through a stage of large and extremely significant quantitative and qualitative structural changes, expressed in the competitive competition in the industrial, cultural and social dimension. The complex process of population development was directly dictated by the dynamics and character of the demographic situation, social, economic and generally socio-political movements and changes. Apart from these factors, the interactive connection and the influence of historical cultural and traditional values, the ethno-religious mosaic and, in connection with them, the slower or faster process of penetration of psychological-social concepts in the reproductive behavior of the family and the individual.

According to Daskalovski V. [1], such tendencies are directly opposed to the scientific interpretation that demographic development and in general the rational and planned distribution of population resources are the basic goal of socioeconomic development. It is quite evident that it is not in accordance with the contemporary population-geographical situation in the country. Namely, the gap between the opportunities and needs for economic activation and utilization of natural potentials in demographically depressed areas, as opposed to zones and especially urban agglomerations, where the most diverse problems of environmental degradation, overpopulation and, in connection with them, difficult to overcome social issues such as unemployment, are already visible, housing, social stratification and others.

A few decades ago, the dynamic development of industry was a kind of excuse for population migration to rural areas. The constant development and expansion of industrial zones, accompanied by the construction and modernization of traffic technology, as the main actors of progressive urbanization, constitute the core of the fundamental disruption of the structure of the spatial environment, imposing new models and elements of industrial civilization.

The underlying problem in most cities is that the inherited condition of the street network does not meet the transverse profile, route, or built-up. Therefore, the primary network does not have sufficient capacity to accept streams from the secondary network at critical times, especially when it comes to transport of dangerous goods. Negative impacts caused by traffic are called negative external effects: traffic accidents, congestion in traffic, surface occupation, noise, exhaust gases, uncontrolled release of harmful and dangerous substances, especially in accidental situations.[2]

As K. Davies once pointed out, returning to rural life today is almost impossible. But as long as the "village hearth and core" exists, in the pious sense, as an essential characteristic of a family, the last connection with the village is not severed.

The European Union, as a complex system organism of a community of 27 states, actively focuses its attention on the development of rural areas. Of course, there are several reasons for that. One of the reasons is the large territorial representation of rural areas and the number of people who have permanent residence in these areas. Such representation affects not only the territorial expansion of the community but also the economic growth and development of the European Union. The next reason is

the need for motivation for increasing the appeal and attractiveness of rural areas as a permanent form of living for the population that lives in urban areas for most of the year or permanently.

To provide these amenities, the efforts of the community to prepare and implement programs targeting rural areas are notable. The purpose of adopting these programs is to influence the development of rural areas, in terms of their infrastructure, the quality of life in them and of course the impact on agricultural production, as the primary business branch in these areas. The emergence of these programs in the European Union has been noted for a long time, in its current member states, which indicates the success of these programs. [3] The content and structure of such programs are different, but the essence and purpose of the programs intended for rural development are aimed at the development of these environments, as well as raising the level of competitiveness and approaching European standards and legislation.

The need and attractiveness of the "rural" environment especially came to the fore due to the great social changes that occurred when entire cities and regions were in complete isolation due to the Covid 19 pandemic. But it seems that if, due to health and social needs, a large part of the population was forced to choose the village environment, now the attraction of nature has kept the people in that environment, and it attracts even more devotees.

In this way, the need arose for the discussion of this matter in order to develop a greater understanding of this important issue, especially the five years ago, since the outbreak of the Covid-19 pandemic and the consequences it left for changing the urban lifestyle and returning to the rural environment.

For that, the possibilities and conveniences offered by the coworking space concept of this new modern "non-office" phenomenon are especially important. A huge mass of freelancers, from different fields practice this concept of remote work, yet in a different beautiful ambient environment.

2. How and why it began with Coworking

The term 'coworking' in its current meaning began in 2005 in San Francisco when computer programmer and open-source enthusiast Brad Neuberg "decided to create a new kind of space to support the community and structure that I hungered for and gave it a new name: coworking" [4]. He rented a small space to work from and published an open invitation on his blog for others to join him: "In coworking, independent writers, programmers, and creators come together in community a few days a week. Coworking provides the "office of a traditional corporate job, but in a very unique way" (Neuberg 2005).

Although Neuberg began the first official coworking space, similar ideas had been percolating for years. C-base, founded in Berlin in 1995, was among the first hackerspaces around the world. Many now consider these hackerspaces to be precursors of today's coworking spaces. A few years later, in 1999, 42 West 24 arrived in New York City, which had flexible desks for teams and individuals. It was certainly a precursor to coworking spaces, but without the crucial aspect of community that coworking offers now.[5]

Neuberg first envisioned a coworking space in 2005, when he was going through tough financial times. He was working at a startup but felt conflicted: He wanted to find a way to combine the feeling of independence and freedom of working by himself with the community feel and structure of working with others. Neuberg worked with a life coach, which resulted in him creating a three-part plan, which included making a new type of space that delivered both the structure and community feel he wanted. At this moment, the concept of coworking as we know it today was conceived.

3. Coworking space as well as strong company culture

Coworking spaces have enormous and different advantages: freedom and flexibility of job location, working time management, inclusive services and design, working independently or with already proven business partners, additional ideas that can suddenly appear in the common space, and which can be a challenge in building a coherent team culture.

For many individuals, young people and companies, large and small, workspaces represent a real solution for starting a new business, or significantly reducing the costs of renting independent offices. Cost-effective prices and pre-arranged modern and design facilities make managed offices an extremely viable option for many organizations looking for state-of-the-art office spaces without financial difficulties for investment in real estate, but also for maintenance and use over a longer period of time.

For many individuals, young people and companies, large and small, workspaces represent a real solution for starting a new business, or significantly reducing the costs of renting independent offices. Just as the idea of hybrid workspaces has taken popularity for many professionals—so has flexibility. The concept that every team member needs to be in the same office at the same time is no longer necessary with today's technology. Cost-effective prices and pre-arranged modern and design facilities make managed offices an extremely viable option for many organizations looking for state-of-the-art office spaces without financial difficulties for investment in real estate, but also for maintenance and use over a longer period of time.[6]

One of the best ways to enhance culture in a hybrid space is to create, teach, and embody your core values. Make sure each member understands the significance of values and adopts them in order to maintain a consistent, confident culture. Educating on these values and getting your team to adopt them is a tried and true way to materialize a great culture—whether it be through working remotely or from one of the best coworking spaces.[7]

Certainly, in this context, it is worth mentioning the corporate concept of co-working. In 2016, Microsoft became the first to publicly introduce the concept, when they announced they would have staff working from WeWork locations in several cities. Now, WeWork boasts clients from all over the Forbes 500 list. HSBC, Salesforce, Facebook, IBM, Bank of America are among the many corporations who are 'enterprise partners' of WeWork.[8]

Defined as companies with over 1,000 employees, enterprise clients now make up over 25% of WeWork's annual revenue. And it's not just WeWork. UK flexible workspace marketplace, Hubble, has had huge corporations approach them for several different purposes. Some want to use Coworking space for a specific branch of their company, others may want to set up some sort of innovation lab. Companies such as EY, Shell, and Jaguar Land Rover are among those who have partnered with Hubble.

Considering that a person spends almost a third of his day in a working atmosphere, it is no surprise that the space in which we spend a large part of our time has a significant impact on our behavior at home as well. What kind of energy we take home after working hours and the working atmosphere depends to a large extent on the atmosphere at the workplace. The work environment can evoke excitement or fear, deep focus or distraction, cooperation or isolation.

That's why it's so important to design workspaces that inspire the workflow and culture set by the company. Without a strong plan, the work environment will become ineffective over time and employee retention will suffer.[9]

4. Coworking space: meaning and allocation in Republic of North Macedonia

According to Öğr. Üyesi Onur Bağar Özbozkurt,[10] Coworking business model alludes to “a different type of working in which individuals come together within an organization for promoting value while sharing knowledge and wisdom in terms of interaction and collaboration under the circumstances of users” or members” preferences.

Country ID profile for Coworking spaces. The total number of coworking spaces in our country, including collaborative and creative working spaces (coworking spaces and smart working centers) are 9. The names of coworking spaces in Republic of North Macedonia are:

Table 1 Name and Location of coworking spaces in North Macedonia

	NAME of Coworking spaces	CITY
1	Kasarna Hub - Ohrid	Ohrid
2	Qworkingo - Coworking space at Bonde Skerlevski - Bitola	Bitola
3	Coffice - Skopje	Skopje
4	iSolve Coworking Spaces - Coworking space at 330 Ilindenska - Tetovo	Tetovo
5	Public Room - Skopje	Skopje
6	NewMan’s BA - Skopje	Skopje
7	Seavus Incubator - Skopje	Skopje
8	GSI Serviced Offices - Skopje	Skopje
9	CoWorkOhrid - Ohrid	Ohrid
10	Soravia Invest Dooel - Skopje	Skopje
11	Ceed Hub - Coworking space on Rugjer Boshkovikj - Skopje	Skopje
12	Coworking space Co&Work (on Shumadiska A) - Skopje	Skopje

Out of a total of 12 coworking spaces, 8 are located in the capital Skopje, and 2 in Ohrid and 1 in Tetovo and Bitola. Unfortunately, there is no such center in the suburbs or rural areas. Located in city and urban areas, those coworking spaces offer the ultimate shared workspace environment for professional independents looking for a likeminded community, viable platform for growth and productive work ambience. Those coworking spaces act as a central root of a fast-moving community and actively boosts and inspire idea generation, creation, innovation and cooperation for startups and business in favor of promoting their rapid growth and accelerate the progress through education, creative solutions & valuable resources.

SPATIAL DISTRIBUTION OF NEW COWORKING SPACES IN REPUBLIC OF NORTH MACEDONIA

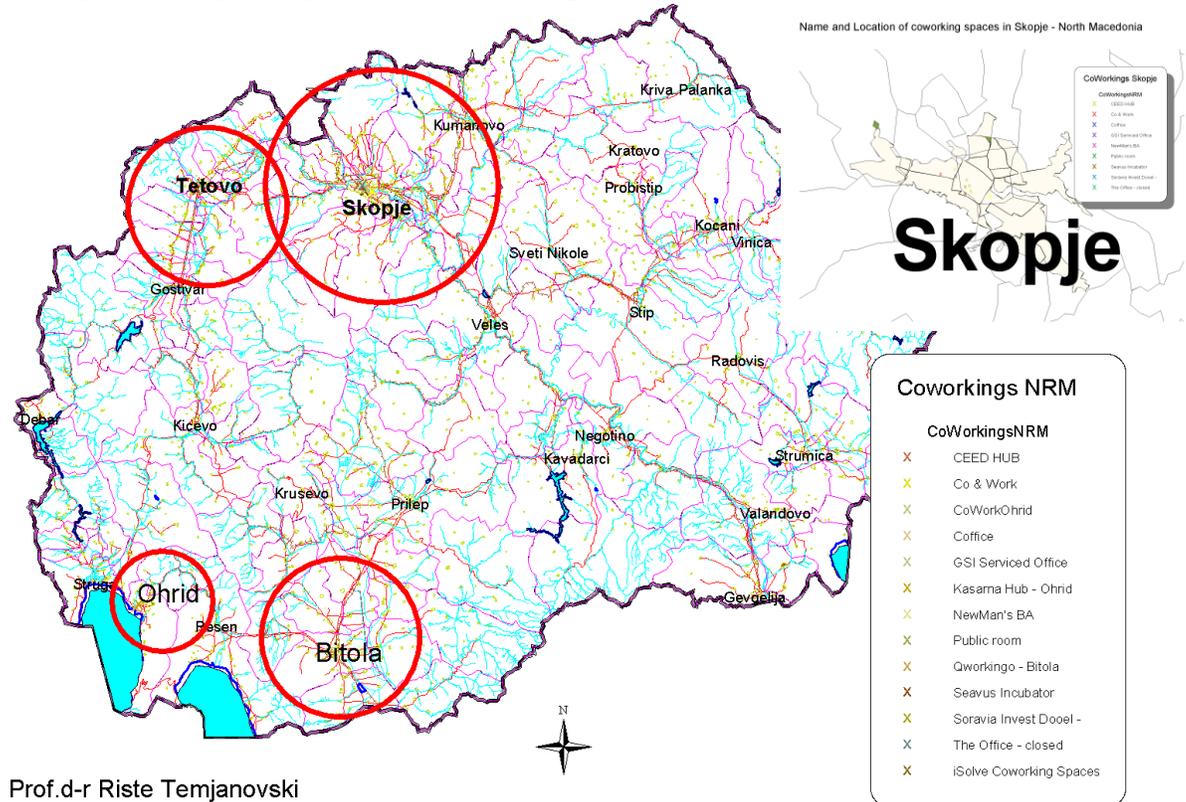


Figure 1 Spatial distribution of coworking spaces in North Macedonia

Source: authors

This Coworking Spaces provide access to office space, workstations, internet access, office equipment, conference space, knowledge resources, office assistance and other services. The vision of these Coworking Spaces is to improve the business climate; public-private dialogue; entrepreneurial awareness; SMEs development. Work in a productive and creative co-working community consisted of students, freelancers, entrepreneurs, startups and even corporates, striving for inspiration and empowerment from a vivid community of like-minded professionals. To be part of life-changing tech and business events where everyone learns from everyone is really inspirative and challenging.

5. Potential of rural coworking

The main question that needs to be clarified as the main determinant of labor is what it represents rural coworking. According to Business Chief [11] Rural coworking is an unofficial term that encompasses coworking spaces located in small towns, suburban neighborhoods, or anywhere outside of a city center with a relatively small population.

Undoubtedly, that in such complex and turbulent living conditions, especially those created by the urban lifestyle, rural coworking spaces represent the new and emerging trend of existing and new businesses. These spaces are typically located in nature or outside of highly traveled areas and thus, may have a bit of a different clientele.

Coworking in rural places is becoming more popular in the age of remote work for a couple of reasons:

- More people moving outside of cities: there's been an uptick in the population of rural areas as people are no longer required to live where they work, leading to a rise in rural coworking according to [allwork.space](#)
- Rise of "destination coworking": people are taking workations or seeking out destination coworking spaces, where they travel to a new place to work.

Bertović, Košir & Timo-Huhtala [12] made some research on primary business conditions in rural areas, and indicates the following characteristics

- Rural coworking spaces – are mainly used for networking, socializing and education of entrepreneurs, less for traditional distant work to avoid commuting
- Physical visit to location is important due to a better understanding of benefits for users;
- Promotion and prompt PR in the local community is vital (digital channels and word of mouth);
- Multifunctional space in rural areas – combining with some other services (Caffe, drop off point, on-line market place, pop-up store...);
- Further equipping of coworking spaces with some smaller items (e.g. 3D printer, the Laser engraver, software...) – reaching a higher position on technology readiness level (TRL) scale;
- Creation of rural-rural and rural-urban connections;
- Local municipalities get the body who can help to grow micro-businesses and start-uppers;
- Local public sector (municipalities, county, library, schools etc.) can generate some demand for products produced by the members in coworking spaces;
- Public support for rural coworking is needed for starting and working in the first 3-5 years period.

The impact of rural workplaces is also well described by Kate Schwarzler, founder of Indy Commons through several reasons:[13]

- Coworking spaces improve the local business community and make Main Street vibrant
- Coworking spaces can create community, especially in a post-COVID environment for remote workers
- Coworking spaces create new kinds of opportunities in rural areas that improve quality of life
- Coworking spaces can elevate a culture of entrepreneurship to the next level

Today, ICTs have enabled complete freedom in running businesses. In this regard, we see rural coworking spaces as essential forms of collaboration and entrepreneurship, and as part of the necessary infrastructure" of a community - the components that enable a place to compete within the digital economy.

Coworking spaces provide much more than just a place to work. A rural environment can offer significant resources to the business community, establish connections that enhance the local business environment and host events that foster a stronger business climate. In that regard, business networks become a significant driver of the rural coworking community. Many remote workers, freelancers, or sole proprietors may work from home or in cheaper locations outside the city center because paying higher rent does not make business sense.

6. Rural ambient areas as well as potential coworking space in Republic North Macedonia

Modern rural economic activities depend on quality infrastructure, effective logistics for supplying materials to industry and moving products along the supply chain and eventually to the end consumer.

Rural development includes a series of activities, and if our country wants to develop and implement the future of modern rural settlements, as complex and attractive areas, it is necessary to design policies that will facilitate living and working in such spaces.

There are many options, and hence considerable scope, for improving the sustainability of rural living and working. Many successful European cities see the culture of living in rural areas as providing a competitive advantage over large urban centers, burdened with heavy traffic congestion and pollution. ICT has made it possible to attract new businesses, freed from the dependence on offices in urban areas.

Most research shows that adequate transport infrastructure is an important factor for spatial planning and management of most activities for finding solutions for alternative ways and improving the health of the population and encouraging the rural way as a modern model of permanent living. These spatial aspects can only supplement and improve the spatial contents in rural areas, especially due to a series of decade-long omissions: the poor dimensioning and quality of the condition of the street network, and inadequate organization of public transportation and transport.

Individual entrepreneurs invest in various programs to improve the conditions for the physical and mental health of employees, to create an attractive identity and to accumulate economic benefits precisely in rural areas. Many business programs, especially in the field of entrepreneurship and ICT recognize the efforts of companies to promote working in coworking conditions - and the results of such analyzes are really impressive.

Coworkings are traditionally created in urban environments but are increasingly being implanted and rooted in rural areas. On the one hand, teleworking has made it easier for professionals to keep their jobs in the city, while living in a rural area. **[14]**

Rural coworking has many advantages:

- It can offer more competitive prices
- It is more intimate and personal
- It offers events at a local level
- By building smaller communities, it is more likely that common synergies and projects will be generated

As one of the fastest growing economic sectors in the world, entrepreneurial coworking is increasingly recognized rural areas as a vital contributor to job and business creation and innovation, environmental protection, cultural preservation and poverty alleviation. A well-designed and managed rural coworking sector can help preserve the natural and cultural heritage assets upon which it depends, empower host communities, generate job opportunities, and foster peace and intercultural understanding.

The experience in the new entrepreneurial and innovative possibilities, once again shows that rural settlements are increasingly in demand in the coworking market. The correctly conceived business model of the village can be of great importance for the economic and social development of many rural settlements in our country. Coworking opportunities in the village are of great importance both for the permanent population and for people who are looking for jobs and jobs in rural settlements.

The development of new business opportunities, primarily as a result of new tools and innovations of entrepreneurs, would greatly affect the reduction of the rural population. The numerous negative effects of the depopulation of rural settlements are known. The same applies to underdeveloped areas in which agriculture and tourism or some other activities have not had a sufficient effect on the improvement of the living standard of the population.

In contrast to these areas, the experience of the development of tourism in some parts of our country (the settlements in the Skopje tourist region, the Ohrid-Struga region, the areas of Bistra, Lazaropole, the Osogovo mountain settlements and other tourist village settlements) indicates that the attractiveness of these natural regions has positive effects on greater economic development in the wider regional environment.

Significant benefits for residents in a particular rural settlement can be realized when these developments combine the model of a friendly environment and innovative business ideas. Coworking places as a friendly new development are considered a place where people want to live: safe, family-friendly, accessible with all the amenities, and peaceful surroundings. The attractiveness and quiet environment are significant points of living and working over the competitive events compared with the polluted city cores.

The increasing recognition of the role of coworking business activities in rural areas, as well as the sustainable development business model provides a unique opportunity for all governments to create a sound and favorable economic policy foundation. In particular, it should empower economic and environmental policymakers to become actively involved in national planning for the society's future.

7. Conclusion

Coworking spaces can be identified as strengthening as a globally rising and shining trend in a network business environment where the term of competitiveness is related to knowledge and sustainable innovation. In this respect, coworking spaces refer to localized places in which professionals that require autonomy, work with common resources, and are free to interact and share their knowledge with other professionals. Coworking spaces mean common workplaces benefitted by various kinds of professional knowledge workers, generally self-employed individuals, working in assorted levels of specialization in the vast domain of the knowledge industry.

North Macedonia is an upper-middle-income country that has made great strides in reforming its economy over the past decade. In this regard, significant steps are taken in the acceptance and application of new forms of doing business, especially accepting the modern concept of Coworking spaces. The total number of coworking spaces in our country, including collaborative and creative working spaces (coworking spaces and smart working centers) are nine. Out of a total of 12 coworking spaces, 8 are located in the capital Skopje, and 2 in Ohrid and 1 in Tetovo and Bitola. Unfortunately, there is no such center in the suburbs or rural areas. Located in urban centers, those coworking spaces offer the ultimate shared workspace environment for professional independents looking for a likeminded community, viable platform for growth and productive work ambience.

Considering the numerous advantages and benefits of this Coworking Spaces as well as provide access to office space, workstations, internet access, office equipment, conference space, knowledge resources, office assistance and other services, furthermore the vision of these Coworking Spaces is to improve the business climate; public-private dialogue; entrepreneurial awareness; SMEs development etc. In the future, such forms are expected to be more widespread in the Republic of Northern Macedonia, to find even more appropriate representation in the peripheral areas of the country.

As one of the fastest growing economic sectors in the world, entrepreneurial coworking is increasingly recognized rural areas as a vital contributor to job and business creation and innovation, environmental protection, cultural preservation and poverty alleviation. A well-designed and managed rural coworking sector can help preserve the natural and cultural heritage assets upon which it depends, empower host communities, generate job opportunities, and foster peace and intercultural understanding.

As one of the fastest growing economic sectors in the world, entrepreneurial coworking is increasingly recognized rural areas as a vital contributor to job and business creation and innovation, environmental protection, cultural preservation and poverty alleviation. A well-designed and managed rural coworking sector can help preserve the natural and cultural heritage assets upon which it depends, empower host communities, generate job opportunities, and foster peace and intercultural understanding.

It should be noted that the significant benefits of encouraging coworking business opportunities in rural areas can only be realized when these benefits are combined with the model of improved infrastructure and the encouragement of innovative business ideas offered by ICT and entrepreneurial skills.

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Changes in the economic environment: marketing decision-making in accordance with the transition towards sustainability¹

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Abstract

Rapid changes in the economic environment, at the macroeconomic and microeconomic levels, contribute to increasing uncertainty in the world market. Companies, as well as the countries themselves, are facing the complication of market and business relations, as well as shocks. One gets the impression that in the last forty years, the economic environment has been changing most dynamically, because the competition is getting tougher, and the level of real income and the purchasing power of the population are changing. Since the beginning of the XXI century, the way of payment and purchase has changed. The most innovative companies have changed their approach to customers by using content marketing or "killing marketing". To this, we should add the increased demands for compliance with the 17 principles of sustainable development, which were proclaimed by the United Nations (UN) in 2015, and which are known as Agenda 2030. It is certainly certain that national and business decisions will have to be made in accordance with this UN Agenda, and all countries will not be able to implement it at the same pace, nor to the same depth. In this paper, changes in the economic environment and marketing decisions are observed through content marketing and something less green marketing.

Keywords: economic environment, changes in decision-making, content marketing, transition to sustainability, green marketing

1. Introduction

The beginning of the 21st century, and especially the beginning of its third decade, is full of rapid changes in the world, realignment of countries, ubiquitous struggle for competitiveness and survival of companies. Such a dynamic environment influenced the change of macroeconomic indicators and geoeconomic redistribution. The latest dramatic conflict, the war between Russia and Ukraine with disastrous consequences for both countries, has brought much uncertainty to the rest of the world. The geo-economic puzzle is changing, questioning the unipolarity and dominance of the Anglo-American

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world. The geopolitical and geoeconomic struggle between major powers such as the USA, China and Russia continues, disrupting peace in the world. "China is imitating the USA today and he wants to be the most powerful, by wanting to build his navy, to produce advanced technologies (in the fields of aviation and electronics), to adapt the entire international order to its own interests. Thus, both the USA and China behave as real great powers, hegemonies who want to dominate the world" (Maksimović, 2022b: 59). In the economic sense, the fact is that there has been an increase in inflation, an increase in interest rates, a jump in retail prices, and statesmen and businessmen fear for their economic and financial survival. According to the director of Toyota Serbia, Mr. Robert Lukić, today business people are particularly interested and worried about the relationship between inflation and demand, the rise in producer prices and the issue of the supply chain (procurement). When it comes to Serbia, he says that the experiences from 2008 show that the shock of the crisis in Serbia followed with a delay only in 2012, and then the increased effect of the crisis took place. Although at first the trend was favorable for the economy, later specifics emerged that were not at all stimulating. Further, there were changes in payment methods, intensive use of credit cards, and electronic payments, and parallel to that was the monetary revolution that led to the emergence of cryptocurrencies. The way of shopping has also changed, because there has been digitization of shopping, and this has also led to changes in the classic ways of functioning of marketing, because advertising via platforms has become important. Thus, marketing decision-making has become complex and very demanding, because it respects classic economic principles, but also the changes that have taken place. Looking at the review of the literature on the change in marketing decision-making, one can mention the idea of two marketing professors Joe Pulizzi and Robert Rose (2018), called "killing marketing" theory, which will be discussed in this paper. It is based on an appreciation of the concept of digital marketing and marketing decision support, and is therefore otherwise called content marketing. The second big change in marketing happened through the "green economy", giving birth to the concept of green marketing (Stanković, 2018). The aim of this paper is to show how changes in the global environment in the economy have led to changes in marketing itself, through the concept of content marketing, but also the "greening" of marketing functions.

2. Economic environment and marketing decision-making

The very concept of marketing experienced real expansion in the sixth decade of the 20th century, when the problem of production was solved. This meant that the required amount of goods for the customer could be produced, at the appropriate price, within the stipulated time, and since then the key problem has been the sale of goods. "Marketing of the ninth decade of the 20th century existed with an emphasis on marketing as an autonomous function, with segmented and positional tactics....During the tenth decade, online competition was the main characteristic of successful business in dynamic environments...But the real basis of modern marketing in the 21st century will be excellent" advertising." (Maksimović, 2004: 4). According to Kotler (2012), one can encounter several factors that create chances or dangers in the environment, namely: economic and competitive environment, demographic environment, natural environment, scientific and technological environment, political and legal environment and socio-cultural environment. The most important of all is the economic environment, which is dynamic in nature, changes rapidly, and is in constant interaction with other factors of the macro environment. It is well known that this environment consists of a number of factors that influence the purchasing power of consumers, but also the habits that determine the level of their consumption. Those

factors are income, because it affects the demand of the population, real (real) or discretionary income (the amount of money that remains when all existential obligations and needs are met) is analyzed. Next, the gross domestic product (GDP) is significant, which actually represents the strength of the national economy, and leads to the division of countries into developed, developing or underdeveloped countries. Finally, suppliers are key in the economic environment because they prevent delays in delivery, thereby preventing price increases. In addition, inflation, the level of interest rates and the exchange rate represent factors of the economic environment that are constantly in the focus of entrepreneurs and companies, because the dynamics of changes in the market depend on them (Kotler, Armstrong, 2012). The economic environment can also be made up of geographic size and material resources (market size), volume of foreign exchange, development of infrastructure and competition for each branch of industry. "Marketing has a multidisciplinary character, and includes orientation towards consumers, orientation towards competitors, and interfunctional coordination. Organizational forms that are variously characterized in the literature and in practice as "specialty confederations", "networks", "value added partnerships", "alliances", "clover", characterized by flexibility, pronounced specialization and management relationship, which, instead of market transactions, gives faster responses to changes in technology, competition and consumer wishes." (Maksimović, 2004: 5). At the same time, marketing has also evolved over time. Chart 1 shows the evolution of marketing from a loyal tactic in 1985 to a business model predicted to exist in 2025, creating the possibility for a new marketing renaissance (Killing marketing, 2023).

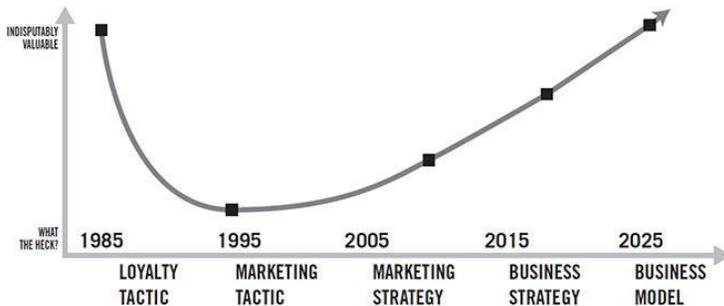


Chart 1. Evolution of marketing over the last four decades

Source: Killing marketing. 2023.

Since the beginning of the 21st century, marketing and digital advertising strategies have been on the rise. When a company works in a digital environment, it analyzes consumer behavior, and its goal is to gain as many followers as possible and achieve the highest quality communication with the consumer community. Which marketing strategy will be applied depends on the obtained results. The impact of digitization will expand in the future, by improving e-commerce platforms, increasing the number of networks and advertising channels connected to the trading platform, increasing services related to products that increase the company's income, and communication with the key audience (target group) will be the most significant (Arsova, Temjanovski, 2022: 6, 9-10). „New services are often the result of combining information from different sources. He who controls the platforms will rule the future.“ (Maksimović, 2022a: 45).

3. Marketing and changes in customer approach

The old concept of advertising (marketing advertisements and media campaigns) worked until the first decade of the XXI century, and the consumer had a limited source of access to product information (Events, Direct Fax, Direct Mail, Telephone, TV, Radio, Print, Display), and now the consumer has several ways to be informed about the quality of the product (also mentioned Email, Website, Search, Online Video, Webinars, Blogs, Podcast, Social Networks, Social Media & Ads, Virtual Worlds, Twitter, Mobile Apps, Pinterest...) (Killing marketing, 2023). Thus, with the aim of better decision making, marketing models for decision support must be integrated with the company's IT system, connected to internal and external data sources, and finally installed on a platform. It is called a marketing decision support system in practice in the field of marketing, which has led to a significant impact in a positive sense on the performance of the organization. Even so, it can be said that it is only the beginning in the understanding of many marketing phenomena, because the available knowledge and information are not automatically used for quality marketing decisions. Namely, in 1966, Philip Kotler emphasized the concept in which computer programs help marketing managers in making decisions. The first system was a marketing information system (MIS). A decade later, Little (1979) introduced the concept of marketing decision support systems (MDSS), driven by data to provide answers to structured and semi-structured marketing problems. Two decades later, Wierenga and Van Brugena (1997) constructed a marketing management support system (MMSS) in terms of a combination of (1) information technology, (2) analytical capabilities, (3) marketing data, and (4) marketing knowledge (Wierenga, 2008: 38-41). A great support for marketing decision-making is the development of technology of smart devices, applications and research systems. Decision Support System (DSS), helps decision makers with the combination of knowledge, initiative, creativity and ability to process information; but also a combination of qualitative and quantitative methods² (Hou, R.; Ye, X.; Zaki, H.B.O.; Omar, N.A.B. 2023: 3-4).

2.1. An innovative approach: content marketing

The core function of marketing is to communicate and deliver what constitutes value for the customer and target market. This is what manufacturers and marketers call the achievement of business goals through return on investment, through marketing. Content marketing or "Killing marketing" is actually a concept that, in the words of Joe Pulizzi and Robert Rose (2018), means "killing" existing marketing, in order to turn marketing costs into profits. According to them, it can only be applied by innovative companies, which actually means the transformation of the marketing strategy into an independent profit center, actually a change from an average to an above-average company in the creative industry. This leads to the question whether existing knowledge about marketing becomes a brake on business development and innovative approaches? The goal of this approach is that the basic function of marketing is to create, communicate and deliver value to the target market, in order to increase sales and profits. In the past decades, most used advertising or renting channel space to attract customers' attention, while now innovative businesses are using content marketing. It involves the creation of convincing and accurate content, aimed at target consumer groups, which should lead to a

²Computer and mathematical models support the development and design of new products. MDSS is important for the design of new products because it helps their development and affects the quality of development at the company level (Figuerola-Perez, J. Francisco, Leyva-Lopez, C. Juan, Santillan C. Luis, Pérez Contreras O. Edgar, Sánchez J. Pedro, 2019).

change in consumer behavior. With this, marketing departments affect their own business in three ways, namely increasing revenue, saving costs and creating loyal customers (Pulizzi & Rose. 2018: 4-6). Many leading companies decide to transform their marketing strategy, and thus their company becomes a media company, which strives to develop best practices to attract and retain customers. In doing so, it "sells" content, and this gives it an advantage over traditional marketing and media companies. In this marketing concept, the digital concept, the key is the audience (users of applications and channels) (Killing marketing, 2023). Thus, "Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant and consistent content to attract and retain a clearly defined audience — and, ultimately, to drive profitable customer actions." (What Is Content Marketing? 2023). The most common types of content marketing are: 1) online marketing - web pages (on line); 2. social media marketing - Facebook, Instagram, Pinterest, LinkedIn, Snapchat, through which content can be shared (photos, videos, stories); 3. infographics - displaying content, information and data in graphic format (effective communication with observers); 4. blog - enables the promotion of other internal and external content; 5. podcast - the topic can be free, the length is determined by the person who started it, and many companies and media have started to broadcast them; 6. video content - consumers learn about products and services with the help of videos, are in an interactive relationship with the creator; 7. paid advertisement - helps to reach the widest audience, and there are many places where they can be found, which are social networks, banners, sponsored content (Baker, 2023). Copyblogger is more important for this concept. He should define the mission of the marketing content, the target group of consumers, and what will be highlighted in the blog. Well-written content should encourage consumers to take action. Good writing consists of effective headlines, interesting articles and sales examples that influence the purchase of the product. Only that information that is of value to customers makes the business more successful, because it turns potential customers into loyal customers. This is how successful podcasts that are popular differ from unsuccessful ones (Copyblogger, 2023). Furthermore, in content marketing, the base consists of the platform (access to technology) and subscribers (collecting subscribers because they are the key metric) because they are the measure of success. It implies inclusion at certain intervals, but over a long period of time (a year or more). Here the customer is key (as before), because he knows the product, is loyal and gives useful suggestions based on the experience of using the product. Competitiveness is achieved through the creation of a better marketing data base and effective media buying, and a deeper understanding of the product, which helps in pricing. Such campaign management is faster, and digital is the company's main marketing channel, with the largest investment in search engine optimization³. For example, the film "American Graffiti" (1973), directed by George Lucas, is actually one of the most profitable films of all time. It had a budget of just under a million dollars when it was filmed, and grossed over \$140 million. Furthermore, for the Star Wars series, Lucas bought the licensing and merchandising rights and his most innovative marketers created demand for the product thus creating loyal consumers. Namely, as early as 1976, FOX expressed fear that Star Wars would fail. For these reasons, they gave George Lucas the licensed rights to own the company, avoiding giving him any money. Studio Century Fox saved half a million dollars, and from 1977 to 2015, Star Wars earned more than five billion from ticket sales, and over twelve billion dollars from the sale of souvenirs, and Fox lost additional revenues from the franchise. "By creating value for customers through the use of owned media and the smart use of content, these businesses have

³For example, Pepsi, IBM, Coca Cola founded their own marketing divisions and control earnings and profits with them. For example, Red Bull, although it is a beverage manufacturer, owns the largest media company for extreme sports. He now has his own series, documentaries, music studio, and has included following world events in his business model. Today, brand manufacturers have publications as well as media companies. This can be a model for both large and small companies.

dramatically increased customer loyalty and revenue.” (Killing marketing, 2023). Placing content that is useful for customers leads them to buy more, to stick to the product for a longer time, and on the other hand, the manufacturer has a better insight into the needs and wishes of customers, and on that basis develops new products and services. Here, patience and listening play a key role (socializing with the consumer), because with the help of virtual reality and the Internet of Things, a deepened relationship with potential customers is reached. There are several ways to acquire a loyal audience, these are subscribers, conferences and events, sponsorship and donations (Pulizzi & Rose. 2018: 7-10).

2.2. The transition to sustainability: green marketing

The developed economies of the world are facing the transformation of their economies that are in line with the concept of sustainability proclaimed by the UN in 2015. Companies in developed countries adjust their operations to business in accordance with the seventeen principles of sustainable development (UN Agenda 2030, 2023). These principles cover almost all segments of the production process. In the need to adapt to social circumstances and economic development, the concept of green marketing (GM) was born. Green marketing implies the achievement of the basic goal, i.e. that the products and services meet the customer's needs, but that the design, quality and price do not have a harmful effect on the environment. It can be called "environmental marketing", "sustainable marketing", "ecomarketing", "environmentally responsible marketing" or "environmentally friendly marketing". Companies use GM and integrate environmental protection into their business culture; and governments urge consumers to buy only environmentally sound products (in compliance with environmental laws). Marketing messages must be directed towards the goal of preserving biodiversity and the environment. Companies must follow environmental laws, green consumers, create green jobs, train suppliers, and make a direct contribution to environmental protection programs (Cvijić, Kalkan, 2020). The green brand in this concept should be synonymous with the reduction of harmful effects on the environment. Thus, green products must be environmentally acceptable, for example made of biodegradable material, green packaging returnable and with the possibility of recycling, green price aligned with the quality of the product, and must not be too high; green communications, must be truthful and must not mislead the public regarding the green features of the product. Green products can come from different industries, for example from the car industry - hybrid vehicles; from the food industry - organic food; from the fashion industry - products made from recycled materials or produced in an environmentally friendly way; from the tourism sector - eco tourism, or green retail (Nefat, 2015: 59-60). The best illustration is the "green" supply chain, because it includes almost all stages of production, from the collection and processing of raw materials into parts, the production and manufacture of products, the delivery of products (sales), the retail outlet and the consumer. When it comes to the supply chain (the sequence of processes involved in the production and distribution of goods), companies must look for alternative ways if there is a shortage of stock in one market, in order to overcome that shortage and avoid the loss of customers (Petreska, Stojanova, 2022). Here the concept of consumerism is not critical, it can be seen that the supply chain is more critical. Even during the time of Covid-19 (2020-2021), there was a fear that there would be difficulties in supplying companies around the world, especially those whose suppliers and markets are quite far away⁴. With the war in Ukraine, the same fear intensified

⁴The segment of the supply chain involved in getting the finished product from the manufacturer to the consumer is known as the distribution channel. The supply chain includes all raw materials and parts that are made into a

(Maksimović, 2022a; 2022b). The task of the green economy is the decarbonization of production and the greening of all other items in the supply chain. Classic marketing strategies are advertising and promotion, packaging, product placement, distribution and target audience selection, with the aim of maximizing productivity and reducing costs. In the concept of green marketing, the reduction of environmental pollution is added to all this, so the concept of sustainability (Smith, 2023)⁵.

Taking into account many changes, Serbia adopted the act "Strategy of smart specialization in the Republic of Serbia 2020-2027", which should support the reindustrialization of Serbia. This act includes green marketing and creative industry through the areas of environmental protection and energy efficiency; information and communication technologies and digitization; creative industries; food production and processing (Food for the Future) and biotechnology; production of machines and electronic devices, and development technologies are key for this. For example, the goal of improving the creative industry sector is the development of digital, audio-visual production and smart packaging, as well as increasing the number of promotional activities, which contribute to building a positive image of the country (Strategy of smart specialization in the Republic of Serbia 2020 - 2027, 2020: 38. 90, 106). The main purpose of this act is to improve competitiveness and entrepreneurship in Serbia. "In the coming period, the emphasis is on training them to compete with companies from the region and achieve greater participation in the world market. The realization of this plan is conditioned by the development of entrepreneurial spirit, increase in employment, development of infrastructure, encouragement of innovative activity, investment in promotional activities and education of managers." (Ostojić & Zvezdanović, 2011, 405).

As a good example of a company that fits into this strategy, the marketing agency McCann Belgrade can be cited. It operates in 12 countries of southern and northern Europe and is the most successful agency in the region from the creative industry sector. It was founded in 1997, and today it is part of the communication system of I&F Group and is one of the most important corporate partners, McCann Worldgroup and IPG. He has won many awards in the country and abroad, that is, at national, regional, European and world advertising festivals. Among the awards, two Cannes Lions can be highlighted: "Golden Lion" of the agency McCann Skopje in 2009; and two years later "Bronze Lion" for McCann Belgrade". In 2020, McCann was named "European Agency Network of the Year" and thus ranked among the Top 25 most successful global agencies. It was founded by Srđan Šaper, president of the Management Board of McCann Group Serbia, who says "Our long-term strategy has always been to develop, which is by no means easy in such a competitive sector of the economy as the modern communications market." By this I mean both geographical and organic growth, as well as development in terms of improving knowledge and services oriented towards our clients and, above all, the development of our team and every person in it." (McCann, 2015; McCann Beograd, 2017; I&F McCann Group, 2021). Human resources management in this company, which belongs to the domain of the creative industry, is carried out according to the principle of ethnocentrism. When economic diplomacy is added to this, the aforementioned becomes even more complicated. "Economic diplomacy has become an important tool in international business relations, promoting national companies, products, services, but also many other forms of economic cooperation in the 20th century" (Maksimović, 2023: 196). She is

product and distributed throughout the production and sales chain. In contrast, the value chain includes all the steps taken to create a marketable product (physical components) and activities from the domain of the "knowledge economy" - innovation, design, marketing and sales.

⁵For example, Toyota is the largest car manufacturer in the world today. It produces vehicles with zero carbon emissions, electric vehicles, vehicles with low levels of particulate pollution, reducing electrical waste, taking care of water conservation and carbon reduction (Toyota, 2023).

responsible, among other things, for the promotion of business national identity, in international economic relations, and in doing so includes content marketing and green marketing in order to achieve better results.

4. Conclusion

At the beginning of the 21st century, major changes are taking place in the markets, as well as realignment of countries on the geo-economic plan. There has been a change in the way of selling, the way of buying, but also the way of making decisions. With the aim of better decision making, marketing models for decision support in companies must be integrated with the company's IT system, connected to internal and external data sources, and finally installed on a platform. Killing marketing can be applied only by innovative companies, which actually means the transformation of the marketing strategy into an independent profit center, and the change from average to above average in the creative industry. „In the context of major changes in the labour market, in addition to digitalization, the "green economy" plays an important role.“ (Maksimović, 2022a: 45). Classical, marketing strategies advertising and promotion, packaging, product placement, distribution and selection of the target audience, with the concept of green marketing must also include the reduction of environmental pollution, thus the concept of sustainability. Content marketing and green marketing (in accordance with SDS 17) are intertwined through the digitization of advertising, and have a common goal, which is to increase profits. Only those companies that are able to cope with changes and are agile, therefore able to adapt, can count on survival and success on the domestic and international market.

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Managing communications during organizational change in marketing

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Abstract

Proper communication in the era of information technology change is essential for any company. Effective communication can be the engine of these changes towards economic, social and technological renewal of organizations. Or as John F. Kennedy said, "Change is the law of life, and those who look only to the past or the present are sure to miss the future."

The aim of the present development is the study of the impact of information technology as a predictor of increasing employee well-being, competitiveness and sustainability.

Key words: management, communication, marketing, change, information technology.

Not the strongest or the smartest survive, but those who survive.

Those who adapt best to change

Charles Darwin

Introduction

The numerous changes caused by the processes of globalization and transition, the rapid development of ICT, which occurred especially at the beginning of the third millennium, introduce innovations in all business areas including communication management during organizational changes in marketing.

The process of change most often occurs through the simultaneous weakening or elimination of some existing assumptions, values, norms or accents and the incorporation of new values into an existing system, but also through modification of existing generally accepted business values.

In order for changes to happen, it is necessary to recognize the causes of change, develop your own awareness of the need to overcome the inertia of the organization and the need for

changes, build a desire to implement changes and make a decision to start the process of change, as well as identify and engage a change agent, define its task and build productive relationships with it.

Change means "to transform, to change or to transform, to do something different - concrete or radically different - or to give a different position, course or direction to something."ⁱ

Change is something permanent, it is not just a sketch of the Greek philosophers, but something completely natural that drives modern man. Companies want to improve, leaders seek perfection, so they must constantly change and follow the changes in the environment. One of the factors that hinder change is related to the unconscious and dynamics of constant changes in the culture of the management organization itself.ⁱⁱ

Research shows that development and progress are impossible without change, and those who cannot change their opinion and views cannot change anything.ⁱⁱⁱ

Organisations must develop adaptability or else they may be 'swept away' by the stimuli of change, therefore, in order to grow and improve, change must take place. This change initially starts with individuals, i.e. it comes from within.^{iv}

In striving for change, organizations often focus on initiating processes that encompass the adoption of new technologies and strategies, adjusting structures and implementing new or more flexible, modern forms of employment, etc.^v

The word "relationship" is directly related to the term "communication". Communication is one of the most important human functions. It is a reflection of human evolution, but at the same time a way of adapting to the environment and other people, as a means that allows place and role in the context of the sociability of any being.^{vi}

The modern approach to integrated business communications is based on changes and new trends in modern communication, to which the development of the Internet and new communication technologies have primarily contributed.

According to Kotler, integrated communications is the concept by which an organization integrates and coordinates its many communication tools to send a clear, consistent, and attractive message about the organization to the target groups.^{vii}

Marketing communication is the main component of modern marketing. Its importance is growing every day, including all communication activities between the individual organization and its stakeholders, for the realization of the set marketing goals.^{viii}

Communication in Marketing for Organizational Changes

Change management is a useful asset when implementing IT innovations, especially in marketing, and emphasizes the need for organizations to take an in-depth look at change management in order to succeed in implementing such changes.

Today, it is increasingly difficult to create a successful organization through gradual, partial and evolutionary changes in its individual parts. Instead, radical changes are needed in all business segments, which are referred to as the organizational transformation of the company.^{ix} That is why "modern companies start from the need to create an innovative organization that is open to change at any time and able to absorb change in the shortest possible time to maintain the vitality and competitiveness of the market."^x

The reasons for organizational changes can be:

- *External* – environmental changes such as: market environment – increasing competition; international environment – globalization; technological environment – IT; legal-political environment – liberalization and transition; disparity of organization and environment; social and demographic environment - aging, upskilling and natural environment – depletion of natural resources.
- *Internal* – changes in the organization itself such as: reorganization - the passage of the company through the life cycle; change of the leader of the organization; changes in the ownership structure, mergers and takeovers of companies; changes in development and business strategy and removal of internal imbalances in the structure.

Communication (internal and external) plays an important role in transformative change, and the very way in which an organization communicates during a periodical change can affect the trajectory of its transition.

The definition of the criteria for segmentation of the target group in^{xi} marketing and their implementation is the first essential step in the effective development of integrated communications.

Given that target groups have certain characteristics that result from their different interests, goals and expectations, identifying them and finding an answer to their specific needs becomes a primary task in the business of modern organizations.

If the characteristics of each target group are clearly defined, it becomes much easier to apply adequate communication strategies, adapted to the needs and aspirations of each group individually, as well as to their notions of marketing.^{xii}

The segmentation of the public into target groups is necessary in order to select keywords as well as adequate communication channels. Target groups are clearly defined interest groups that are significant for the functioning of marketing strategies to focus communication on and convey messages with the intention of achieving predetermined goals.

Different target groups have different interests and different information needs. The separation and specification of the target groups and their segmentation are necessary in order to make a targeted choice of messages, time and channels for transmission and to adapt promotional strategies and techniques.

After identifying the target groups, communication is directed to potential customers who have a meaning and influence to achieve strategic goals in marketing. For this reason, it is necessary to adapt content and communication channels to specific target groups, situations and specific circumstances in which communication takes place. This reduces the likelihood of rejection of messages by the members of the target groups due to confusion or inadequate system for their transmission.

After segmentation, it is necessary to define the main profile characteristics of individual segments taking into account the subject of the activity that will be the subject of marketing. Based on this, it is possible to form a database that will allow selective provision of information to a particular target audience. When adapting communication to the target groups, the following elements should be taken into account: what are the main messages to be conveyed, what are the adequate ways and channels of communication, as well as the communication plan.

The acceptance and interpretation of the message by the recipient is conditioned by the assessment of the credibility of its source, which is especially pronounced in cases where the audience has no previous experience with the source, that is, with these products. The likelihood that the message will be accepted increases with increasing degree of confidentiality of the source. At the same time, it should be noted that the audience shows more trust in personal and neutral sources, given that they have no specific intention to sell a product.

The success of marketing communication in organizational changes also determines the content of the message, given that the way it is designed and broadcast is responsible for attracting the attention of the recipient of the message and creating a certain need. For this purpose, when formulating the message, they use signs that simultaneously belong to the field of experience of both the sender, as well as the recipient. The communication must also offer a way of satisfying the particular need, given its compatibility with the attitudes of the sociological group to which the recipient belongs or seeks to belong.^{xiii}

The success of modern marketing is largely reflected in the effectiveness of its communication practices, which have become a key factor in establishing and maintaining the relationship between organizations and target audiences.^{xiv}

According to the same authors, in order to establish a successful dialogue in marketing communication, it is necessary to actively listen to the audience. "In this way, it is possible to ensure an adequate exchange of information, which contributes to increasing the basis of participants in the communication process, as well as to the realization of specific expectations of both parties."^{xv}

Like the company as a whole, technology and marketing need organizational changes requiring adaptation and innovation, especially given technological advances, emerging consumer preferences and globalization.

To what extent the changes in the company will be successful can be determined by the degree of achievement of the set goal.

- Efficiency ("doing the right things"), i.e. whether the organization's resources (people, assets, time, space, information, etc.) are engaged in the best possible way;
- Efficiency ("doing things right"), i.e. how well the organization's resources are used for the purposes of the set goals;
- Economy, understood primarily through financial indicators (costs, etc.);
- Elegance, understood as doing the right things in the right way, i.e. accurate, qualitative, appropriate, in order to gain a prestigious market position;
- Ethics, understood as a measure of one's own responsibility towards business partners (shareholders: customers, suppliers, creditors, subcontractors, shareholders, employees, etc.), as well as towards the social community (the state, non-profit organizations, international institutions), etc.), all this ultimately reflects responsibility to oneself.^{xvi}

Timely response is a condition for the organization to react before the fact, it gives it the opportunity to react before it is surprised, that is, the ability to control the behavior of the company as a whole, the organizational system and environment.^{xvii}

Conclusion

It should not be forgotten that change is a complex process that, among other factors (operational, structural, financial), has an emotional side, that is, changes in organizations also affect the emotional and social life of people.^{xviii}

Modern business has led organizations to pay more attention to collecting and analyzing feedback from potential customers, which can be a valuable source of information to improve the quality of products and services.

Organizations need to continually re-evaluate their marketing strategies by exploiting the potentials of new technologies.

The global market is a competition market. Economic fluctuations and unforeseen global events can create a need for strategic changes in marketing. New information and communication networks should not be "missed". Or when they say Boykov and Gotseva, "social networks are an inevitability in today's public communication, but in order to participate in this communication, they must be known and mastered."^{xix}

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Application of marketing strategies during a recession

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Abstract

Marketing is an essential business process, both for maintaining consumer loyalty and maintaining a consistent brand. In the face of recession, these factors become even more important to the business success of companies. In the uncertain times of an economic downturn, many business owners ask themselves, "Can we afford to focus on marketing activities?". During a recession, marketing is probably one of the last things on the minds of business owners. But even in the midst of an economic crisis, the marketing of every business should be a priority. During a recession, marketing investments and self-preservation aren't the only things companies need to keep in mind. Consumer awareness is paramount especially in times of economic downturn. Many studies indicate that consumer behavior, attitudes and perceptions are changing as they become more cost conscious. In developing marketing strategies, this fact should be in the foreground.

During a recession, companies and businesses typically use short-term marketing strategies such as discounts and coupons, which can yield quick results. However, this can threaten the long-term growth of companies and maintaining loyal customers. That is why it is important to develop marketing strategies that can not only help in times of recession but can be sustainable in the long term. There are several types of strategies that companies and businesses can apply during a recession such as: flexibility in pricing, giving special offers on certain products for a certain time, expanding sales channels, investing in digital marketing, taking care for regular consumers, adjusting prices according to competitors' prices, etc.

Keywords: marketing, recession, consumers, companies, prices.

Introduction

In the uncertain times of an economic downturn, many business owners wonder if they will be able to continue marketing activities. Too often, companies reacting to a recession curb their marketing and advertising spending. Budgets are being cut, roles are being cut, and even company amenities are being cut. At first glance, spending cuts may seem like a logical reflex of the economic downturn, mostly due to the reduced purchasing power of consumers. However, if companies want to maintain their position in the market, marketing activities should be in the foreground. Economic downturns often free up the marketing field and allow companies that continue their marketing activities to attract more customers. During a recession, marketing investments and self-preservation aren't the only things companies need to keep in mind. Consumer awareness is paramount - especially during an economic downturn. Behaviors, attitudes and perceptions are changing among consumers as they become more cost conscious (www.forbes.com). During a recession, consumers set stricter priorities and reduce their spending. As sales begin to decline, businesses typically cut costs, cut prices, and delay new investments. Marketing costs in areas from communications to research are often cut globally - but such indiscriminate cost cutting is a mistake^[xix]. While it is wise to cut costs, failure to support brands or examine the changing needs of core customers can compromise performance in the long run. Companies that put customer needs first and wisely adjust strategies, tactics and product offerings in response to changing demand are more likely to thrive both during and after a recession. Loyalty programs strengthen a brand's relationship with its core consumers and can be a key tool for generating business and strengthening consumer relationships. Nurturing loyalty programs can drive additional business from existing customers by encouraging them to continue spending through rewards, points and benefits. During a recession, companies and businesses usually use short-term marketing strategies. However, it is important to develop marketing strategies that can not only help in times of recession but can also be sustainable in the long term.

Understanding recession

A recession is a significant, widespread and prolonged decline in economic activity. A common rule of thumb is that two consecutive quarters of negative growth of gross domestic product (GDP) means a recession, although more complex formulas are used^[xix]. Recessions are usually only clearly identified after they are over. Investors, economists, and employees may also have very different experiences of when a recession is at its worst. Stock markets often decline before an economic crisis, so investors may assume a recession has begun as investment losses accumulate and corporate earnings decline, even if other recession measures remain healthy, such as consumer spending and unemployment.

Numerous economic theories attempt to explain why and how an economy goes into recession. These theories can be broadly categorized as economic, financial, psychological or a combination of these factors. Unemployment is one of the key characteristics of recessions. As demand for goods and services decreases, companies need fewer workers and may lay off staff to cut costs. Laid-off employees have to reduce their own costs, which in turn reduces demand.

In times of national prosperity, marketers can forget that increased sales are not caused by clever advertising and attractive products alone. Purchases depend on consumers' disposable income, a sense of security about their future, confidence in business and the economy, and acceptance of the lifestyle and values that drive consumption.

Consumers prioritize consumption by sorting products and services into four categories:

1. Essentials necessary for survival,
2. Urgent purchases that consumers consider justified,
3. Items whose purchase can be reasonably delayed,
4. Expendable funds that are considered unnecessary or unjustified.

Research done in this area shows that consumers state that food, shelter and clothing are essential assets, and a large number of them place transportation and medical equipment in that category. In times of recession, except for these items that consumers consider necessary in their daily lives, they consider everything else unnecessary and usually re-evaluate their spending priorities.^[xix]

During a recession, it's more important than ever to remember that loyal customers are the primary, lasting source of cash flow and organic growth. Marketing is not optional, it is an essential activity to bring in revenue from these key customers and others. It is critical to monitor how consumers re-evaluate priorities, reallocate resources, switch brands and redefine the value of needs.

Short-term marketing strategies

Developing a marketing plan takes a long time. It's a step-by-step process that includes identifying and researching your target audience, understanding your competitive position, branding, messaging, differentiating yourself from the competition, mapping your marketing mix, and more. Establishing a marketing plan is one of the most important things that can be done to ensure the success and sustainability of the business.

In order to create a successful marketing plan, it is necessary to define marketing strategies. There are two types of marketing strategies that can be used to develop a business: short-term and long-term marketing strategies.

Short-term marketing activities are those which produce a temporary boost in business and traffic. Short-term success is key to any business. Whether it's a start-up seeking funding or a company looking to successfully launch a new product or service, short-term success is essential to long-term growth. Short-term marketing is the process of using marketing tactics that produce revenue-oriented results. Results are almost immediately visible, but there is generally a lower return on investment. Examples of these results are potential clients or purchases.

Several tactics can be used to achieve short-term success, including:^[xix]

- **Discount Promotions:** Limited-time price reductions encourage customers to act. There are probably individuals who intend to make a purchase but have not yet done so. Lowering the price will give them an incentive to make a purchase.
- **Group offers:** This is an effective strategy for gaining exposure, especially with a new set of customers. Offers can also be adjusted to provide a permanent discount for important groups. For example, you can target members of an organization that fall into your target market. If your goal is to grow your client base within HR, you can provide a special offer tailored to Society for Human Resource Management chapters. However, one should not forget to monitor the performance of group offers. Revenue may not offset the cost of the current price discount.

- **Pay-per-click advertising:** Pay-per-click campaigns are another way for businesses to become visible to new customers. Effective implementation of these campaigns is known to attract significant targeted traffic to the website being used.
- **Trade Shows:** Trade shows offer an excellent short-term way to promote or introduce products and services to a particular market. Additional opportunities in the form of sponsorships, speaking opportunities and VIP parties are often great opportunities to take advantage of the audience at these events.

Short-term marketing strategies are commonly used to achieve immediate marketing goals that often relate to generating sales in the short term. The best way to achieve this is by focusing on existing customers, not new customers. This is because existing customers are the best bet for generating increased sales and increasing profits. Going after a new target audience or new customers should not necessarily be forgotten, but it is not a priority in the near future. These customers and prospects often have the potential to deliver a short-term increase in sales, which can further help attract new customers.

In times of recession companies need to take measures to ensure a sustainable level of business to survive at a minimum level in order to establish a plan for moving forward. For this purpose, a focus on undertaking certain activities is needed, namely:^[xix]

1. Focusing on value

During a recession, consumers are more price sensitive than usual. In order to remain competitive, it is important for companies to focus on the value that their products or services provide to customers. This may include features and benefits as well as cost savings that the products or services may deliver.

2. Flexible prices

In a recession, consumers often look for a good deal. Companies can offer discounts or other incentives to attract price-sensitive customers. However, care should be taken not to compromise profitability in this process.

3. Understanding customers

During a recession, people's needs and priorities change. Therefore, it is important to understand the changing needs of customers and adjust the sales approach accordingly.

4. Looking for new opportunities

A recession can also present an opportunity for businesses that are willing to adapt, by seeking new markets, new products, or new ways of delivering value to customers.

5. Creating a sense of urgency

Consumers may be hesitant to make a purchase during a recession. To overcome this, it is necessary to create a sense of urgency around certain products or services, such as by highlighting their unique benefits or emphasizing the limited time when a special offer will be available.

6. Expanding sales channels

In a recession, customers are more likely to shop on-line or through other remote channels. Therefore, it is important to have a strong on-line presence and explore other sales channels to reach customers.

7. Investing in digital marketing

During a recession, businesses may have less money to spend on traditional marketing channels. Digital marketing can be a cost-effective alternative, as it allows you to reach customers on-line at a fraction of the cost of traditional advertising.

8. Caring for existing customers

It is important to maintain relationships with existing customers. It is necessary to stay in touch with them in order to show that their business is appreciated.

9. Awareness of competition

During a recession, businesses may be more willing to cut prices or offer discounts to attract customers. Companies should keep an eye on their competitors' pricing and adjust their pricing strategy accordingly.

A recession can be challenging for businesses, but it's important that they stay positive and look for new opportunities. It should be remembered that recessions are temporary and that the economy will eventually recover.

Long-term marketing strategies

During a recession, companies focus more on short-term marketing strategies, but the importance of long-term marketing strategies should not be forgotten, for the sustainability of the business in the long term. Long-term marketing planning is less focused on sales and more focused on strengthening a sustainable competitive advantage and building brand awareness. Long-term marketing activities establish brand awareness and continue to deliver results even for many years. Without long-term marketing strategies, short-term success can be short-lived.

Long-term marketing strategy includes planning for future growth and development. It takes into account factors such as market trends, competition, customer behavior and other important things that affect how successful a company will be (www.osbornedm.com).

A long-term strategy can cover one goal or multiple goals and can be broader or more specific. Long-term marketing strategies can include:^[ix]

- Increase brand awareness
- Reduction of production costs
- Organizing promotional events annually
- Opening new locations within three years
- Increase the company's total revenue by a certain percentage

Having a long-term marketing strategy helps businesses improve in several aspects:

- 1. Business growth:** Long-term strategies are usually larger goals that take longer to complete. In creating these plans, the goal is to set goals that improve the company. Business growth may include increased sales or more employees. These results depend on what the company's goals are, but usually long-term goals are used to improve and expand the business.
- 2. Managing risks:** Long-term strategies can also be important for risk management. Because long-term strategies occur over a longer period of time, there is time and ability to make plans that help reduce risks. Because of the time frame, results can also be more actively monitored, which can help mitigate risks as they arise. Riskier

or more adventurous decisions can also be made within long-term strategies as fixes or changes to the strategy can be made.

- 3. Budgeting:** Budgeting is important for any company and having long-term strategies can help create a financially stable budget. This is because you can split the cost of the budget throughout the strategy. Having a stable budget can help allow for more projects, such as new product development.
- 4. Testing:** Test marketing is when the popularity of a new product is tested by exposing it to consumers for a short period of time. Long-term strategies allow implementing test marketing because you can make changes in the company and they can be managed with little risk. Long-term strategies are important for judicious testing of new products.

Long-term marketing strategies take a lot of time. But when done right, they are very effective in driving business growth. Even in times of recession these strategies play an important role for the further development and sustainability of companies in the long term.

Conclusion

While the recession is a challenging time for businesses, it is possible to maintain or even increase sales through strategic thinking, adaptation and focusing on the value of products or services. Focusing on customer needs and staying aware of changes in the market can position a business for success in tough economic times. Marketing in a recession does not require unlimited financial resources. All it takes is an intimate knowledge of the digital landscape, a smart marketing budget and business strategy, as well as an offensive posture and an expansive mindset. When it comes to the market itself, recessions will change consumer behaviour by eliminating certain needs and creating new ones. As cash-strapped consumers look for relatively cheap alternatives, demand for luxury goods will be reduced. For this reason, it is important to identify these changes in the market and for companies to respond accordingly by using all available resources and determining the best way to deploy them. Every major change in the business environment brings opportunities. Even a recession, which reduces sales for most companies, offers opportunities for a small number of companies to expand. Recessions bring with them a number of opportunities, some of which are challenging to seize. The best course of action during a recession is for companies to first focus on short-term marketing strategies without forgetting the importance of long-term strategies that will help sustain the business not only during a recession but into the future.

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Environmental indicators used for biological impact assessment of the modern industrial development

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Abstract

Development of large production processes and industries, including hard metallurgy, energy production and petrochemical industry create biological and environmental pressures, by emissions of variety of pollution substances in biological and environmental media. The studies that investigated these concerns, obtained better understanding of overall determinants that influence the biological environment and significance of including not only physical ecological determinants but also economic, social impacts, lifestyle, personal and biological factors. The general aim: Review of selected literature data about methodological approaches for impact assessment in different industrial areas worldwide in order to obtain general data of used input environmental indicators for biological impact assessment. Methods. A review of scientific and grey literature was performed. The selected scientific studies were searched in the PubMed and Medline databases from 2000-2022, in English and Macedonian according to previously set input indicators. Results. A total of 11 original papers were investigated. Most of the studies were characterized with no direct monitoring systems for gathering environmental data and the concentrations of contaminants in the source were calculated or several ad hoc monitoring campaigns were performed. Exposure assessment was conducted according to qualitative definition for the presence/absence of a source, distance to a source, and in one study biomonitoring and biota monitoring were used. Conclusion. All investigated studies used three main methodological approaches for environmental exposure assessment: measurement of hazard concentration, distance from source and bio or biota monitoring. Therefore, it seems necessary to define surveillance programs specifically aimed at the continuous analysis of industrial related impact.

Key words: biological media, industrial development, exposure assessment

Introduction

The expansion of industry and progress of chemical technology have significantly improved the world's standard of living. However, the sector has also played a relevant role in the degradation and contamination of the environment. Development of large production processes and industries, including hard metallurgy, energy production and petrochemical industry create biological and environmental pressures, by emissions of variety of pollution substances in biological and environmental media. A report published by the Joint Research Centre on the Status of local soil contamination in Europe, reveals the possible existence in all 28 EU Member States of around 2.8 million sites where polluting activities took or are taking place, affecting soil, with more than 650,000 sites identified and registered in national and/or regional inventories. [1] Industrial activity is also responsible for a large pollution of sediments, ambient air and water (surface and ground water), as well as in the generation of waste.[2] World Health Organisation (WHO) provided a general operational definition of contaminated sites (CSs), based on a public health perspective, as "areas hosting or having hosted human activities which have produced or might produce environmental contamination of soil, surface or groundwater, air, and food chain, resulting or being able to result in human health impacts".[3] Characterising the impacts of CSs is a challenging process, with many elements that need to be taken into account, especially those related to health impact, as described by Iavarone and Pasetto.[4] The studies that investigated these concerns, obtained better understanding of overall determinants that influence the biological environment and significance of including not only physical ecological determinants but also economic, social impacts, lifestyle, personal and biological factors. The classical four step framework of impact assessment established by relevant institutions which includes: 1. hazard identification; 2. dose-response assessment; 3. exposure assessment, and 4. risk characterisation, has recently been reformulated into a more holistic approach, placing more emphasis in key elements such as planning and scoping, problem formulation, and improving public, stakeholders and community involvement.[5,6] A wide variety of other guidance on how to conduct biological impact in contaminated sites is offered by different international, national, and regional health and environmental agencies. Many European Countries have either their own models, or screening values derived by their models to highlight when intervention is needed or the possibility of an unacceptable risk may occur. Examples of these is the UK Contaminated Land Exposure Assessment model (CLEA).[7] Conducting an accurate and complete exposure assessment (EA) represents the basis to define the magnitude of the problem in terms of identifying the potentially affected population, and the nature and extent of environmental contamination at and around the site. Quantitative EA can be conducted by either direct dose assessment (biomonitoring or biota monitoring), or by indirect methods (environmental monitoring, modelling, and questionnaires). Although direct measures of exposure are considered the best approach for assessing the effect of a specific substance on the target population, indirect measures have greater utility for linking population health to specific pollution emission sources.[8,9] In this study we set up specific objectives: to identify examples of different industrial activities with different approaches for exposure assessment and to identify examples of how exposure assessment is used for determination of biological impact. The general aim: Review of selected literature data about methodological approaches for impact assessment in different industrial areas worldwide to obtain general data of used input environmental indicators for biological impact assessment.

Methods

Strategy study selection criteria and process

A systematic literature review of scientific literature was performed. The selected scientific studies were searched in the PubMed and Medline databases from 2000-2022, in English and Macedonian according to previously set input indicators. Search terms were developed to identify studies by sources of pollution (contaminated sites) and other inclusion and exclusion criteria (table 1).

Table 1: Criteria for inclusion and exclusion for review

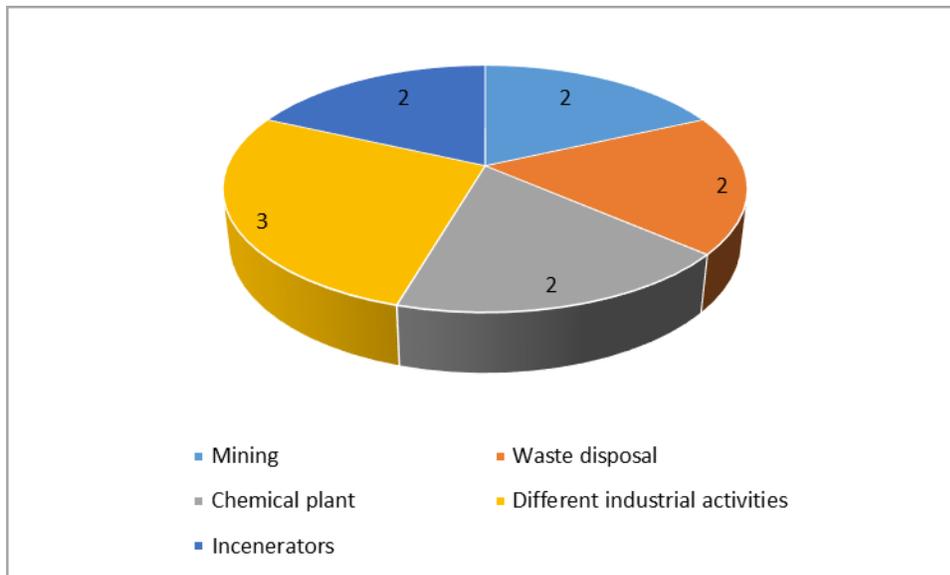
Inclusion criteria
English and Macedonian abstracts
Reference to industrial activities
Environmental studies
Key words: biological media, industrial development, exposure assessment
Exclusion criteria
Infections
Epidemiological studies
Occupational and worker's health studies

The selected studies and data were analyzed by required information for identification of hazards and exposure assessment. After the screening of the title and abstract and the review of full text, 11 studies were included in the study.

Results

The 11 examples selected throughout search strategies cover a heterogeneous variety of industrial activities that in many cases had been operating for several decades before the study period. They include complex sites, comprising multiple polluting sources (chemical plant, petrochemical, oil refineries, etcetera),^[10-15] to more particular activities such as incinerators, mining or waste disposal of industrial origin.^[16-20] Distribution of different industrial activities regarding the origin of pollution is given in

Figure 1: Distribution of industrial activities



Collecting of environmental data

Table 2 refers to results for the methods used for collection environmental data. In most of the studies (five cases) the type and concentrations of the environmental hazards released from the different sources were estimated based on the description of the industrial activity that took place in each site, supported by the expert opinion of professionals from different fields and, in some cases, also by short-term environmental monitoring campaigns.^[11,12,16,18,20] Four cases make reference to historical data gathered in different sampling surveys, affecting one or more environmental media (air, soil, agricultural local products, drinking water, etcetera), but not always supported by a qualified data source.^{10, 13, 19, 17} In the other two cases, environmental databases was the source of data for emissions of pollutants and geocoding information of each industrial facility.^[14,15] Continuous monitoring system was not applied in selected studies.

Table 2:

Methods for collecting environmental data.

Collected Environmental data	References
No direct monitoring conducted. Compilation of valuable historical environmental data of contamination of air, water, agriculture local products, and soil.	Kachur, 2003 ¹⁷ Ejzaguirre – Garcia, 2000 ¹⁹ Karouna-Renier, 2007 ¹³ Mannes, 2005 ¹⁰
Reported concentrations in different media, at different distance from the source. One single campaign.	Revich, 2001 ¹¹ Candeias, 2015 ¹⁸
Past monitoring results published by authorities and regulators. Assumptions of the contaminants. Few campaigns gathering real emission data from sources. Experts' estimation.	Vrijheid, 2002 ²⁰ Santoro, 2017 ¹² Viel, 2008 ¹⁶
Indirect quantification of multiple pollutants released to ambient air based on the emissions from industrial facilities. Geocoded information.	Fernández-Navarro, 2017 ¹⁴ Castelló, 2013 ¹⁵

Exposure assessments indicators

The most common indicator, applied in 45% of cases, is a qualitative definition of exposure according to the presence/absence of a source or the presume delimitation of the CS boundaries based on the compilation of historical data and/or the expert advice (i.e., local/regional environmental authorities).^[10,12,17,19] A second exposure indicator (25% of cases) referred to a measure of distance.^[11,14,15] Only in one case the atmospheric dispersion models supported by more or less completed sets of input data were used.¹⁶ Human biomonitoring and biota monitoring were also used in one case.^{13,18} The results are presented in Table 3.

Table 3:
 Exposure assessment indicators used in reviewed studies.

Method	Exposure indicator	References
Environmental monitoring and personal exposure	Presence/ absence of contaminants in air, water, agriculture local products, and soil.	Ejzaguirre – Garcia, 2000 ¹⁹ Mannes, 2005 ¹⁰ Vrijheid, 2002 ²⁰ Santoro, 2017 ¹² Kachur, 2003 ¹⁷
Proximity indicators	Distance between industrial facilities and potential exposed population based on geocoded information and an isotropic model (homogeneous dispersion of pollutants around the source).	Fernández-Navarro, 2017 ¹⁴ Castelló, 2013 ¹⁵ Revich, 2001 ¹¹
Environmental modelling	Modelled concentration maps of selected pollutants as proxy of being representative of the main industrial activity/ies and concentration maps of other pollutants assigned to other sources of contamination	Viel, 2008 ¹⁶
Biota monitoring	Hg in fish; Metals in lichens, pine needles, mosses indoors, outdoors	Candeias, 2015 ¹⁸
Human biomonitoring	Serum levels of PAHs in inhabitants	Karouna-Renier, 2007 ¹³

Discussion

The number of selected papers is certainly small, but considering they cover a wide variety of industrial activities in different Countries, diverse exposure scenarios, and different study periods, we are still confident that the present study can provide a good overview of the type of environmental data and exposure approaches, normally available for surveillance studies conducted in CSs.

In CSs, the characterization of hazards denotes an important challenge due to the complexity of mixtures emitted from the sources, which can vary in composition and over time and space, affecting several environmental media (air, water, soil, food, and others). The overall exposure depends on the time spent by fractions of the population in different environments (outdoor, indoor at home or at work), resulting of a cumulative exposure through inhalation, ingestion of contaminated water or food, and/or dermal contact.^[21]

In this study we have reviewed different methodological approaches and exposure scenarios. There are a number of conceptual frameworks for exposure assessment: some have been adopted by regulatory authorities, while others have been used primarily for research activities. A comparison of exposure models used in different EU Countries for screening risk assessment has been published by the Joint Research Centre on the basis of input of a large group of national experts.^[22] Carlon and co-workers reported substantial differences in model predictions, especially related to the choice of which receptors needed to be protected and which exposure pathways were included. In our study, selected studies focus on exposure of local populations and not on the contribution of the collection of CSs to overall contamination of the environment. The models use similar frameworks, but differ in the level of detail included in the model. A large proportion of examples included in the present study suffers from poor exposure characterization, relying on a qualitative definition approach, which cannot account for the complexity of interactions of multiple pathways, not to discriminate between different levels of exposure. All residents of the study areas were classified as highly and equally exposed, which would have probably not been the case. A similar appreciation was reported by Cordioli et al.^[9] A relevant part of these papers (almost half of the papers) used qualitative definitions of exposure (e.g., presence/absence of the source or anecdotic presence of pollution). There is a large literature of environmental monitoring around contaminated sites, typically related to risk assessment.^[23] We take as an example a study in Portugal on a mining area with over 100 years of exploration, where researchers monitored soils, stream sediments and superficial waters, road dusts, biota, vegetables, drinking and irrigation waters on the impacted site and in control areas.^[24] These methods cannot account for the complexity of impact pathways nor for the heterogeneity in the exposure level that is normally expected as a consequence of the uneven distribution of the resident population and of the anisotropic dispersal of pollutants in the atmosphere. The measure of distance was also used as an exposure indicator in our review. Cordioli et.al, in their study showed that distance to a site/incinerator – especially when calculated from residential addresses – is a better indicator than the simple presence/absence of a site in a municipality.⁹ Except for dispersion modelling of air pollution around incinerators, presented in the same study, environmental modelling is not often used in epidemiological studies. A study conducted around a waste landfill site in Italy used dispersion modelling of hydrogen sulfide (H₂S) to improve exposure assessment based on distance to a site only.^[25] Similarly, in our case only in one paper, the dispersion modelling was used. Human and biota monitoring provide the most direct documentation of actual exposure related to a specific contaminated site. In the complex setting of CSs, an attractive feature is that HBM integrates exposure from different exposure pathways, which may otherwise be difficult to assess.^[23] In our study, only in one case biota and human biomonitoring were used.

Regarding environmental data collection, in our reviewed studies, no continuous monitoring was used. In fact, the other literature data showed that continuous data collection of environmental data tends to focus on air and drinking water quality monitoring networks, which are often restricted to urban areas, not covering the whole boundaries of CSs where population might be exposed.[26] So, the existing monitoring networks shall be adapted to properly cover the area of the CSs, recording not only pollutants typically from urban sites (i.e., particulate matter or nitrogen oxide), but also pollutants associated to the industrial activity. In developed countries, environmental public tracking has been proposed as an approach to public health surveillance when environmental factors affecting health are involved.[27] In our survey, all selected papers focused on reported concentrations in different media or past monitoring results published by authorities and regulators. However, even in those cases, modelling was necessary for estimating the emission/immission concentrations since, as mentioned above, the existing networks are not really designed to cover all the population potentially at risk in relation to CSs, supported by expert's opinion.

Conclusion

All investigated studies used three main methodological approaches for environmental exposure assessment: measurement of hazard concentration, distance from source and bio or biota monitoring. Therefore, it seems necessary to define surveillance programs specifically aimed at the continuous analysis of industrial related impact, especially when environmental factors are involved.

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Significance of finance and accounting in business companies

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Abstrakt

Finance and accounting play an important role in the management of any company. Companies are operated on money, so it is very important to control money in order to have a hold on the business. Finance and accounting of a company helps to manage income and expenses and also the flow of money and thereby direct the course of business. Finance and accounting are two disciplines that are essential for any business no matter how small or big it may be. Accounting is the “language of business” and in this context “finance” can be viewed as the “literature” behind the language. Finance helps interpret the accounting information provided in the financial reports and statements to help business owners and management make strategic business decisions. Finance is at the heart of every business. No business can operate effectively without money. The finance department is responsible for looking after this money, helping to ensure the success of the business. Finance is responsible for managing the money within an organisation. This includes monitoring cashflow in and out of the organisation, reporting on the financial situation of the business and creating financial strategies to ensure the success of the company. Accounting plays a vital role in running a business because it helps to track income and expenditures, ensure statutory compliance, and provide investors, management, and government with quantitative financial information which can be used in making business decisions.

Keywords: payment, companies, decisions, strategies, money.,

Introduction

Finances and accounting play an important role in the management of any company. Companies are operated with money, so it is very important to control money in order to have a hold on the business. Accountanting of a company helps to manage income and expenses and also the flow of money and thereby direct the course of business activities of companies.

For companies to achieve financial success, it's important for them to have a financial strategy with thorough oversight for the entire company. The finance department oversees income and expenses throughout a company to ensure that it can sustain its operations and invest in expansion.

Running a company requires effective management of resources. Finances, human, industry knowledge, and infrastructure are the resources required for running a business. Financial resources are the most important for starting and running a business. Financial and accounting functions play an important role in running a company successfully. Various functions of accounting are used in different stages of the business. Accounting refers to the systematic and detailed recording of financial transactions of a company.

Finances and accounting are important for running business. If the company don't know where does the money go and coming from, there is a very good chance could lose control of business. When companies manage their income and expenses there is a stronger potential for growth. Plus, there's better access to strategies that can help companies survive unexpected financial downturns.

The finance function refers to practices and activities directed to manage business finances. The functions are oriented toward acquiring and managing financial resources to generate profit. The financial resources and information optimized by these functions contribute to the productivity of other business functions, planning, and decision-making activities.

Accounting plays a vital role in running a business because it helps to track income and expenditures, ensure statutory compliance, and provide investors, management, and government with quantitative financial information which can be used in making business decisions. Accounting is the part of a business that is responsible for the company's finances. Understanding the function of accounting helps manage and analyze monetary resources.

DEFINING FINANCE IN COMPANIES

Finances for companies are the foundation of a business. That are finance requirements^{xix} are to purchase assets, goods, raw materials and for the other flow of economic activities:[1]

Meaning of Finances for companies includes those business activities that are concerned with the acquisition and conservation of capital funds in meeting the financial needs and overall objectives of a business enterprise.

- Business is identified with the generation and circulation of products and services for fulfilling of needs of society. For successfully doing any operation, business requires money which is known as business finance. Therefore, funds are known as the lifeblood of any business. A business would not function unless there is adequate money accessible for use.
- The capital contributed by the company to establish the business isn't adequate to meet the financial needs of the business. Consequently, the company needs to search for an option to generate funds. A research of the financial needs and options to fulfill those needs must be done with a specific end goal to arrive at effective financial management to maintain the business.

- The fundamental necessities of companies would be to buy a plant or apparatus, or it could be to buy raw materials, development of a business that prompts more enrollments, paying wages and so on. The money related necessities of a business can be classified as follows:
 - ✓ *Fixed Capital*: In order to begin with a business, companies need money is required to buy fixed assets like land, building, plant and machinery. This is called the Fixed Capital Requirement.
 - ✓ *Working Capital*: Companies needs funds for its day to day activities. This is known as Working Capital Requirements. Working capital is required for the purchase of raw materials, paid salaries, wages, rent, and taxes.
 - ✓ *Diversification*: Companies needs more funds to diversify its activities to become a multi-product company e.g. ITC.
 - ✓ *Technology upgrading*: Finances are needed to adopt the latest technology for example use of particular software and the latest computers in business.

Finance is the lifeline of every company as it helps in the overall conduct, growth, and expansion of a business. It is next to impossible to conduct a company without finance:[^{xix}]

- Finance is the cornerstone of every organization. It refers to the corpus of funds and credit employed in a business. Finance is required for purchasing assets, goods, raw materials and for performing all other economic activities. Precisely, it is required for running all the business operations.
- Finance for companies includes activities concerning the acquisition and conservation of capital funds for meeting an organization's financial needs and objectives. The importance of finances in companies is evident from the fact that finance is required to undertake every business operation successfully.
- The amount or capital that is pooled in by a business owner into their company is often not enough to meet the financial needs of a company. Herein, the importance of business finance and their management rises even more. Consequently, business owners along with their team look out for various other ways to generate funds.

Business finances are a vital part of any company. Business finance is the field of finance that deals with the acquisition, use, and management of capital by business entities. It is a broad term that can describe the financial management of any entity, including corporations, partnerships, sole proprietorships, nonprofits organizations, and government agencies: [^{xix}]

- Business finances covers all aspects of financial management, including accounting, taxation, investments, financing, and the use of debt. The

finance for a business comes from various sources. Some of the sources include the company's profits, investments, and revenue.

- The meaning of business finance can vary depending on the context. For instance, it might be about managing cash flow and inventory in a manufacturing company, while in an investment bank, it might be about understanding how to make money from trading.
 - ✓ Tactical Planning - Many businesses have a hard time managing their finances. This is because they have to spend time on things that don't contribute to the company's revenue. However, strategical planning can help businesses make more money by having a clearer vision of what they are doing and where they are going. This is because strategic planning helps businesses make more money by having a clearer vision of what they are doing and where they are going. It also helps them get rid of bad investments, which often lead to financial losses, and focus on their strengths instead.
 - ✓ Promotion and Advertisement - Promotion is a word that most businesses have heard before. However, not all businesses know what promotion means and why it's good for their finances. Promotion means advertising of product or service to the public to increase awareness and demand for it. It can also mean spreading the word about your company through social media or hosting events where people can learn more about you and your company.
 - ✓ Finance - Finance is important in strengthening business finance because it helps companies take risks and grow. Businesses could do what they wanted without any financial support in the past. But now, with the increased use of technology and globalization, businesses are becoming more reliant on money to accomplish their goals. Finance is also important in strengthening business finance because it allows companies to take risks and grow. With the increased use of technology, people are also becoming more reliant on money to accomplish their goals. Finance is important in strengthening because it allows companies to take risks and grow.

THE ROLE OF FINANCE IN COMPANIES

The role of business finance can be explained by stating that finance is the essence of business. It is the driving force behind a business, and no business could start or even survive without it. The reason why prospective entrepreneurs look for startup capital is because the business will not take off without any finance:[^{xix}]

- Finance allows the entrepreneurs to buy equipment, acquire office space, set up a production plant, pay suppliers for raw materials, pay for the transportation of goods and services, employ labor, and pay the salaries of employees.
- The ability to make an effective financial forecast is an important role of business finance. It gives the business financial analyst the opportunity to make a calculated prediction of the financial direction of the business based on the study of a compilation of the business financial trend. Making accurate financial forecasts gives the business the tool it needs to make budgets and to engage in good strategic planning.
- If a business knows what the financial status is most likely to be at a certain point in the future based on collated indexes, it can make plans for expansion and other growth-related actions. If the financial forecast is not very promising, the business may be forced to take some measures to mitigate the effect by drastically cutting down on its expenditure or even laying off staff to save costs.
- Another component of the role of business finance is the fact that it gives a business a tool with which to assess the progress of the company. A calculation of the inflow and outflow of finance with the aim of calculating the profit and loss will give the business a yardstick with which to measure the level of progress it is making, if any at all. If there is a consistent showing of financial loss on the balance sheets, the business knows that it is not making any progress. If the balance is showing a profit, then the business knows that it is progressing. It will also know by what percentage it is progressing or retrogressing by calculating the balance in its accounts at the end of each business cycle.

There are a variety of different ways to finance a companies, including borrowing money from a lender, issuing stocks or bonds to investors, or receiving venture capital, but ultimately, companies financing is the process of funding a business' operations with money from outside the business.^[xix]

- When it comes to understanding finance of companies, it's worth noting right away that the world of modern finance is no lo of companienger what it used to be – where the finance department only carries out accountant-based functions. Rather, it has evolved significantly to include a more holistic value-add to businesses.
- People in business finance also take care of a business's funding, and the tools and financial analysis used to distribute these financial resources.
- Corporate finance teams identify any potential financial problems the business might encounter, and subsequently prevents them from happening.

- The goal of finance in business is to maximize the value of a business through effective financial planning, resource management, and finance growth, while always being mindful of risk and profitability.

PURPOSES OF ACCOUNTING

Accounting is a term that describes the process of consolidating financial information to make it clear and understandable for all stakeholders and shareholders. The main goal of accounting is to record and report a company's financial transactions, financial performance, and cash flows:[^{xix}]

- Accounting standards improve the reliability of financial statements. The financial statements include the income statement, the balance sheet, the cash flow statement, and the statement of retained earnings. The standardized reporting allows all stakeholders and shareholders to assess the performance of a business. Financial statements need to be transparent, reliable, and accurate.
- Accounting is important as it keeps a systematic record of the organization's financial information. Up-to-date records help users compare current financial information to historical data. With full, consistent, and accurate records, it enables users to assess the performance of a company over a period of time.
- Accounting is especially important for internal users of the organization. Internal users may include the people that plan, organize, and run the organization. The management team needs accounting in making important decisions. Business decisions may range from deciding to pursue geographical expansion to improving operational efficiency.
- Accounting helps to communicate company results to various users. Investors, lenders, and other creditors are the primary external users of accounting information. Investors may be deciding to buy shares in the company, while lenders need to analyze their risk in deciding to lend. It is important for companies to establish credibility with these external users through relevant and reliable accounting information.
- Proper accounting helps organizations ensure accurate reporting of financial assets and liabilities. Tax authorities, such as the U.S. Internal Revenue Service (IRS) and the Canada Revenue Agency (CRA), use standardized accounting financial statements to assess a company's declared gross revenue and net income. The system of accounting helps to ensure that a company's financial statements are legally and accurately reported.

The purpose of accounting is to accumulate and report on financial information about the performance, financial position, and cash flows of a companies. This information is then used to reach decisions about how to manage the business, or invest in it, or lend money to it. Information is accumulated in accounting records with accounting transactions, which are recorded either through such standardized business

transactions as customer invoicing or supplier invoices, or through more specialized transactions, known as journal entries.^[xix]

From the illustration presented, and for a straightforward answer, it is clear that the ultimate purpose of accounting is to provide information to different users. The users utilize the information in making economic decisions:^[xix]

- Accounting is a service activity. Its function is to provide quantitative information, primarily financial in nature, about economic entities that is intended to be useful in making economic decisions, in making reasoned choices among alternative courses of action.
- Accounting is the process of identifying, measuring and communicating economic information to permit informed judgment and decision by users of the information.

The primary purpose of accounting is to provide the information that is needed for sound economic decision making. The main purpose of financial accounting is to prepare financial statements that provide information about organization. Preparation of statement is basic to financial accounting; they are also called General Purpose Financial Statements, because they serve the purpose of several users of financial statement. Accountants basically prepare four financial statements for meeting decision makers need. Following are four financial statements:^[xix]

Income Statement,

- Statement of Retained Earning,
- Balance Sheet,
- Statement of Cash Flow.

Accounting refers to the systematic and comprehensive recording of the financial transactions of a business. Accounting Information is vital to many stakeholders in economic decision-making. Example of stakeholders who use accounting information includes management, government, shareholders, suppliers, tax authorities, etc. Business accounting help in making strategic and tactical decision making that help business to grow or penetrate markets:^[xix]

- Accounting helping management to determines the financial position of the organization and also assists in what will be the position of a company at a specific time. Accounting assist management in planning, decision making, and controlling processes in an organization.
- Accounting helps businesses in recording, classifying, and then summarizing all the transactions in an organization. This allows the business to come up with a well-assessed financial document such as a balance sheet, statement of profit and loss, statement of cash flows, and trail balance when all accounting is an account for all business transactions.

- Accounting helps businesses deal with their overall accounting needs and guides them on preventive measures to reduce tax liabilities, and on ways to improve cash flow and business performance.

The most important use of accounting data is to communicate meaningful information, with allows management to make good decisions. To be effective, accounting information must make sense and be understood, otherwise it is just a list of numbers with no real significance. Many businesses use templates for internal reports to communicate information in a matter that is familiar and easy to use by management:[^{xix}]

- Banks and loans. If a firm is looking for an investor or a loan, communicating finances is number one for qualifying. Accounting will need to show assets, liquidity, receivables, payables, cash, and more.
- Investors.- Another important user of accounting information is the investor, who wants to know how a business is doing financially. Usually this type of information is communicated through standard reports, such as balance sheets and income statements, compiled using generally accepted accounting principles. A balance sheet shows assets, including cash, and liabilities. Without proper communication, these figures can be distorted and even misrepresented, leading to a loss of a partnership.
- Financial accounting reports quantify and measure the success and failure of a company in monetary terms. Business owners can ascertain exactly how much profit or loss the business has made over a period of time. Key performance indicators (KPIs) can measure different aspects of business performance. These KPIs can be studied over a period of time to study the past performance of the business. It can also be used to compare companies with each other. Regular monitoring of reports helps the business owner identify bottlenecks and potential problems and address them before they become a bigger problem.

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CONCLUSION

Finance is a large part of a company's operations. Finances are important in business because they enable companies to operate without any financial problems, such as lack of cash, funds for investments, for making long-term profits, etc.

Businesses must consider their finances in order to achieve their goals, from surviving in bad times to expanding and strengthening in good times. It is nearly impossible to succeed without strong finances in place. Companies use finance to purchase assets, goods, and raw materials or anything that will push business forward. Finance and funds are known as the lifeblood of any business. Simply companies cannot function properly unless not have an adequate amount of money.

Finance includes cash management which considers how much money a company will need for everyday operations and long-term needs such as capital investments. Accounting is the recording of business transactions to track and balance out income, expenses, inventory, assets and liabilities. It can also be used for tax purposes.

Finances includes cash management which considers how much money a company will need for everyday operations and long-term needs such as capital investments.

Finance also manages capital investments, while accounting doesn't necessarily have this responsibility. Accounting is very much focused on transactions and balancing out the books, whereas finance has a broader scope, including managing cash flow or preparing budgets.

Accounting is a business function focused on keeping track of the company's financial information. Accounting prepare all necessary reports for internal and external communications, such as annual tax returns or reporting to shareholders. Accounting is the process of recording, classifying and summarizing financial transactions. Accounting provides a clear picture of the financial health of organization and its performance, which can serve as a catalyst for resource management and strategic growth.

Accounting plays a vital role in running a business because it helps track income and expenditures, ensure statutory compliance, and provide investors, management, and governments quantitative financial information which can be used in making business decisions. The accounting department also handles all banking transactions within a company: deposits, withdrawals, transfers between accounts, etc.

Accounting is the recording of business transactions to track and balance out income, expenses, inventory, assets and liabilities. It can also be used for tax purpose.

Finance and accounting play an essential role in the management of any business. Companies operate on money, and if they don't control that money, they don't control business. By properly accounting for company's income and expenses, company can manage the flow of money and thereby direct the course of her business.

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INSURANCE AND THE INSURANCE MARKET IN THE WORLD

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ABSTRAKT

Insurance is a contract under which an individual or entity receives financial protection or reimbursement/compensation for any damages from an insurance company. The main types of insurance are life insurance, property and casualty insurance, and health and medical insurance. The insurance market consists of sales of insurance products by entities that undertake underwriting (assuming the risk and assigning premiums) on annuities and insurance policies. Insurance providers invest premiums to build up a portfolio of financial assets to be used against future claims. Direct insurance providers are entities that are engaged in primary underwriting and assuming the risk of annuities and insurance policies. The insurance industry is categorized on the basis of the business model of the firms present in the industry. Some insurance firms may offer other services financial or otherwise. The value of the market is based on the premiums paid by those insured, both commercial and personal. The market value includes the value of related goods sold by the service provider or included within the service offering. Only goods and services traded between entities or sold to end consumers are included.

Keywords: insurance products, insurance policies, insurance provider, end consumers, end consumers, premium.

1. KEY CHARACTERISTICS OF INSURANCE AND THE INSURANCE MARKET

1.1. Characteristics of the insurance

Insurance is a legal contract between two parties - the insurer and the insured. The insurer provides financial cover for the insured's losses that s/he may incur under certain circumstances. Insurance represents the so-called insurance coverage called an

insurance policy. The insurance company provides financial coverage for the insured's losses. An insurance policy is a financial protection agreement. The insurance policy covers the monetary risks of individual insureds taken due to unforeseen events. The person who is insured or the insured is the policy holder. An insurance company that provides insurance is called an insurer. Insurers provide financial coverage or compensation^{ix}.

- The insurance cover has the following features:
 - ✓ Insurance coverage is a type of risk management plan for using an insurance policy against contingent loss,
 - ✓ Insurance coverage does not mitigate the magnitude of loss that may occur. Insurance coverage assures that the loss is shared and distributed among multiple people,
 - ✓ Different customers of an insurance company pool their risks and pay the premiums together. So, when one or several policyholders incur a financial loss, the required money is given from the insurance fund, i.e. the accumulated fund.
 - ✓ Insurance cover can be provided for medical expenses, vehicle damage, property loss/damage etc. depending on the type of insurance.
 - ✓ Premium, policy limit and deductible are the main components of an insurance policy. The policy buyer should check while buying an insurance policy.
- An insurance policy performs various functions that bring a number of different benefits. Insurance coverage performs the following functions:
 - ✓ Reducing the impact of loss that occurs in hazardous situations. This provides monetary compensation, above all, when there are financial crises. Loss mitigation protects the insured against financial problems and helps to check the stress resulting from the occurrence of a financial crisis.
 - ✓ Insurance coverage provides a sense of security to policyholders for which the insured pays a portion of the income.
 - ✓ The insurance company accepts a larger number of collective risks and premiums because it covers many people at risk. Collective coverage means that all policyholders share the risk.
 - ✓ The insurance policy is based on an assessment of the extent of the risk and also provides for various reasons for it. In the insurance policy, the amount for insurance coverage is estimated, as well as the amounts for payment of premium for risk value. The insurance policy protects against unforeseen events and multiple losses.

There are many types of insurance policies available in insurance, and virtually any individual or business can find an insurance company willing to insure for a price.^{ix}

- Common types of personal insurance policies include auto, health, home and life insurance.
- Businesses obtain insurance policies for field-specific risks, For example, a fast-food restaurant's policy may cover an employee injuries from cooking with a deep fryer. Medical malpractice insurance covers injury- or death-related liability claims resulting from the health care provider's negligence or malpractice. Businesses may be required by state law to buy specific insurance coverages.
- Insurance is a way of managing financial risks. When one takes insurance, it provides protection against unexpected financial losses. The insurance company pays the insured if something bad happens.
- Insurance is a way to manage r financial risks. When someone buy insurance, he purchase protection against unexpected financial losses. The insurance company pays him or someone who is choose if something bad occurs.
- Insurance helps protect people, theirs families, and assets. An insurer helps cover the costs of unexpected and routine medical bills or hospitalization, accident damage to cas or injures of others, and home damage or theft of belongings. An insurance policy can even provide survivors with a lump-sum cash payment if someone die.

A core concept of how insurance works is the law of large numbers. The more people are insured, the better an insurance company can forecast the probability of certain events, such as car accidents, that would require the company to pay out claims. The company must be able to accurately forecast these events to ensure it has enough funding to pay out these claims. Insurance is also a way of managing risk. Understanding basic risk management methods is a great way to deciding what insurance is right. Risk management methods include the following:^{xix}

- Avoidance - Not participating in an activity where damages may happen. For example, one way to preventing car crash is to never someone get in a car.
- Reduction - Whensomeone decide to reduce risk,heunderstand that an unfortunate event may happen but take steps to minimize it happening. Instead of never getting in a car, for example, he commit to following the rules of the road and not breaking any traffic laws. A car accident may still happen, but he have taken measures to minimize the possibility of causing one.
- Retention - When someone retain risk, he may or may not take measures to reduce it, buthe understand that the event may happen regardless of how prepare and decide to deal with it if or when it happens.
- Transference - When someone understand that a given event may happen, but he don't want to retain it andhe decide reducing it is insufficient, he may decide to transfer the risk to a willing third party. Insurance is an example of risk transfer. For example,someone pay a premium to an insurance company, transferring his risk of a car accident to the company. The company will pay up to a certain amount to repair your car in the event of an accident.

1.2. Characteristics of the insurance market

The insurance market is simply the "buying and selling of insurance." Consumers or groups buy insurance for risk management from insurers offering coverage for specific risks:^{xix}

Individual Buyers - Individual consumers purchase insurance coverage to protect against risk. Common insurance market products including homeowner's, auto, life and health insurance. Monthly premiums are paid to the insurer in exchange for a commitment of coverage according to the policy.

Group Buyers - Group insurance buyers are typically businesses or organizations that buy group policies to cover all members of an organization. Some companies pay all premiums for employees while others pay partial premiums and employees cover the remainder. Group members benefit from broader protection and more affordable rates, and higher-risk members usually get coverage that otherwise might not be affordable or available. Health insurance is a common example of a group product.

The underlying stability of the insurance sector lies in the structure of the market and the strength of the bodies in charge of regulating and supervising it. Insurance companies are supported by a technical and legal system that is responsible for guaranteeing their operation, and for preserving the rights of policyholders:^{xix}

- Insurance Market Environment - At present and within the reference framework of developed countries, the insurance market operates in a free market environment, regulated by state or transnational laws, as is the case in the European Union countries.
- Characteristics of insurance companies - There are several types of insurance companies depending on their legal constitution: public limited companies, mutual insurance companies, cooperatives, and mutual benefit societies. However, they all share the essential characteristics in terms of selling insurance. Insurance companies can operate in one or more business lines (accident, automobile, fire, civil liability, etc.), but always with the necessary authorization from the regulatory body:
 - ✓ The classification by business lines is fundamental for ordering the risks, separating them into groups with common characteristics to ensure that their processing and valuation are appropriate. To achieve greater precision, these lines of business are usually subdivided into categories that group together related risks.
 - ✓ To ensure the proper functioning of the activity, the State regulates other characteristics of insurance companies, such as: their economic dimension, the exclusivity of their activity, their financial guarantees and solvency, the specialized training of their employees, etc.; at the same time, it also controls, monitors and audits, in particular, the functioning of insurance companies.

Insurance companies provide many insurance products with varying levels of complexity designed for different groups of people and businesses. Underwriting criteria and different insurance distribution systems can lead to large differences in losses and cause costs to increase that affect insurance premium pricing:^{xix}

- The insurance activity is very divided, and the insurance companies perform their operations based on the regulations of the states. Insurance policies issued by the insurance company may have different provisions in different states. Car insurance, for example, varies in price and in the coverage it provides.
- Insurance companies not only compete with each other, but also with governments and other insurance companies. Governments often provide insurance for risks that insurance companies are unwilling or unable to cover, such as floods, hurricanes and earthquakes. Governments, in addition, provide insurance in certain areas in order to increase competition.
- Insurance companies compete with risk retention groups that provide coverage for groups with specific liability risk.

2. INSURANCE CORPORATIONS

Insurance Corporations - Insurance companies are financial intermediaries that offer direct insurance or reinsurance services, providing financial protection against possible risks in the future. The insurance company under the insurance policy undertakes to compensate the policyholder for losses caused by a pre-defined event. In their normal insurance business, corporations may cover certain types of events:^{xix}

- When it comes to life insurance policies, for example, it is usually the death or deterioration of the health of the insured person. Insurance contracts are often taken out to save money over a longer period of time.
- Non-life insurance policies protect against risks of financial loss. Insurance policies cover expenses incurred by the insured from damages that may affect health or property (medical expenses policies, or home, motor vehicle and fire insurance) and financial, ie. loss of income.
- Reinsurance is a special case of non-life insurance. With a reinsurance contract, the insurance company agrees to assume the risk associated with another insurance corporation's policy.
- Data on insurance corporations are divided into three parts:
 - ✓ Balance sheet:
 - The balance sheet section presents data on assets and liabilities for reinsurance, life, non-life and complex insurance corporations, as well as more detailed data on the population of insurance corporations as a whole ("total insurance corporations").
 - The assets section provides information on the assets of insurance corporations: it shows investments in premiums paid and other

liabilities, as well as loans granted. It also shows claims that insurance corporations might have against other parties - for example claims against reinsurance firms arising from reinsurance contracts.

- The liabilities section provides information on claims from Eurozone insurance corporations. These liabilities mainly consist of assets ("insurance technical reserves") that insurance corporations have set aside to meet their future payment obligations to policyholders. Liabilities also include the capital of insurance corporations, loans received and other financial obligations.
- ✓ Premiums, claims and acquisition costs. The section on premiums, claims and acquisition costs presents financial data, i.e. closely related to insurance policies. Premiums refer to the payments that policyholders make on a regular basis for insurance corporation in order to be covered in case of losses. Receivables are the financial obligations arising from and insurance and reinsurance. Acquisition costs refer to the costs incurred by an insurance corporation in issuing new policies
- ✓ Large Insurance Groups: The Large Insurance Groups section contains data collected from approximately 90 insurance groupsty.

Insurance is a means of protection against financial loss in which, in exchange for compensation, a party agrees to indemnify another party in the event of a specified loss, damage or injury. It is a form of risk management, primarily used to protect against the risk of an uncertain or uncertain loss:^{xix}

- The entity that provides insurance is known as an insurer, insurance company, insurance carrier, or underwriter. A person or entity that purchases insurance is known as a policyholder, while the person or entity covered by the policy is called the insured. An insurance transaction involves the policyholder assuming a guaranteed, known and relatively small loss in the form of a payment to the insurer (premium) in exchange for the insurer's promise to reimburse the insured in the event of a covered loss. The loss may or may not be financial, but it must be reduced to financial terms. Furthermore, it usually involves something in which the insured has an insurable interest determined by ownership, possession or pre-existing relationship.
- The insured receives a contract, called an insurance policy, which details the conditions and circumstances under which the insurer will indemnify the insured or his designated beneficiary or assignee. The amount of money charged by the insurance company to the policyholder for the coverage specified in the insurance policy is called the premium. If the insured suffers a loss covered by the insurance policy, he submits a request to the insurance company for processing the claim. The mandatory expense it requires the insurance policy before the insurance company pays a claim is called a deductible. The insured or the insurer can protect its own risk by taking out reinsurance. Reinsurance is carried out by another insurance company that agrees to bear part of the risks.

3. INSURANCE COMPANY CUSTOMER RELATIONS

A great customer experience is a major lever for success within the insurance industry. As a result, insurance companies are making strides to enhance their customer experience:^{xix}

- Developing an omnichannel sales process - Online shopping has changed consumer behavior and expectations. Today, people want to be able to research, explore, and purchase products and services across multiple channels including websites and apps. The same is true when it comes to the insurance industry where potential customers want the ability to research and purchase products and services online.
 - ✓ To succeed in today's market, insurers must continue to invest in building high-quality mobile apps and websites that enable potential customers to explore, research, and purchase their products and services.
 - ✓ Taking a cue from retailers, it is also, pertinent for insurers to develop a fully digital and omnichannel sales process to create a customer experience that is consistent across all channels.
 - ✓ Insurers should also go further by ensuring that the process of buying insurance via a mobile app or website is completely fluid and straightforward. Having apps or websites that help potential customers to request estimates or sign up for automobile insurance, for example, in as few clicks as possible can go a long way towards boosting an insurer's bottom line.
- Building apps and websites that enable customers to manage their policies:
 - ✓ Customers today value the ability to manage their insurance policies across digital channels, primarily through mobile apps and websites.
 - ✓ While insurance companies are taking note of the importance of offering customers a great online customer experience, not all have managed to succeed. Only about 15% of customers are satisfied with the digital experience insurance companies actually offer.
 - ✓ New insurance startups companies are among those who have successfully managed to develop apps and websites that contribute to great customer experience.
 - ✓ Other insurers such have succeeded in building mobile apps with a variety of functionalities designed to make life easier for their customers.
 - ✓ The challenge for insurers is building mobile apps and websites that offer high-quality functionalities that enable customers to do more than just manage their policies, submit and track claims. Insurers need to develop apps and websites that make it easier for customers to communicate with

an insurance representative or agent (human or chatbot), request roadside assistance, schedule repairs, update policies to reflect new purchases or changes in their personal life, and more.

- ✓ A second challenge for insurers is creating mobile apps and websites that offer a great user experience that makes the process of managing insurance policies stress-free. Nonetheless, insurance companies can make major strides in their customer experience by developing the digital services today's customers want.
- Using IoT to improve personalization and business decisions:
 - ✓ The insurance industry is getting smarter thanks to the incorporation of the Internet. Today Internet has the potential to give insurers the ability to collect valuable data to provide customers with greater levels of personalization.
 - ✓ Internet can benefit insurers by providing them with the capacity to collect valuable customer data directly from their person, vehicles, and homes. This data can then be analyzed and exploited to provide valuable personalized advice to prevent accidents, the loss of property, and more.
 - ✓ Smart home devices or sensors in a car can capture and assess important information in order to determine if their customers face significant risks. In these cases, insurers can use this data and send notifications to customers to help them avoid any potential damage from an approaching storm or warn them about dangerous driving tendencies or conditions.
 - ✓ In healthcare, connected devices like wearables can monitor a customer's vital signs and inform them when there is a significant risk of a heart attack, stroke, and more. Insurers have even implemented programs that use data from wearables to reward customers for exercising in an effort to help customers live healthier lives.
 - ✓ Internet devices are also being used by insurers to lower premiums. A number of insurers have used connected devices to monitor customer driving behavior. By using this data, insurers can effectively send notifications to their customers to encourage healthier and less risky behavior. At the same time, insurers can reward safe drivers with lower premiums. Both of these efforts by insurance companies are expected to be able to reduce the costs of premiums.
 - ✓ More importantly, Internet data has the potential to help insurers process claims faster. Insurers have struggled historically with processing claims, which can contribute to positive or negative customer experience. In fact, one of the biggest reasons for the high customer churn rate in the insurance industry is an inefficient claims process.
 - ✓ By extracting the data from Internet or connected devices, insurers gain the ability to process claims faster and with greater accuracy. This can

save a lot of time for insurers and customers, and make processing claims much more efficient.

- ✓ While Internet and connected devices can help improve the overall customer experience within the insurance industry, challenges do exist that insurers must overcome. One of the major challenges for insurers will be their ability to take advantage of the data from Internet and other connected devices.
- ✓ Using any data from Internet requires insurers to put systems or applications in place that can securely and reliably capture and analyze data. From programs need to be implemented that use the data to make important business decisions.
- ✓ Furthermore, insurers must enhance their security protocols to guarantee that Internet data is protected, especially while data is being transferred from the customer to the insurer. This is easier said than done given the many security vulnerabilities that Internet currently has. Nonetheless, failing to protect customers' Internet data will outweigh any benefits that Internet and wearables can create for insurance companies.

4. INSURANCE RISK MANAGEMENT

Insurance Risk Management is the assessment and quantification of the likelihood and financial impact of events that may occur in the customer's world that require settlement by the insurer; and the ability to spread the risk of these events occurring across other insurance underwriter's in the market. Risk Management work typically involves the application of mathematical and statistical modelling to determine appropriate premium cover and the value of insurance risk to 'hold' vs 'distribute'. Value of Insurance Risk Management:^{xix}

- Alignment of the pricing market strategy and reinsurance arrangements to the organisation's risk appetite as well as optimising the goals of the organisation
- Assist clients to recognise risk events and changes to claim rates earlier, so as to move towards a more market responsive, risk-based pricing approach which ensures the efficient deployment of capital and a reduction in extreme risk event losses.
- Enhancing the feedback mechanism from claims function to underwriting and product development processes to improve the performance and profitability of these processes.
- Alignment of the pricing market strategy and reinsurance arrangements to the organisation's risk appetite as well as optimising the goals of the organisation
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which ensures the efficient deployment of capital and a reduction in extreme risk event losses.

- Enhancing the feedback mechanism from claims function to underwriting and product development processes to improve the performance and profitability of these processes.

The risk management process is essential because it equips a company with the tools it needs to identify and manage possible risks. When danger is recognized, an effective risk management process can minimize negative impacts. Additionally, risk management gives a corporation a foundation to improve decision-making:^{xix}

- Identifying and managing risks is imperative to preparing for events that impede progress and growth. A company's chances of success increase when it assesses its strategy for dealing with possible challenges and then creates structures to meet them.
- Progressive risk management also ensures that issues with a high priority are handled aggressively. Leadership is armed with the data they need for wise decision-making to maintain profitability and manage risk exposure.
- When insurance companies and claims adjusters properly manage risk, it gives them an advantage, not only by providing loss control against costly data breaches. It also protects insurance brokers from compliance violations and enhances their credibility with clients looking for insurance products that can protect the things most precious to them. Steps to risk management for insurance companies are:
 - ✓ Designing an Information Security Program - An information security program should be appropriate for the insurance professional's size and complexity. As part of the enterprise risk management approach, a company may choose to mitigate or transfer the risks to a vendor. However, if the company outsources services, it must ensure that the outsourcing partner also protects sensitive information.
 - ✓ Choosing Appropriate Security Controls - Similar to other prescriptive standards, the rules used by risk analysts are:
 - Creating authentication and access controls,
 - Identifying critical data, personnel, devices, information technology (IT) systems, and facilities.
 - Restricting physical access,
 - Incorporating at-rest and in-transit encryption,
 - Adopting secure software development practices,
 - Modifying the information systems to maintain compliance with the security program,
 - Incorporating controls, such as multi-factor authentication, for access

- Testing and monitor systems and procedures regularly.
 - Creating audit trails to detect and respond to cybersecurity events that enable the reconstruction of material financial transactions,
 - Implement measures to protect against destruction, loss or damage from natural disasters, fire, water damage or technological failures,
 - Creating secure disposal and records retention procedures.
- ✓ Cybersecurity - the model specifies that the enterprise risk management process should incorporate information security.
- ✓ Stay Informed - This risk management procedure focuses on sharing information about emerging threats and vulnerabilities. As part of continuous monitoring, insurance companies should be aware of new threat vectors. To inform internal and external stakeholders, they must establish clear communication procedures.
- ✓ Cybersecurity Training - The model focuses on both initial training and continued, updated training to reflect new risks to the data ecosystem and environment. Repeating the “stay informed” procedure highlights the importance of employee cyber awareness.

CONCLUSION

Insurance is a risk transfer tool. With insurance, the risk is transferred (negative deviation from the future outcome) to an insurance company that will pay at the time of occurrence of the insured event in relation to the contract signed by both parties. Insurance is a legal contract (insurance policy) made between two parties, i.e. the insurance a company (known as the insurer) and the individual or group (known as the insured). Both of these parties enter into a contract under which the insured pays a predetermined amount of money to the insurer (known as a premium) with the promise that the company will compensate the insured in the event of a financial loss (risk) due to the causes the insurer agreed to provide cover for.

The purpose of insurance is to reduce financial uncertainty and make accidental loss acceptable. It does this by exchanging the payment of a small, known fee - an insurance premium - to a professional insurer in exchange for assuming the risk of a large loss and a promise to pay in the event of such loss. In insurance, the risk that is in the environment is transferred from the individual to the insurer (insurance company) by concluding an insurance contract. A common characteristic of all risks is that they are future, uncertain and independent of the will of the insured or insurers.

There are several functions of insurance in the everyday life of both an individual as well as a business. It provides a safety net against the uncertainties of life and helps to minimise the loss for the insured, and give them some sort of comfort in the face of a loss or tragedy.

Business insurance covers financial losses stemming from a variety of events that can negatively impact a business's operations. There are many different types of business insurance, and they provide coverage for different types of situations. The most important and common types of insurance cover employee-related issues, legal liability, and property damage.

An insurance company is a financial institution involved in the protection of persons and objects against risks. These companies as financial institutions collect large sums of money called premium from individuals and organisations in order to insure lives and properties.

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Through strengthening the innovation of human resources to the success of companies

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Abstract

In recent decades, innovation and creativity have become key skills for achieving success in developed economies. Changes are constantly occurring in today's volatile environment, so a company's survival depends on its ability to be highly productive, innovative and able to create high job satisfaction.

One of the main indicators of the company's success has become the number of organizational innovations and intellectual capital in the process of creating new values and opportunities for economic growth of the company and its employees. Innovative activities as an invaluable resource are often highlighted in the literature as a factor leading to company progress. In this context, innovation, proactivity and risk-taking are the basic characteristics of modern companies in which a certain number of people, investing their knowledge and skills, develop new products and services, thus opening up new business opportunities and continuously realizing a competitive advantage for the company.

Since the effects of innovative activities depend on several factors, the purpose of this paper is to show the determinants and basic characteristics in the management of human resources, through the development of the mentioned topic, which will prove that intellectual capital with its creativity and innovation is an irreplaceable part from the entire existence, operation and success of modern companies.

Keywords: management, human resources, intellectual capital, creativity, innovation, company

"The proof of an innovation is not its novelty, nor its scientific content, nor the inventiveness of the ideas...it is its

success in the marketplace."

Peter Drucker1

1. Introduction

In a period of extremely rapid changes in the business environment, business adaptability and innovation in each workplace become key factors for survival in the global market. Today, being creative (original) and innovative in the workplace may or may not be a desirable form of organizational behavior. While some organizations and their managers do not want to change, especially if the initiatives and suggestions come from employees, the most successful in the market today are the organizations that apply innovation at work and that systematically encourage their managers and employees to be creative and innovative.

In such a dynamic world, in a competitive and saturated market, it is important to recognize the importance of creativity and innovation in order for a business entity to gain a competitive advantage, which is extremely important in a business context. Innovation is a recognized internal factor in an organization's business operations, as well as the external appearance of a product or service market.

The most successful have already recognized the need for constant innovation and change. If we consider that market leaders base 50% of their revenue on products and services developed in the last five years (compared to only 10% of the revenue achieved by инноватион market followers), it makes sense why high managers look of innovation as one of the main priorities (Kubana, Okes-Voysey & Vizjak, 2012), which enables the realization of strategic goals (Damanpour, 2020).

Organizational ability to innovate products and services, develop or introduce new technologies, changes in business processes and application of better organization of work, as well as new management models is one of the factors that can reduce costs (Berstein & Kok, 2009), to increase productivity (Hinloopen, 2003), to contribute to higher production quality (Terziovski & Guerrero-Cusumano, 2009), to enable differentiation from the competition (Rosenbusch, Brinckmann & Bausch, 2011), better accountability (Craigheat, Hult & Ketchen, 2009), to improve organizational performance (Damanpour dhe Evan, 1984; Terziovski, 2010), to increase job satisfaction and to reduce the rate of absenteeism work

1Druker, P.: Inovacije i preduzetnistvo. Privredni pregled ,Beograd 1991.

(European Economic and Social Committee, 2011) and to enable the creation of sustainable competitive advantages (Tushman and O`Reilly, 1996; Bos-Nehles and Jansen, 2015).

And according to Roos (Roos et al., 2005) , originality as a component of creativity and innovation is not enough, but the new idea must be appropriate, useful and sustainable. In the case of business organizations, it should affect the way of doing business, such as improving products or creating new ways of running processes or generating new ideas in strategic thinking.

2. Intellectual capital as a modern business strategy

certain, the only competitive advantage is knowledge" "In an economy where only uncertainty is reliable source of market

Ikujiro Nonaka

The most important resource in today's companies is the workforce, which directly contributes to the well-being of the organization, its growth, development and competitiveness. Knowledge-based economies are more competitive, but not all national or regional economies embrace knowledge-based development at the same pace and do not give it the same importance in every country.

Although individuals or group members may create a temporary competitive advantage, the source of sustainable competitive advantage is more likely to be the source of human capital in the organization. Thus, the idea that human resources can be a source of sustainable competitive advantage is not new, but it is based primarily on human practice, not on the shared value of employees.

There are authors who defend the claim that human resources are a source of sustainable competitive advantage, but that companies should create strategies that will lead to sustainable competitive advantage by focusing on the relationship between strategy, human resources and competitive advantage. It is for these reasons that human resources must be exceptional (valuable and rare), visible and nontransferable resources.

Since the 1980s, there have been significant changes in the strategic approaches of organizations

regarding the understanding of the role that intellectual resources play in the process of value creation and competitive advantage (Roos et al., 2005). In strategic management, two perspectives are important for understanding how companies use scarce resources to create superior value: the activity-based view and the resource-based view. These two perspectives are complementary, where the resource view focuses on what the company owns, while the activity-based view is oriented on what the company does, in fact on the company's activities (Viedma Marti & Cabrita, 2012).

The activity-based view sees enterprises as value chains, as interrelated economic activities that create value by transforming a set of inputs into specific outputs. A company achieves a competitive advantage if it performs strategically important economic activities more cheaply or better than its competitors (Porter, 1985).

Competitive strategies often aim to change a company's position in a given industry relative to its competitors and suppliers, with industry structure playing a key role in determining and constraining strategic actions (Teece et al., 1997). By comparing competitors' value chains, a company can identify the differences that define competitive advantage. Therefore, the company should direct its strategic investments and management attention to those core competencies, mainly intellectual or service activities, in which it can achieve the best performance and thus a sustainable competitive advantage (Viedma Marti & Cabrita, 2012).

In contrast to the activity-based view, the resource-based view considers the resources a company possesses as the main determinant of competitiveness. A company is therefore considered to have a unique combination of tangible and intangible resources, where its competitive position is more a result of the portfolio of resources it possesses than of its market position.

Intellectual resources are the most important resources in firms, which improve profitability and competitiveness (Edvinsson, 2003), providing a competitive advantage. The main sources of a company's competitive advantage in the knowledge economy are knowledge, innovation and intellectual property (Figure 1) and it is necessary to manage them effectively (Krstic, 2014).

The cycle of creating and maintaining a competitive advantage begins with the creation of knowledge, which becomes a key input for innovative products and processes, which means knowledge management, innovation and intellectual property.

A perspective that is significant for understanding how a company uses scarce resources to create superior value is the human resources that the company possesses as the main determinant of competitiveness (Viedma Marti & Cabrera, 2012).

A company is seen as having a unique combination of tangible and intangible resources, where its competitive position is more a result of the portfolio of resources it possesses than of its market position.

Intellectual resources are the most important resources in firms, which improve profitability and competitiveness (Edvinsson, 2003), providing a competitive advantage (Augier & Teece, 2005). The main sources of a company's competitive advantage in the knowledge economy are knowledge, innovation and intellectual property (Figure 1) and it is necessary to manage them effectively (Krstic, 2014).

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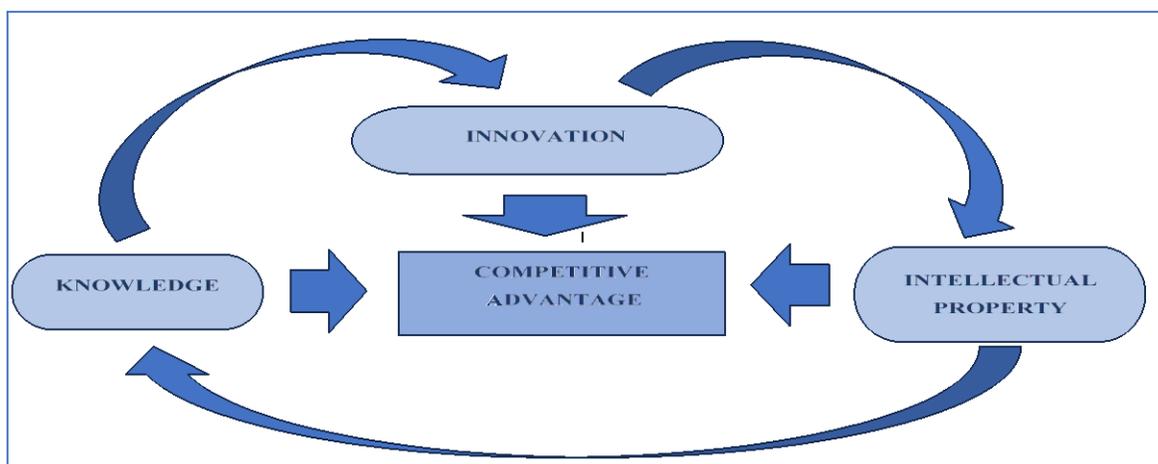


Figure 1. The cycle of creating and maintaining competitive advantage

Source: (Krstić, B. (2014). Upravljanje intelektualnim kapitalom preduzeća. Niš: Ekonomski fakultet Univerziteta u Nišu pp.84.)

Nowadays, it is not really necessary to elaborate why the modern age is knowledge based. It is very important for entrepreneurs to be aware that investing in knowledge is the smartest and most profitable investment and therefore knowledge is the noblest asset with infinite potential for growth. The results of the study conducted by Nonaka and Takeuchi (1995) regarding the understanding of the various mutual influences and effects that exist between intellectual capital, knowledge sharing and organizational performance showed that intellectual capital has a positive mediating influence on organizational performance and knowledge sharing. The Japanese theorist, Ikujiro Nonaka (1995) said: "In an economy, in which only uncertainty is certain, the only reliable source of market competitive advantage is knowledge." Nonaka and Takeuchi (1995) use the term "knowledge-creating company" as a company that creates new knowledge that continuously spreads throughout the organization and rapidly incorporates it into new technologies and products.

The knowledge embedded in human capital enables firms to improve specific competencies and discover opportunities for innovation. When firms develop new products and improve management processes, they require the motivation and ability of human capital to produce creative ideas, develop innovative approaches, and invest in new opportunities.

The function of human resource management can influence and change the attitudes, capacities and behaviors of employees to achieve organizational goals and plays a key role in nurturing the necessary conditions for channeling individuals towards the development of innovative activities (Chen, 2009).

3. Innovation as a new corporate identity

Nowadays, organizations are called to face phenomena such as changes in product and service diversity, acquisitions and mergers, image crises, outsourcing, expansion of new technological advances, entrepreneurship and innovation that require the creation of a new corporate identity where speed is critical to success, especially when it comes to launching new products. The companies that stand out as the most successful, and at the same time survive, focus on continuous innovation and reducing the time needed from idea to realization.

The new idea on the market is reflected in higher profits, better positioning on the market, but also through more efficient and effective business processes. Innovation understood as a process through which ideas are created, developed, perfected and realized; object and practices, or as a result of interdependent cognitive processes of individuals combining different approaches; they are more and more authentic and part of our everyday life (Hernaus & Maric, 2023).

One of the most acceptable definitions is given by Peter Drucker, who believes that "innovation is an action that endows resources with new capacities to create wealth. There is no such thing in the world as a resource until it finds the use value of something in nature and endows that thing with economic value." Furthermore, this author claims that "innovation is anything that brings changes in the wealth-producing potential of already existing resources" (Peter Drucker, 1991).

In 1992, the Organization for Economic Co-operation and Development (OECD - Organization for Economic Co-operation and Development) defined innovation as "the transformation of an idea into a new or improved product or operational process in industry or commerce".

In the relevant contemporary literature there is agreement that the idea as the basis of innovation is an expression of creativity, but that it must be successfully accepted in the business of a modern organization, rooted in the market, which leads to better business results. Today, in a global and uncertain hyper-competitive business, most innovation occurs in organizations, in which creative individuals can be inventors or innovators. Accordingly, it can be said that organizations as business systems have the necessary material, financial and human resources necessary for innovative actions in time conditioned by rapid technological changes, scarce available resources or agile movements of competitors. Not only are organizations essential to innovation, but innovation has become critical to survival of the organization (Hammond et.al., 2011), economic and business success (Mishra, Bhatnagardn et.al., 2019), and individual well-being (Hinlopen, 2003).

Without innovation, it is not possible to ensure the development of the organization and employees, to comply with regulatory requirements, to respond to business and market demands and challenges, and to meet the growing expectations of customers (Hernaus & Maric, 2023). Although there is a general consensus that innovation is a desirable phenomenon that brings positive changes (Damanpour, 2020; Marić, 2020) and ensures prosperity (Patterson, Kerrin and Gatto-Roissard, 2009), it should be noted that innovation activities require significant, sometimes very specific resources such as rare raw materials or experts with highly specialized knowledge.

One should also be aware of the possible undesired results of the innovation process (the so-called "dark side" of innovation) with a risky and difficult managerial process with a low success rate that can negatively affect the outcome of the business (on e.g. large investments did not get the desired results on time) and threaten the image of the organization (e.g. lower quality of service than usual), but also demotivates employees and affects their work behavior (e.g. disappointment and loss of trust, nonengagement at work) due to a dehumanizing effect. In addition, there are innovations that lead to misuse with unintended consequences such as the wrong application of products to the detriment of others or innovation activities that are not managed in the desired way such as the unused market potential of the new product due to a lack of accompanying marketing activities (Damanpour, 2020).

Companies are constantly in a situation of making strategic decisions to determine priorities in innovation practices, but there is no way to guarantee a quality innovation policy of a company, which differs from company to company. The fundamental change in innovation policy is made by the individuals tasked with creating and translating an idea into new value. Applied knowledge is what creates value today, because knowledge is not wasted, but added and enriched. Innovations determine both group dynamics and the quality of life of individuals, although as they influence different interest groups, they have their own role in the innovation process, as the main carriers of innovative activities, and it is necessary to emphasize business organizations or their managers and employees themselves. Any employee, regardless of their position in an organization (the business), can have a great idea. The culture of organizational innovation allows them to observe, unlike traditional, largely bureaucratic value systems that ignored them from the beginning (Hinlopen, 2007).

The development of corporate innovation can be measured by analyzing the treatment of (genius) ideas, so that employees are systematically encouraged to generate new ideas and solutions even in cases where this would threaten the existing business system. It is better for employees to challenge the business transformation process than the competition.

Companies such as, for example, the American Starbucks have platforms to collect and analyze the ideas of their employees and customers. Best Buy and BlueShirt Nation have built an online

community where employees solve problems. In these online communities, there are ongoing discussions, and numerous comments initiate new ideas. Communication processes in Internet corporate communities are open, or rather transparent, and enable spontaneous marketing and filtering of ideas, which often results in ideas and proposals with great market potential. The above processes can be called the practice of open innovation because it is based on a wide network of social interaction that also includes external entities such as customers, suppliers and distributors.

Knowledge and ideas are found and come from everywhere. So, for example, when Google managers started designing corporate knowledge they found engineers in Australia who were exceptionally good at creating interfaces. In this way they came up with other new ideas. Procter & Gamble managers no longer rely solely on ideas generated within the company, but proudly point to solutions generated outside the organization. Until just a few dozen years ago, this practice was almost unthinkable.

On Inno Centive's solutions platform, multiple companies list problems and offer solution rewards to independent innovators and scientists, whom Inno Centive calls "solvers." The problems offered to be solved or innovated on that platform range from basic research, practical work to scientific (eg the Rockefeller Foundation offered \$20,000 for a solar-powered Internet router project).

The knowledge embedded in human capital enables firms to enhance specific competencies and discover opportunities for innovation. When firms develop new products and improve management processes, they require the motivation and ability of human capital to produce creative ideas, develop innovative approaches, and invest in new opportunities. The human resource management function can influence and change the attitudes, capacities and behaviors of employees to achieve organizational goals and this plays a key role in nurturing the necessary conditions for catalyzing and channeling individuals towards the development of innovative activities (Chen,2009)

4. Conclusion

Faced with the phenomenon of globalization, virtualization and transdisciplinarity, organizations are subject to a constant change in the landscape, which implies that, in addition to being creative, they must also be innovative in order to be competitive in a changing world.

Business innovation is the improvement of the business model that the company has, making major organizational, productive or technological changes in the proposal that is placed on the market with the sole purpose of being more efficient and achieving a better position in the market or even creating a new market where there is no competition .

Continuous change requires continuous rethinking, so the importance of innovation in today's business is widely recognized by all managers. At the HR level, managers talk about innovation, they support innovation, but they usually kill the innovation provided by employees and managers.

On the other hand, the management of modern companies is characterized by maintaining relevant and well-defined innovation strategies. Innovation is not a goal, but a means to achieve the organization's strategic goals. Innovative companies take a leading role in the markets in which they operate. Most innovative companies have highly creative employees with lots of ideas. Some of these ideas are essential to the needs of these companies.

In order to ensure the competitiveness and success of the organization, managers must accept innovation as a key element for the organization. However, the main driver for innovation is human resources and for them to be successful, managers must support, plan and nurture a culture of innovation.

For Philip Kotler, the path that every company that has a leadership position in the market must follow is the continuous innovation of its products and services. This will help the business to protect its valuable market position and avoid frontal attacks from competitors in the industry.

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Developing a consumer-driven healthcare marketing strategy

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Abstract

Creating value for healthcare organizations is the primary goal for their managers, both in for-profit and nonprofit organizations. In this chapter, we present the value-focused management methodology, a practical approach for increasing the value of a healthcare organization. The methodology is a multistep approach, including determining the goal, determining the performance measures, identifying the value drivers, deciding how to improve the value drivers, and implementation and control. The value-focused management methodology enables managers to examine systematically where they should devote their time and energy and in which areas the contribution will be marginally small. Value in health care is the measured improvement in a patient's health outcomes for the cost of achieving that improvement. The goal of value-based care transformation is to enable the health care system to create more value for patients. Because value is created only when a person's health outcomes improve, descriptions of value-based health care that focus on cost reduction are incomplete. Reducing costs is important but not sufficient: If the real goal of value-based health care were cost reduction, pain killers and compassion would be sufficient.

Keywords: value, provider, manager, profit, control, costs

Introduction

Healthcare marketing refers to the marketing strategies used by healthcare providers, insurers, suppliers and advocacy institutions to attract new patients and increase awareness of their healthcare business. Consumer-driven healthcare connects patients with healthcare providers available in real-time through websites, mobile apps, or even home visits.

Healthcare marketing is a process of strategic outreach and communications built to bring in new consumers, keep them through their healthcare journey and keep them engaged in the healthcare system. Healthcare providers face unprecedented pressure to meet consumer needs and expectations. However, many healthcare providers, including hospitals, health systems, and physician practices, have been slow to develop consumer-centric strategies. Now that patients can communicate virtually with healthcare providers, consumers want continuous access to healthcare, as quickly as they can get it, at a low cost, with as little red tape as possible.

Today's consumers expect an innovative and digitally advanced healthcare experience as in any other activity. Hospitals, health systems, and medical practices must evolve to meet the needs of patients to remain competitive or risk being left behind. As more healthcare providers provide accessible online services and cut red tape between doctor–patient communications, consumers can choose a healthcare business that offers a consumer experience that meets or exceeds their expectations.

General characteristics of the marketing strategy

As consumers take a more active role in healthcare decision-making, models that put the interests and needs of customers at their center emerge. People want to be heard when deciding on treatment and whether they should receive it together (for example, surgery versus drugs). Through these initiatives, the health sector is formally shifting its focus to the patient, creating a coordinated and aligned effort by all stakeholders in the health sector to deliver more efficient and effective care:^{xix}

❖ Healthcare personalization is now expanding to predict potential health risks and provide real-time remote assistance 24/7. This capability is leading to new wearable health monitoring devices that connect people with healthcare providers, professionals, and insurance companies.

❖ The introduction of wearable biometric devices that provide patients with information about their health and telemedicine applications make it easier for patients to access healthcare no matter where they live.

- The healthcare sector constantly evolves from politics to patients and everything else. With new technologies focused on monitoring, research, and accessibility of care, patients play a more active role in their care. The healthcare sector must be aware of the latest medical developments and how the healthcare services are delivered to an increasingly demanding consumer market. Healthcare professionals must look to technology tools to help them understand their patients' needs and, ultimately, provide them with personalized care.
- Cultural changes, treatment costs, and policy adjustments are major factors contributing to kinder, gentler, and more patient-centered healthcare. The future of healthcare should be driven by diverse patient populations and their associated care needs.

- With informed patients and appropriate technology, physicians can provide effective care and coordinate with the medical community. Consumer-centric healthcare can also help increase the number of touch points needed at any given time—providing a pathway to behavioral change and improved outcomes.
- The healthcare industry is moving toward value-based care, along with growing consumer spending, making it imperative to offer retail services that retain and attract patients.
- To improve the quality of customer service in healthcare, one must first understand what the healthcare consumer needs. With the advent of digital innovations such as the Internet of things (IoT), big data, artificial intelligence (AI) and machine learning (ML), the healthcare industry needs to redefine the customer experience.

The healthcare system is complex, with many different components, treatments and procedures. Healthcare marketing uses creative strategies to engage and educate patients. Today's consumers are taking ownership of their health care and researching and evaluating doctors. Healthcare marketing aims to increase awareness of the healthcare organization and its brand, build trust and credibility with patients and guide them through their healthcare journey. Thus, marketing in healthcare is a multi-layered approach involving different strategies:^{xix}

❖ With the right strategies and tools, medical providers can have an advantage by attracting new patients and retaining old ones. For example, they can engage and educate patients with relevant, personalized and timely healthcare content. Not only is new patients attracted with the right marketing strategy, but loyalty to the healthcare organization or brand is also encouraged and repeat business is encouraged.

❖ The goal of a healthcare marketing strategy is to drive high-quality leads, increase revenue, and maintain healthy profit margins. Healthcare requires a strong marketing strategy using multiple channels to reach more potential patients and use comprehensive analytics to measure a particular marketing campaign and make appropriate adjustments to healthcare market conditions.

❖ An effective healthcare marketing strategy first builds patient-centered access and strengthens the number of potential patients, and forms stronger patient-physician relationships. Characteristics of successful healthcare marketing strategies would be:

- **Personalized patient-centered strategies** - Most consumers prefer a customized experience relevant to their unique needs and circumstances:
 - ✓ Consumers of healthcare services are pushing for personalized experiences during treatment. Consumers are increasingly interested in personalized health-related items, such as customized preventive health insurance models. This indicates the need for developing a personalized and patient-focused marketing strategy.
 - ✓ Whether a healthcare organization's goal is to attract new patients or retain current ones, personalization must be a fundamental pillar of the

marketing strategy. Customized messages are tailored to the unique interests and needs of the individual, allowing the organization to form stronger relationships based on trust and credibility. By using analytics, consumer data and various tools, the organization can create custom messages that will be accepted by consumers of healthcare services.

- ✓ With the personalized and patient-centered marketing strategy, the healthcare organization becomes a trusted institution and partner that cares for the consumer, i.e. the patient. Therefore, all of your healthcare organization's marketing strategy content should be personalized, accurate and actionable.
- **Data-Driven Marketing Strategy** - To stay ahead of competitors in today's ever-changing marketplace, healthcare organizations must use data-driven marketing - which means they need to generate, analyze and apply data to their strategies:
 - ✓ Data is key to understanding consumer behavior and attracting new consumers to healthcare services. Without data and proper analytics, it is impossible to know when marketing is delivering results and what areas need improvement.
 - ✓ Healthcare organizations should have business intelligence solutions including flexible reporting options, multi-site dashboards, value-based monitoring, monthly reporting and more. By using data and applying it to their strategies, healthcare marketers can expect the following benefits:
 - Attracting target consumers more effectively,
 - Understanding which marketing tactics are most effective,
 - Creating a more patient-centric content strategy,
 - Increasing the ROI of marketing campaigns,
 - Getting proof of the value of a marketing effort.
 - ✓ Effective healthcare marketing goes beyond demographic information. With data-driven marketing, healthcare organizations have a more intimate knowledge of their ideal patients, how they like to purchase healthcare products, where they consume information and media, the challenges or pain points they face, etc.
- **Strategies made possible by digital marketing technologies** - Historically, the healthcare sector has been slow to adopt digital technologies, with many doctors relying on traditional marketing methods such as referrals and word of mouth to increase patient volume. Digital marketing solutions lead to a higher return on investment than traditional marketing methods. Digital marketing is measurable, which means a healthcare organization can track the results of its campaigns, optimize them, and develop more integrated strategies.

Consumer Choice for Healthcare Services

The selection of patients in healthcare is based on demand, that is, on strengthening competition among service providers:^{xix}

- In consumer-oriented healthcare, the choice of treatment is made by the patient themselves. The principle that patient choice is assumed to cause competition among healthcare providers means that patients seeking high-quality care minimize costs, directly compare the prices and quality of different providers and actively choose the provider that best fits their preferences and needs.
- Patients invest effort in acquiring information and making an informed decision based on that information. If money follows patients, this selection process encourages providers to compete for patients by improving their quality and lowering their costs, which ultimately helps ensure quality, efficiency, and equity in healthcare.
- For patients to actively choose the best healthcare provider, they need to be informed about the quality of the providers. Therefore, quality indicators should be developed. A quality indicator is a measurable aspect of care that gives an indication of the quality of care and may refer to the structure, process, or outcomes of care provided by a health service provider.
 - ✓ Structural indicators refer to the organization of healthcare, while process indicators refer to the process of care delivery, and outcome indicators indicate the effect of care delivered.
 - ✓ Because patients have different information preferences, comparative information on all indicators is developed to allow patients to select the information relevant to them and choose a health service provider based on that information.

Consumer choice policies can improve the alignment of consumers and healthcare providers and can encourage competition around dimensions of quality relevant to consumers. In healthcare, consumers are often allowed to choose from lists of healthcare providers. Based on the assumption that consumers have superior knowledge of their preferences and needs, consumer choice can improve quality by improving the fit between consumers and healthcare providers and by strengthening the incentives of healthcare providers to compete on quality.^{xix}

Consumer autonomy in the health sector is particularly complex in terms of how consumers make decisions about care and services for themselves and the family unit. These decisions include how to manage the use of limited resources and how decisions are made to select or choose a healthcare provider:^{xix}

- Information imbalance is a particularly important aspect of information gathering, choice, and decision-making regarding the engagement and use of health services and facilities.

- Health consumers (patients, clients, residents, and the general community) have a range of options and questions available to support decision-making regarding the acquisition of healthcare and support from the health system. Key questions about experience, satisfaction and general expectations facilitate personal understanding and picture-building of individual and wider experiences.
- Health, aged care, and social care are specifically focused on individual and interpersonal relationships. Engagement between consumers and physicians forms an important relationship and, therefore, a platform on which to base the evaluation of choice for subsequent and potential engagement with physicians.
- Consumers are aware of and rely on information from governments, insurance companies, regulators, and manufacturers. Healthcare consumers operate on important assumptions that adequate safeguards, regulations, and controls exist to govern and ensure standards of care and performance in the health sector.
- A key aspect of consumers' understanding, interpretation and evaluation of information relates to the experience of using health services and health systems by individuals, families and friends. Information gained through experience is a critical part of sense-making and contributes to consumer knowledge and understanding that it subsequently informs their choices and decisions. Positive experiences represent understanding and appreciation of good care and services.

Consumer choice in health care has been advanced as a path to improving the quality and affordability of health care. When people have access to complete and accurate information about the quality and cost of health insurance, doctors, hospitals, and services and the right tools to use that information they will be able to choose the best options for themselves and their families:^{xix}

- Patients who have information and incentives to act on the information, reason, choose higher priced options only if they offer higher quality and improve health services. Among services of comparable quality, patients will choose the option with the lowest cost. Healthcare providers are incentivized to compete and innovate to improve quality and lower costs, leading to efficiency gains and greater value throughout the healthcare system. Patient preferences for lower cost and improved quality should encourage them to be discerning health care consumers. Patients value information about the cost and quality of health care, as well as the ability to choose their care providers. Patients want more information about health care prices, are aware that health care prices vary between doctors and hospitals, and understand that higher cost does not always indicate higher quality.
- At the core of efforts to use consumer choice to improve value in health care is the idea that patients can:

- ✓ to make "high value" decisions informed by understanding the relative value of medical care,
- ✓ identify the differences between service providers, weigh them rationally against their best interests, and then choose the best quality option at the lowest possible cost.
- Patients are more likely to behave as informed consumers when information about quality and pricing is linked to incentives and presented in a simple, clear way. The past two decades have seen the proliferation of physician and hospital quality report cards, financial incentives to encourage patients to use higher-quality and/or lower-cost health care, and health care price transparency tools that allow patients to compare the prices of local doctors and hospitals. From this evidence, one can learn how often consumers access or use such information and how these efforts influence patient choice.
- Patients want to discuss the cost of treatment with their doctor, but these conversations don't happen often. There are many choices that patients could never make for themselves, given that most people lack in-depth knowledge of their conditions and the potential benefits, costs and risks associated with various treatments. Patients see their doctors as a trusted source of information not only about their health needs, but also about the quality of other doctors and hospitals. They rely on their doctors to help make decisions about the quantity and quality of medical care they need, including which specialists to see and which facilities to go to for tests and procedures.

Value-Based Healthcare

The concept of value is a prominent current issue in healthcare. Individual needs, desires, preferences, and ethics influence the meaning of value which, in turn, is influenced by different cultures or historical periods:^{xix}

- The need to find better ways to shift incentives away from volume and toward value pushes patients, physicians, policy makers, and other stakeholders to turn their attention to what value means and what the main features of the concept are.
- It is accepted that values in healthcare can be defined as normative guidelines that help evaluate actions or situations and influence the decision-making process.
- Providers consider value based on appropriateness of care and effective evidence-based interventions.
- Patients pay attention to the ability of healthcare to meet their goals, that is, the way of treatment that meets their needs. A patient's needs are often measured by taking into account various aspects such as pain, emotional and cognitive functioning, or functional impairment.

Value-based healthcare is often confused with quality and generally focuses on input and process compliance. Efforts by healthcare professionals to improve the quality of patients' health may yield different results for different patients.^{xix}

- Value and patient satisfaction are also commonly confused. Patient satisfaction is expressed through treating people with dignity and respect. Value is to help patients.
- Value-based healthcare is a path to improving the patient experience of care, improving population health, and reducing healthcare costs. Population health improves only when the health outcomes of many individuals are improved, which is the focus of value-based healthcare.

Value-based healthcare is a healthcare delivery model in which providers, including hospitals and physicians, are paid based on the patient's health outcomes. Providers are rewarded for helping patients improve their health, reduce the effects and incidence of chronic disease, and live healthier lives in an evidence-based manner. Value-based care differs from a fee-for-service or capitated approach, in which providers are paid based on the amount of healthcare services they provide. "Value" in value-based healthcare is derived from measuring health outcomes against the costs of delivering the outcomes.^{xix}

Value-based healthcare is one of the most important topics in healthcare transformation today. Value-based care management approaches are critical to improving patient health outcomes and controlling high healthcare costs. Value expresses the outcomes that are important to patients and the costs of achieving those outcomes. Value to patients can not be assessed at the level of hospital, site of care, medical specialty, procedure, primary care practice, or entire population. Value creation can occur by looking at the medical condition of the patient and examining the outcomes and costs to achieve those outcomes throughout the entire cycle of care for that condition. In primary and preventive care, value is created for segments of the population with similar needs.^{xix}

Value-based healthcare, also known as value-based care, is a payment model that rewards healthcare providers for providing quality care to patients. Under this approach, providers seek to achieve the triple aim of providing better care for patients and better health for populations at a lower cost.^{xix}

- Value-based care focuses on care coordination that ensures patients are given the right care by the right provider at the right time. Thus, in a value-based healthcare model, physicians may collaborate with each other on a patient's care, rather than making decisions separately that can lead to gaps or overlaps in care.
- In many ways, value-based care is at the forefront of future medical regulations and treatments. His approach is used to transition towards medical activities that treat the overall health of a patient rather than reacting to symptoms once a person becomes sick.

- Why value-based care is important - A value-based healthcare model prioritizes patient-centered care. It incentivizes healthcare providers to get and keep their patients healthy, which can in turn lower healthcare costs.

Value-based health care is a new model of health care in which what matters is value to the patient. To provide value to the patient, nursing practice must be centered around conditions and cycles of care, and outcomes must be measured. To ensure the best for the patient, one must have the best medical evidence to follow:^{xix}

The goal is value for patients - Today's healthcare is not necessarily structured that way. Hospitals want to increase revenue, insurance funds want to reduce costs, and doctors want to increase the income of their practices. Patients only want good results with fewer office visits, fewer procedures and fewer tests.

- Value should be defined around the patient and what they see as a good outcome, and value creation should be rewarded. Value depends on results, not volume of services, and the two should not be confused.
- Value-related cost is the total cost of the cycle of care, not just the cost of a single procedure or operation as it is today. Often more money needs to be spent on some services to reduce the need for others, ultimately reducing the overall cost of care. Outcome is condition specific and no single outcome captures the outcomes of care.
- The value-based model strengthens the role of primary care. In primary care, value should be defined for similar groups with similar needs. Primary health care and preventive medicine should be divided according to need, for example, healthy children, single chronic disease, etc [12]. This will be dealt with later in the text.

Medical practice should be organized around medical conditions and the cycle of care - Effective care should be centered around a medical condition. This will require the efforts of several doctors and other health professionals. This organization is known as an integrated practice unit that is formed by physicians and non-physicians who provide a full cycle of patient care:

- The scope of services should be considered for concentrating volume at fewer sites, selecting the right site for each service line, and integrating care across sites.
- Defining service scope is to reduce or eliminate service lines where value cannot be achieved. Another possibility is to create partnerships or linkages with services that have been eliminated due to a lack of opportunity to create value for patients.
- The concentration of volume in fewer locations is to create consumer-oriented healthcare. Volume matters to value. The more disease is treated and the more is learned, the better the treatment will be and the more value will be created for the patient.

- Choosing the right location for each service line is of great value to patients. Less complex conditions should be moved from high value objects to low cost objects. It is important to match the complexity and required skills to the right location. It will optimize costs and productivity.
- Integration of care across sites is the final component of health system integrations. This concentration of services around different sites must be linked together to improve the patient experience across sites.

Outcomes must be measured - There can be no improvement in patient value without measuring outcomes. The outcomes for each health condition and the cost of achieving it should be weighed. Good measures are vital and they enable professional insight and development of expertise.

- Health consists of physical, mental and social health. All three must be present to be considered healthy and this should be taken into account when measuring patient outcomes and when developing a measurement tool. Measuring results only by improving the initial condition is not good enough and should not be done.

Outcomes should be measured by condition and cycle of care, not specialty or even intervention. It should cover the whole cycle of care until the end of care and take into account social and mental status.

Conclusion

Implementing multifaceted solutions requires a dedicated team drawn from an array of disciplines, many of which are not typically viewed as medical. An effective team integrates services, reducing or even eliminating the need for coordinators. Team members are often co-located, enabling frequent informal communication that supplements the formal channels of communication to ensure effective and efficient care. What is critical is thinking together to improve and personalize care and learning together so health outcomes improve with experience. The team structure can also expand across locations, extending state-of-the-art knowledge to remote clinicians and enabling world-class care to be delivered locally rather than requiring patients to travel.

Measuring health outcomes also provides the data needed to improve care and efficiency. Although caregivers are burdened with reporting reams of information, they rarely consistently track the health outcomes that matter most to patients and thus to themselves as clinicians. Cost and health outcomes data also enable condition-based bundled payment models, empowering teams of caregivers to reclaim professional autonomy and practice clinical judgment—two integral elements of professional satisfaction and powerful antidotes to the affliction of burnout.

Moving to a system of value-based health care requires that physicians and physicians-in-training learn to think differently about their role within the larger care team, about what constitutes an effective care solution, and about the importance of measuring the health outcomes that matter most to patients. That learning should begin during medical school.

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