

**NEW ECONOMY AND GLOBAL CHALLENGE: WINNING MODEL  
OF SUCCESSFUL SMALL BUSINESS ORGANIZATIONS**

***NOVA EKONOMIJA I GLOBALNI IZAZOV:  
POBEDNIČKI MODEL USPEŠNIH MALIH BIZNISA***

MIRJANA RADOVIĆ MARKOVIĆ,  
Akamai University, USA  
and Institute of Economic Sciences, Serbia

**Abstract:** *The old principles no longer work in the age of Globalization. Businesses have reached the old model's limits with respect to complexity and speed. The real problem is a ruinously dysfunctional mismatch between today's business environment and the classic business model. Namely, the wrong model may transform a company into the vehicle of its own death.*

*Great shifts - genuine and radical transformation- have been shaping the economy and business environment in recent decades. Technology, especially information and communication one, has radically altered the requirements for building and managing a successful business. In this new business climate, although the basic command-and-control business model has survived, it has lost its effectiveness significantly.*

*The successful companies in the future will be ones wise enough to harness the full potential of the entire organization in the rapidly changing business environment. The world is going to be too tough and competitors too ingenious as companies are shaken loose from traditional ways of conducting business. The winners will be the unbridled firms that are responsive to challenges and adroit in both creating and capturing opportunities. To match a business environment that is more networked within and among companies, the ability to manufacture value will have to be distributed across the company to much a greater extent than in the past. Additionally, learning is the key competency required by any organization that wants to survive and thrive in the new knowledge economy. Market champions keep asking learning questions, keep learning how to do things better, and keep spreading that knowledge throughout their organization. Learning provides the catalyst and the intellectual resource to create a sustainable competitive advantage. Knowledge organizations obtain competitive advantage from continuous learning, both individual and collective. In organizations with a well established knowledge management system, learning by the people within an organization becomes learning by the organization itself. In other words, managers need to transform themselves.*

*In order to get a complete picture how educational level of managers and entrepreneurs affect business success, author stresses that it is necessary to determine general personal knowledge and education, then expert knowledge or various specializations in certain areas and lastly to identify their skills. In total, all this is necessary in order, apart from other (provided financial means, location, equipment, partners and business associates, market and other), to make a final decision for starting a business and define how to manage it. Many scientists think that knowledge is the most important requirement for business success and therefore it is the factor to which the most attention is being paid to. Recent researches in the USA show that business owners who were not educated enough for the business in which they were engaged, were not successful (80% of their businesses failed during the first year of its existence). On the opposite, those entrepreneurs who were educated and who showed constant interest for improvement have increased their business success for 60% after the completion of the basic training programs for entrepreneurship and management. Therefore the author pointed out that the more highly skilled workforce should be beneficial to organisations. Additionally the human capital approach reflects the view that the market value of the firm increasingly depends on intangible rather than tangible resources. The three main components of human capital are described as a) early ability ,b) qualifications and knowledge acquired through education and c) skills competencies and expertise through on and off the job training. This would suggest that individual capability is enhanced by*

greater qualifications and higher skill levels. If this can be accessed and used to good effect in the firm then better human capital should, *ceteris paribus*, enhance organisational performance. Better organisational performance should, in turn, translate into better national performance.

**Key words:** globalization, organization, corporate culture, communication, global management, entrepreneurial skills, knowledge management

**Apstrakt:** Stari principi ne daju bolje rezultate u uslovima globalizacije. S obzirom na brzinu promena i složenost biznisa, stari modeli na kojima se oni zasnivaju ispoljili su izvesna ograničenja. Pravi problem se nalazi u potpunom neslaganju i disfunkcionalnosti između današnjeg poslovnog okruženja i klasičnog biznis modela. Naime, pogrešan model može da transformiše kompaniju u negativnom smislu i postane nosilac njenog propadanja.

Velike promene zadnjih godina— istinske i radikalne transformacije— oblikovale su ekonomiju i poslovno okruženje. Informacione i komunikacione tehnologije radikalno su izmenile zahteve kod formiranja i upravljanja uspešnim biznisom. U ovoj novoj poslovnoj klimi, iako je opstao osnovni komando- kontrolni biznis model, on je znatno izgubio na svojoj efikasnosti.

U budućnosti će biti uspešne samo one kompanije koje će ispoljiti mudrost da iskoriste pune potencijale cele organizacije u uslovima brzih promena poslovnog okruženja. Svet je postao isuviše žilav, a konkurenti isuviše dosetljivi, kao što su se i kompanije oslobodile tradicionalnih načina vođenja biznisa. Pobjednici će biti „oslobodene firme”, koje će moći da odgovore na izazove i istovremeno da kreiraju i koriste mogućnosti koje im se pružaju

Da bi kreirale pobjedničko poslovno okruženje, kompanije će morati da se efikasnije povežu i ustanove nove vrednosti unutar i između njih i obiskrljuju jedni druge informacijama mnogo efikasnije nego što je to bio slučaj u prošlosti. Osim toga, kompanije će morati da shvate da organizacije treba da budu zasnovane na učenju i usavršavanju, što je ključ opstanka i snalaženja u novoj informacionoj ekonomiji. Šampioni na tržištu će morati da postavljaju važna pitanja vezana za učenje, kreirana tako kako bi se povećala efikasnost i širilo znanje unutar njihovih organizacija, kao važan katalizator i intelektualni resurs, neophodan da bi se održala konkurentna prednost. Osim toga, da bi bili uspešni u budućnosti, „menadžerski timovi moraju da nauče kako da se stalno menjaju, obezbeđujući konkurentsku prednost preko kontinuiranog učenja, kako od pojedinaca tako i od kolektiva.

Autor naglašava neophodnost sagledavanja kompletne slike u kojoj meri obrazovni nivo menadžera i preduzetnika strategijski utiču na poslovni uspeh. Menadžment mora da utvrdi opšti nivo znanja i obrazovanja ljudskih resursa i nivo ekspertskog znanja i stručnih veština za različite specijalnosti. Prema najnovijim istraživanjima u SAD, poznato je da 80% svih biznisa propada u toku prve godine rada po osnivanju, zahvaljujući činjenici što vlasnici nisu posedovali dovoljno znanja za područje biznisa u kojem su se angažovali.

Pored toga što su neophodna finansijska sredstva, lokacija biznisa, oprema, partneri i poslovne asocijacije, marketinški uslovi, nivo menadžerskog znanja je od primarnog značaja kod donošenja odluke da se započne biznis i odredi kako da se upravlja njime. Istraživanja su takođe pokazala da su novi preduzetnici, koji su obrazovani i koji pokazuju stalno interesovanje za usavršavanjem, uspeli da povećaju uspešnost svojih biznisa do 60% , pošto su prošli obuku iz preduzetništva i menadžmenta.

Pristup ljudskom kapitalu baca svetlost na činjenicu da tržišna vrednost firme više zavisi od nematerijalnih nego od materijalnih resursa Kao tri glavne komponente ljudskog kapitala navode se: a) stručne veštine, b) kompetencije i c) stručnost stečena kroz obuku na poslu i mimo radnog mesta.

Autor naglašava da će se individualne sposobnosti poboljšati većim kvalifikacijama i višim nivoom stručnih veština. Ako se ovome pristupi u firmama s ciljem da se poboljša ljudski kapital, poboljšaće se organizacione performanse firme. S druge strane, bolje organizacione performanse treba da se odraze na bolje nacionalne performanse..

**Ključne reči:** globalizacija, organizacija, korporativna kultura, komunikacija, globalni menadžment, preduzetničke veštine, upravljanje znanjem

## 1. Introduction

The "new" in new economy has meant stronger and longer growth, with more jobs, lower inflation and interest rates and more investor and consumer spending. Additionally, new economy has covered the explosion of free markets worldwide, the unparalleled access to knowledge through the Internet, the democratization of regimes and the flattening of organizational hierarchies.

The creation of new businesses and the contraction or exit of less productive firms are key elements in the dynamism of modern economies. New firms attract resources to new activities, and when they prosper and are able to grow rapidly, they generate significant numbers of new jobs. On a global scale, small and medium-sized enterprises provide some 66% of jobs in the European Union (EU) - a percentage which is predicted to rise as SMEs face challenges and opportunities associated with increased globalisation, largely through e-commerce Internet usage by entrepreneurs. The cyber age call for a new kind of leadership and management and open many questions : What does it mean to be a leader and manager in the age of globalization? What kind of education and skills are necessary for managers, leaders and entrepreneurs to reach and complete new business goals? What is the role model of winning organization? On some of these questions we shall try to find adequate respond and explanation in this paper.

## 2. Small Businesses Situation in New Economy

*„Globalization has jarred the traditional role and competitiveness of small- and medium-sized enterprises. This masterful volume comprises leading scholars, policy makers and business leaders who have new insights and strategies for SMEs creating opportunities rather than being victims of globalization. The result is a breakthrough in our understanding of entrepreneurship in the global context“.*

David Audretsch (2006), Indiana University, US

Three aspects of the so called new economy will have a significant impact on small and medium companies: *globalization, deregulation and new technology*. Will these aspects offer new opportunities or bring difficulties? Will these aspects offer new opportunities or bring difficulties? The answer could be – both. What is certain is that only the most creative will remain and advance.

Today's dynamic economy presents both new challenges and opportunities for small business.

Namely, the globalisation of business has increasingly drawn SMEs into global value chains through different types of cross-border activities. Many entrepreneurs are recognizing the opportunities that this process offers and gaining access to global markets has become a strategic instrument for their further development. Additionally, global market is more and more becoming an arena in which small companies must learn to play the game with big companies. It has meant that new firms must often have an innovative edge on their competition in order to survive. Global leaders need to be able to navigate the complexities of the transnational business environment. They must articulate the corporate vision and strategy from a multi-country, multi-environment and multi-function perspective, so that they connect and engage all people (Radović Marković, 2007a). The teams that they lead need a set of values and a global affinity. In other words, high-performance global companies must create an inclusive culture where people feel that their interests and those of the company are much the same - a culture where people are self-challenged and oriented around a clear purpose. In this type of culture, motivation and a sense of belonging stem from shared values, doing work that is interesting, challenging and has meaning (Jacobs 2005). Companies with high-performance cultures don't get overly distracted by looking in-ward. They focus instead on what's outside the company: customers, competitors, and communities. Thanks to new technologies, this approach will also contribute to business world to overcome all barriers, which were imposed by distance and differences in business size and scope. It works upon offer of products and service which has become available at any moment on the global market. Many consider that the advantages of internet will use only those younger than 40, considering that older generation hasn't grown with computers. Of course, this is often a prejudice, as well as the fact that new economy is often associated with internet. Namely, new economy is erroneously connected to relation with internet concept (Radović Marković 2006) But according to opinion of some scientists from Harvard Business School, new economy is also characterized by the need to adjust the best international managerial experiences to contemporary business conditions. In other words, the new economy relies on the need for good informing and the use of the best managerial and leadership experiences. Good leadership means consistently getting the best from the team. To achieve this means

setting a personal example; being as part of, and leading the team; and sharing the experiences of the team. It has meant that high-performance and high-potential individuals need accelerated development, exposure to different cultures, appropriate rewards and opportunities to keep them learning and growing.

Building a strong global leadership pipeline considers the following steps.

### 3. Steps for Building a Strong Global Leadership Pipeline (Charan et al. 2001)

*Assign* - accountability starts with the CEO and devolves to managers at all levels.

*Identify* - use consistent, objective criteria, to identify and source high-performance and high-potential candidates for the talent pool. Validate nominations across the organization.

*Assess* - understand the people that make up the talent pool in terms of their strengths, potential, personality derailers and drivers, plus how these may meet future needs.

*Develop* - provide the right development, international assignments, experiences and coaching, plus actionable feedback to assist the individuals in the talent pool in working toward an enhanced capability. Be transparent.

*Forecast* - keep the future in mind in terms of business needs, shifts in regional market share, individual potential and development, plus demographic and social changes.

*Execute* - action is needed, with discipline and focus, to produce ongoing real results.

*Track* - monitor, measure and reality-check to ensure that the processes continue to produce a sustainable global leadership

Additionally, there are many different aspects, conditions and factors which influence leadership and its application. Many scientists, who followed famous psychologist Maslow, thought that the basic function of leader is providing answers to company's demands, whose basic task is to satisfy the needs of all employees. However, sociologists like Selznick, find different functions of leadership. They observe a special role of a leader in setting goals and tasks in creating organization. Accordingly, leader function gives a character to organization for short and long terms. This leader function is creative. "creativity means changing character and shape of organization, adjusting it to employees' way of thinking, thus increasing realistic expectations that set tasks will be accomplished" (Selznick 1952). Beside for the men-

tioned, leader's function in a company is seen through his ability to sustain its integrity. Namely, many companies' survival is closely related to maintenance company's values and identity. As many think, managers are often not capable to maintain company's identity or to change it according to demands from inner and outer environment. Also, many managers are often engaged on several different jobs, and have a hard time doing many set tasks. It makes additional confusion and leads to inadequately accomplished job. Accordingly, leaders must also be engaged. Global leaders need to be able to navigate the complexities of the transnational business environment. They must articulate the corporate vision and strategy from a multi-country, multienvironment and multi-function perspective, so that they connect and engage all people. The teams that they lead need a set of values and a global affinity that respect and build on the strengths that each of the regional or national businesses brings to the collective corporate capability. Before leaders are engaged and team of managers is changed, their past results are examined in order to anticipate their future achievements. Theory, but not always in practice, has showed that a person with good business references and good attributes can gain company's trust to lead and organize new businesses. However, our opinion is that these expectations are not necessarily true, because a manager or a leader could have accomplished good business results in the past not because of his abilities and other qualities, but because of some other circumstances that were favorable at the moment. Therefore, globally the attention when making a choice of manager is turned not only to work experience and previous results, but also to education and qualifications for doing work in a specific business context. In other words, it is considered that good education and good manager skills in a business context is crucial for the success.

### 4. Education of Managers and Leaders for Global Tasks: Combination of Science and Experience and Consideration of Specific Needs

One of those researchers who points out the importance of knowledge for business success is the author of the book "Intellectual Capital: The New Wealth of Organization" (Stewart 1997). He has turned his conceptually clear focus on intellectual capital as the driver of the global economy and the key to business success in the 21st Century. He clearly and practically defines what has been to date a fuzzy concept and shows how today's and tomorrow's

winning businesses. It is also important to mention that Steward makes a clear distinction between three types of capital – *intellectual capital (human)*, *structural and relational capital*. Among human capital, he puts individuals with high education and high intellectual potentials; structural capital consists of patents, various inventions, databases, etc., while relational capital means good contacts with suppliers and customers. When intellectual capital is broke down like this and when a potential entrepreneur makes an introspection of own capabilities and knowledge, then to this should be added determination of personal entrepreneurial skills, which usually means capabilities for adapting to market demands, self-confidence and certainty in own decisions and similar. By this identification and by recognition of own intellectual and other potentials for doing entrepreneurial and managerial activities, it is not difficult to anticipate what can be expected from future business and to determine one's place on the road to success. Besides mentioned, our intention is to turn attention of potential business owners who already at the beginning express certain affinities and prerequisites for founding and running their own company, that, although they rightfully expect success, it does not have to be 100% guaranteed. Namely, in order for business to succeed, it is necessary to satisfy many other requirements, but also to eliminate many common mistakes at the start. In addition, it is very important carefully choose business idea and to determine whether it fulfills all the criteria in your case in order to be transformed to a result-giving business. Accordingly, advices form many scientists, but also from business, people state that one should "bet" on good ideas, because only they can bring profit. However, with this statement, we must not forget that ideas cannot be realized in practice without the leader abilities of entrepreneurs and managers.

### **5. How can be gained adequate knowledge and skills?**

Education and training (including lifelong training) in entrepreneurship and creativity are the preferred instruments for encouraging entrepreneurial behaviour in societies, and evidence suggests that such programmes can have an impact on entrepreneurial activity and enterprise performance. Beside modern ways of gaining knowledge, practical experience is combined with formal education more than ever. Increasing knowledge level, skill level, and qualifications of employees is the key factor in market competition. Therefore, permanent training

is considered to be protection for both the employer and the employee in the non-stop marketing competition. Education and training are continuous processes and, as it was said before, are conducted in many ways – in companies and outside them. Programs developed for managers and entrepreneurs of both sexes, should be planed in such way to stress entrepreneurial activities and their development (Radović 2007a). Accordingly, some courses should uncover the secrets of managerial and entrepreneurial behaviour, others to uncover the secrets of business plans, some to show them business strategies, etc. This form of permanent training should encourage creativity, providing good background to businesspeople. Cumulatively, it must contribute to tendency to innovate production processes, products, or corporate strategies. In order to achieve this, all training should be preceded by a preparation in form of answering at least few questions: *To whom this training is intended? How long will it take to complete? What are the results that are expected?*

Who will lead the training, depends on answers (scientists, businesspeople or both). Also, it should be known in advance whether the training will be during working hours, how the results will be evaluated, whether the skills presented can be applied in common practical work, what are the costs of training, etc. I would like to mention that skills, once learned, need to be permanently improved, innovated, supplemented and adapted to business demands (Radović 2006, p. 306). However, huge mistakes are made in entrepreneurs' training. Training often is considered for new employees only. This is a mistake because ongoing training for current employees helps them adjust to rapidly changing job requirements.

Research has shown specific benefits that a small business receives from training and developing its workers, including:

- Increased productivity.
- Reduced employee turnover.
- Increased efficiency resulting in financial gains.
- Decreased need for supervision.

Training needs can be assessed by analyzing three major human resource areas: the organization as a whole, the job characteristics and the needs of the individuals. This analysis will provide answers to the following questions:

- Where is training needed?
- What specifically must an employee learn in order to be more productive?
- Who needs to be trained?

When above questions are answered, a final decision is made how will technically this training be realized.

There are two broad types of training available to small businesses: on-the-job and off-the-job techniques. Individual circumstances and the “who,” “what” and “why” of your training program determine which method to use.

*On-the-job training* is delivered to employees while they perform their regular jobs. In this way, they do not lose time while they are learning. After a plan is developed for what should be taught, employees should be informed of the details. A timetable should be established with periodic evaluations to inform employees about their progress. On-the-job techniques include orientations, job instruction training, apprenticeships, internships and assistantships, job rotation and coaching.

*Off-the-job techniques* include lectures, special study, films, television conferences or discussions, case studies, role playing, simulation, programmed instruction and laboratory training. Most of these techniques can be used by small businesses although, some may be too costly. Training programs should be designed to consider the ability of the employee to learn the material and to use it effectively, and to make the most efficient use of resources possible. It is also important that employees be motivated by the training experience. Employee failure in the program is not only damaging to the employee but a waste of money as well. Selecting the right trainees is important to the success of the program.

The availability of management and entrepreneurship skills will have a large impact on enterprise development in the future business. Businesses, and their representative organisations, must be conscious of the direct linkages between skilled management, competitiveness, growth and development. Indeed, there would not be so many successful small businesses if their managers and owners were not getting things right. There is, however, a pressing and compelling need to improve management skills to meet future business challenges. To best meet the needs of SME managers, flexible, practical and often non-formal methods will be needed including mentoring, peer to peer discussions, networks and work-based projects. Additionally it is important to stress that in order to efficiently prepare for fast changes in society and work environment, vocational education should provide necessary knowledge and practical skills for students which are trained for management and entrepreneurship. Accordingly, students have to be encouraged to creative and logical

thinking and included in creation of case studies. Entrepreneurship education offers students such opportunities by helping them anticipate and respond to change. Students learn that (1) although a job may be successfully accomplished today by performing a given set of tasks, tomorrow an entirely different set of tasks (and skills) may be required; and (2) because businesses are always changing, workers need to find new ways to do given jobs or new ways to do a given job better (Ashmore 1989/1989a) Ashmore promotes brainstorming of potential businesses in the various vocational areas as a means of making students aware of self-employment as another route to success and personal esteem. The partnerships that typically exist between community business owners and vocational educators offer another benefit to infusing entrepreneurship education in vocational education. For the last ten years special role in managers and business-people education have virtual faculties, which are founded all around the world. They are able to make connection between businesspeople and business students with lecturers from all around the world, no matter where they actually might be. Participating in courses and testing over internet, essentially change previous way of gaining knowledge in classical classrooms. This way of learning contributes to fast information exchange, more access to the newest knowledge and experiences in this domain and save the time and money. Thus, in this millennium the classic way of education will be slowly substituted with some other forms of education, in which learning from homes and offices with the help of computers, were true. Interactive education should provide a completely new dimension of gaining knowledge and to make it easier for those who attend certain courses to learn faster and easier.

## 6. The Role Model of Winning Organization

Many entrepreneurs are recognizing the opportunities that this process offers and gaining access to global markets has become a strategic instrument for their further development. Access to global markets for small businesses can offer a host of business opportunities, such as larger and new niche markets; possibilities to exploit scale and technological advantages; upgrading of technological capability; ways of spreading risk; lowering and sharing costs; and in many cases, improving access to finance. Gaining access to global markets can help prospective high-growth firms realize their potential

and is often an essential strategic move for SMEs with large investments in intellectual property.

To prosper, SMEs need a conducive business environment and regulations, adequate basic infrastructure services, access to short and long-term funding at reasonable rates, equity and venture capital, advisory assistance, and knowledge about market opportunities. In spite of many companies engender a desire to win, but people in high-performance organizations know what winning looks like. They know that companies need talented people with the global mindset, competencies and commitment to execute strategy both today and in an increasingly unknown future. However, this economy relies on the need of good informing and applying the best international managerial experiences, so small businesses more and more apply sophisticated management techniques, which are widely used in large businesses. Andrew Vorbach (2006), professor of University of Technology in Sydney, especially point out to changes regarding comparative advantages in new economy. According to his opinion, many traditional advantages of small businesses have disappeared, because large companies are now able to adjust easier to customers' demands, which wasn't the case before. Therefore, small businesses managers now face permanent task to gain knowledge and continual examination of competition all around the world. Besides that, they have to accept the fact that employees, staff and manager team together make business formula of success which should find market, meet customers' demands and offer products and services at the lowest prices possible.

Also, professor Vorbach claims that in some cases the basic limiting factor for transforming small businesses to large or medium is inability to serve large markets. In other words, they perform well, but in small volume. For small businesses, according to this and other experts, the use of modern technology is extremely important for these companies because they largely depend on them. Therefore, small businesses existence in new economy is directly related to new technologies.

The challenge which new economy brings to small businesses managers is the use of new technologies and completely new and non-traditional competition on the market. Namely, new technologies enable larger competition which is on the global market. Therefore, a key to success in understanding customers' expectations in advance in terms of price and product quality, that is, what the customers are and what are not willing to pay for. Also, it is very important to be flexible in product delivery. Due to

internet use in the last five years, delivery costs are significantly reduced as well as gathering all the necessary related information. For example, only five or six years ago, information about recommendations for buying and selling certain products were sent through post mail and they were waited for several days. Now they are sent either over cellular phones through SMS or over internet through emails messages which are delivered almost instantaneously.

Small businesses managers' and entrepreneurs desire to share knowledge and to apply business concept widely accepted form all stakeholders in organization are of great importance. A strategic alliance is formed among entrepreneurs in order to find the best business model, often a technical analysis is conducted, different investment ideas are examined and all for the sake of maximizing profit or income, but to minimize losses at the same time. Namely, regardless of the industry or type of business, strategic alliances are the best way for a company to compete and succeed in today's networked economy. But building a strategic alliance and making it work are not easy. The principles for developing that competence apply to any type of alliance. Strategic alliances are critical to organizations for a number of key reasons:

- Organic growth alone is insufficient for meeting most organizations' required rate of growth.
- Speed to market is of the essence, and partnerships greatly reduce speed to market.
- Complexity is increasing, and no one organization has the required total expertise to best serve the customer.
- Partnerships can defray rising research and development costs.
- Alliances facilitate access to global markets.

Much has been written about the power of strategic alliances. However, a balanced perspective is critical. An article by Geoff Baum (2000, issue of *Forbes ASAP*) gave a strong vote of confidence to alliances: "Our statistical analysis shows that companies with more joint ventures, marketing and manufacturing alliances, and other forms of partnerships, have substantially higher market values than companies that do not form such partnerships."

In recent years, there has been an explosion of alliances around the world and across industries. For example:

- In an effort to establish itself as a force in European and Japanese markets, the Nasdaq formed a joint venture with SSI Technologies of India to develop an Internet-based trading and market

system to launch Nasdaq Europe and Nasdaq Japan.

- In February 2001, The Coca-Cola Company and Procter & Gamble announced a \$4.2-billion (all currency in U.S. dollars) joint venture to use Coca-Cola's huge distribution system to increase reach and reduce time to market for the P&G products Pringles and Sunny Delight.
- EPOST was the world's first national, secure electronic mail delivery system, an alliance between Bank of Montreal and Canada Post Corp. This partnership connects billers and users in an efficient and secure environment.
- Star Alliance is the largest partnership in the airline industry; its reach extends to 130 countries and more than 815 destinations, with collective revenue for the partnership at more than \$63 billion.
- Hewlett-Packard and NTT DoCoMo created a partnership to conduct joint research on technology for fourth generation mobile phones, bringing together HP's network infrastructure and computer servers with DoCoMo's wireless broadband technology.

## 7. Conclusion

Many companies spend a lot of time and effort to accept new economic trends, while others adopt them easily. The fact is that smaller companies are adapting faster and easier. An example for this is a CD music store. This company was located outside city centre and therefore was turned to local market which was very small. This company then decided to expand its market and made the first step by creating a web site. Almost over night, company not only overrode marketing limits of its local environment, but also made its goods available throughout the world. In the first year it had 300 orders over internet, the next year 600 orders and in 2004 it had 1200 orders- In year 2005 they expect 3000 orders because according to their data, every individual order includes 4 or 5 CDs. Not only that company doubles the number of orders, but also its sales expanded to overseas countries, which wasn't the case only 4 years ago. According to this company's

data, they sold CDs in about 170 countries. This is typical for new economy, where technology deregulation and globalization dominates. New technologies are especially challenging for small businesses. However, according to John Bailey, from Carlton Consulting Group, a gap appeared between companies which use new technologies and those which resist this change. The reason for this lies in a fact that many companies still lack knowledge which new economy demands. Also, many small business owners are not yet ready to hire new and young people which would bring freshness in their way of conducting business. Namely, many owners wish to remain where they were, resisting consciously or unconsciously to all innovations in business. In perspective, this attitude will lead to business stagnation. However, there are other examples where consulting company owners are partnering with others in the same business in order to introduce innovations in their work and to refresh their knowledge. This is similar to example of five washers in Melbourne which were competition to each other. Despite that, they decided to meet once a month and to share their experience and knowledge and to look for solutions in order to help each other. As a result, they came to an idea to send their representatives abroad once a year in order to get to know the newest technologies in their branch and to exchange experiences. According to this example, cooperation and competition are side by side. It wasn't the case before in the business world. However, now the situation has to change, which means that it is necessary to understand when companies should be strong competitors and when to be cooperative. They should understand the fact that sharing their knowledge and experience will improve their businesses.

At the end it can be concluded that new economy sets new standards of success and opportunities for small businesses which are related to forming strategic alliance, new technology use, experiences and knowledge exchange among entrepreneurs and similar. This is something that small businesses must not ignore in the future.

### **Zaključak**

Mnoge kompanije troše mnogo vremena i ulažu puno napora kako bi prihvatile nove ekonomske trendove, dok se druge veoma lako prilagodjavaju njima. Činjenica je da se manje kompanije brže i lakše adaptiraju. Ove tvrdnje se mogu potkrepiti primerom firme koja se bavila prodajom muzičkih CD romova. Ova firma je bila locirana van gradskog centra i zato je morala da se orijentiše na malo lokalno tržište. S obzirom na nedovoljno tržište, ova firma je odlučila da se proširi, tako što će kao prvi korak napraviti svoj veb sajt. Takoreći preko noći, ova firma nije samo proširila granice lokalnog tržišta na koje je bila upućena, već je učinila svoje proizvode pristupačnim širom sveta. U toku prve godine, pomenuta firma je imala 300 porudžbina preko interneta, sledeće godine 600 porudžbina, a u toku 2004. je imala 1.200 porudžbina. Tokom 2005. imali su u planu oko 3000 novih porudžbina, s obzirom da svaki kupac poručuje prosečno 4 ili 5 CD romova. Ovaj primer pokazuje da firma nije samo duplirala broj porudžbina za kratko vreme, već se isto tako njihova prodaja proširila širom sveta i u prekomoreanske zemlje, što nije bio slučaj pre samo četiri godine. Prema podacima ove firme, oni su prodali CD romove u oko 170 zemalja. Ovo je tipično za novu ekonomiju, gde dominiraju tehnološka deregulacija i globalizacija. Nove tehnologije posebno predstavljaju izazov za male biznise. Međutim, prema John Bailey iz Carlton Consulting Group, pojavile su se velike razlike između kompanija koje koriste nove tehnologije i onih koje su rezistentne na njih. Razlog tome leži u činjenici da mnoge kompanije ne poseduju znanja, koja iziskuje nova ekonomija. Takođe, mnogi vlasnici malih biznisa nisu spremni da angažuju i zaposle nove mlade ljude, koji bi bili osveženje u pogledu načina vođenja biznisa. Naime, mnogi vlasnici biznisa žele da ostanu tamo gde su bili, odbijajući svesno ili nesvesno sve inovacije u biznisu. U perspektivi, ovaj stav će dovesti do stagnacije biznisa. Međutim, postoje i drugi primeri, gde su vlasnici biznisa u partnerskom odnosu s drugim firmama koji se bave istom delatnošću, s namerom da uvedu inovacije u svoj rad i osveže svoje znanje. Ovo je slično primeru više mesara u Melburnu, koje su bile konkurencija jedna drugoj. Uprkos tome, njihovi vlasnici su odlučili da se sastaju jednom mesečno, kako bi podelili svoje iskustvo i znanje i pomogli jedni drugima. Kao rezultat toga, došli su na ideju da pošalju svoje predstavnike u inostranstvo jedanput godišnje, s namerom da donesu najnovija znanja iz oblasti novih tehnologija i primene ih u firmama. Prema ovom primeru, kooperacija i konkurencija idu „ruku pod ruku”. To ranije nije bio slučaj u poslovnom svetu. Međutim, danas se menja situacija, koja podrazumeva da je neophodno odrediti kada kompanije treba da budu međusobno jaka konkurencija, a kada treba da saraduju. Naime, od njih se očekuje da treba da razumeju da međusobno deljenje znanja i iskustva treba da se odrazi na poboljšanje njihovog biznisa, što je zajednički interes.

Na kraju se može zaključiti da nova ekonomija postavlja nove standarde uspešnosti za male biznise koji se odnose na formiranje strategijske alijanse, upotrebi novih tehnologija, razmeni iskustva i znanja među preduzetnicima i slično. Ovo je nešto što mali biznisi ne smeju da ignorišu u budućnosti.

### **Selected references:**

- Ashmore, M. C. (1989), "Challenging Creativity through Entrepreneurship", In KEYS TO THE FUTURE OF SMALL BUSINESS, edited by G. T. Solomon et al. Columbus: Center on Education and Training for Employment, The Ohio State University.
- Ashmore, M. C. (1989a), "The Power of the Entrepreneurial Vision." VOCATIONAL EDUCATION JOURNAL 64, No. 8, November-December: 28-29.
- Audretsch, David (2006), Entrepreneurship, Innovation And Economic Growth, Edward Elgar Publishing
- Charan, R., Drotter, S. and Noel, J. (2001), The Leadership Pipeline, Jossey-Bass.
- Drucker, P. (1994), "The Theory of Business", Harvard Business Review, September/October.
- Jacobs, Dianne (2005), "In search of future leaders: Managing the global talent pipeline", Ivey Management Services, March/April.
- Radović Marković (2007), Mirjana "Entrepreneurship-process and praxis", book, Magnus, Belgrade.
- \_\_\_\_\_ (1995), "Guide for Successful Business", book, UMS, Belgrade.
- \_\_\_\_\_ (1998), "The Design of successful entrepreneur's personality", book, UMS, Belgrade.

- \_\_\_\_\_ (2003), "Management and MS Project", ebook, Belgrade.
- \_\_\_\_\_ (2005), "Women and Small Business – from an idea to its realization", book, "Poslovní biro", Belgrade.
- \_\_\_\_\_ (2006), "Entrepreneurship - Theoretical and practical guide on all aspects for starting successful small business", book, Link group, Belgrade. (authorship), Book is published in English.
- \_\_\_\_\_ (2006), "Self-employment –home business", Space, Belgrade.
- \_\_\_\_\_ (2007), Global management-Impact of globalization on cultural and structural changes in enterprises", Magnus, Belgrade.
- \_\_\_\_\_ (2007a), The Perspective of Women's Entrepreneurship in the Age of Globalization, IAP, Charlotte.
- \_\_\_\_\_ (2007b), Global management-Impact of globalization on cultural and structural changes in enterprises, Magnus, Belgrade.
- Selznick, Phillip (1952), Organizational Weapon: A Study of Bolshevik Strategy and Tactics, McGraw-Hill Book Company
- Stewart, Thomas A. (1997), Intellectual Capital :The New Wealth of Organizations , Currency/Doubleday
- \_\_\_\_\_ (2002), "Intellectual Capital: The New Wealth of Organization", Florida University Press.
- Vorbach, Andrew (2006), Small to Medium Business: The New Economy, University of Technology in Sydney, January .
- Women In Transition (1999), Regional Monitoring Report , No.6 ,UNICEF.