

FROM THE EDITOR

Dear reader,

It is a great pleasure to introduce the first issue of the journal in 2018. For this issue, we selected seven new interesting topics in the field of economics and business, provided by the authors from FYR Macedonia and Bosnia and Herzegovina. All the papers passed a double-blind review process and, thanks to the authors and reviewers from all over the world, we continued the tradition to provide our readers with six to seven selected papers in each issue.

The first paper, *INNOVATIVENESS IN BOSNIAN SMALL AND MEDIUM SIZED ENTERPRISES* has been written by two authors from BiH, Zijad Dzafic and Admir Omerbasic. The general objective of the research in this paper is to consider and review the effects of innovations in the operations of emerging small and medium-sized enterprises (SMEs) and their impact on the growth of market share and increase of the total revenue. This paper uses the Global Innovation Index Reports, followed by the World Bank Report on Business Ease, which measures the degree of national competitiveness and innovation of the economy, as well as the results of primary research on a sample of 200 SMEs. The authors seek to present the current state of innovativeness in the SME sector in BiH with a review of the situation in the countries of the region and to propose certain measures to accelerate their development.

The second paper by Anes Hrnjic, Amila Pilav – Velic, Irma Djideliija and Hatidza Jahic, the authors from BiH, titled *INNOVATIVE BEHAVIOR AND EMPLOYEE JOB SATISFACTION IN TELECOMMUNICATIONS SECTOR* presented HRM and its impact on innovative capacity of the company. The research is aimed to investigate the influence of job satisfaction on innovative capacity development of telecom operators by examining effectiveness of HRM practices in the innovation process. The methodology consists of suitable instruments for assessment of employee satisfaction and innovative behavior. The data was analyzed using linear regression. The results showed that job satisfaction expressed through compliance of challenging tasks, management practices, working conditions, corporate culture, compensation system, and professional competence significantly increases employees' innovative behavior in the process of creating novel methods .

The next paper *THE IMPROVEMENT OF BUSINESS EFFICIENCY THROUGH BUSINESS PROCESS MANAGEMENT* has been written by Tatić Kasim, Mahir Haračić, and Merima Haračić. This study examines the possibility of increasing the efficiency and effectiveness of domestic companies and the improvement of business processes through Business Process Management (BPM), Business Process Improvement (BPI), and Business Process Reengineering (BPR). The research results point to the conclusion that domestic companies do not have enough knowledge related to this field, they do not devote enough attention to BPM, BPI, and BPR, and that there is an opportunity to increase the competitiveness of domestic companies by improving business processes.

The following paper *ONLINE VS TRADITIONAL; MARKETING CHALLENGE IN THE TELECOM MARKET IN BOSNIA AND HERZEGOVINA* has been written by the authors from BiH: Zaimovic Tarik and Sutrovic Adnan. The results of their research have shown that the users of telecommunication services in Bosnia and Herzegovina (BiH) pay more attention to the marketing messages sent over the online media. Social networks are the marketing communication medium preferred by most of the telecom users in BiH, followed by television, billboards, text messages, company web page, web advertisements, newspapers, e-mail, and the radio. The results presented in this paper consider consumers' behavior in one of the most dynamic BiH sectors, and provide an insight in the specific media channel of marketing communication.



The next paper REVEALED COMPARATIVE ADVANTAGE IN TRADE BETWEEN THE REPUBLIC OF MACEDONIA AND CEFTA 2006 has been written by Emilija Miteva-Kacarski from FYR Macedonia. The aim of this paper is to identify the sectors in which the Republic of Macedonia (RM) has a comparative advantage in export over other member states of CEFTA 2006 (Central European Free Trade Agreement). The revealed comparative advantage of the RM in relation to other CEFTA 2006 member states was calculated for the time period of 2006-2014 by using the Standard International Trade Classification. The research results point to the fact that in the case of RM, a high index of trade openness was registered in comparison with other CEFTA 2006 member states.

The following paper DETERMINATION OF ACCOUNTING MANIPULATIONS IN THE FINANCIAL STATEMENTS USING ACCRUAL BASED INVESTMENT RATIOS has been written by Dragan Gabric, the author from BiH. The subject of this paper is the analysis of an impact of accrual based investment ratios on the determination of accounting manipulations in the financial statements of the listed companies in the Federation of Bosnia and Herzegovina (FBiH). The main objective of this research is to identify the accrual based investment ratios that contribute to the determination of accounting manipulations and to create a model of an impact of accrual based investment ratios on determination of accounting manipulations in financial statements of the companies. The methodological approach to research determination of accounting manipulations is based on accrual based financial ratios - the investment indicators.

The last paper, INFLUENCE OF FRONTIER CAPITAL MARKETS INTERDEPENDENCE AND EFFICIENCY ON SHAPING INVESTMENT STRATEGY UNDER THE FINANCIAL CRISIS CONDITIONS analyzes interdependence and low efficiency of the selected capital markets in the period before and after the escalation of the global financial crisis. The authors, Damir Bećirović and Emira Kozarević are from BiH. The aim of this paper is to show, based on the obtained results, the position that can be taken by potential investors in frontier capital markets of the Western Balkan countries. The sample included the daily values of the selected stock market indices for the period 2005 to 2012. The results showed that during the crisis potential benefits of international diversification based on investments in the observed frontier capital markets decrease as the correlations among capital markets during the crisis are higher than expected, which is marked as the "contagion effect". Efficiency tests for the period after the escalation of the crisis show somewhat contradictory results due to the characteristics of these markets and the effect of exogenous shock such as the financial crisis.

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