

The background of the cover is a dramatic photograph of a volcanic eruption. A bright, glowing plume of orange and yellow lava or ash rises from a dark, jagged rock formation. The scene is lit from below, creating a strong contrast between the dark rocks and the bright, fiery eruption.

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FOREWORD

Dear readers

We are presenting a new issue of our Journal of Accounting and Management, which comprises selected professional and scientific achievements that we encountered during the productive year of 2022.

This issue is enriched with two invited lectures held as a part of the 23rd International Conference "Accounting and Management", whose continuity and quality are recognized in the professional and scientific community. Among a number of papers, we selected those that, in terms of content and topics, represent the highest contribution to the profession we represent.

In the new Journal, we deal with the way in which companies can achieve economic efficiency, without jeopardizing the needs of future generations, with an overview of the characteristics of creativity management and the closely related term "serendipity management", as well as the challenges of modern business communication. We also bring news about the project cooperation of RRiF College of Financial Management, Varna University of Management (Bulgaria) VŠR – College of Accounting and Finance (Slovenia), as well as the Croatian Institute for Corporate Social Responsibility (IDOP) on the topic of Simulation of Sustainable International Business.

The published papers have undergone a double-blind review by independent experts, and we hope that the topics presented to you will be interesting and above all useful in education and business, as an extension of the existing insights and knowledge.

In the hope that together we will continue to create the content that keeps pace with important global issues and world trends, we thank all the authors and reviewers for their belief in us.

Editor-in-Chief

Đurđica Jurić, PhD, College Professor

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AWARENESS OF THE IMPORTANCE OF THE SUSTAINABLE DEVELOPMENT CONCEPT IN CREATING THE ECONOMIC SUCCESS OF THE COMPANY

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ABSTRACT

Decision-makers often do not choose the means to achieve certain new added values due to the achievement of set objectives. In this context, they forget to live in harmony with nature and its laws, which creates the problem of incompatibility between social and natural life. The two sides of life that should be seen as one side with one goal are seen as two sides with two goals, with economic wealth and natural poverty. However, the solution to the problem is found in the introduction of the concept of sustainable development. It is a concept that has become basic leadership, in today's modern and uncertain business conditions, which achieves both development and environmental protection. This paper starts with the question of how companies can achieve economic efficiency, without their needs endangering the needs of future generations. The goal was to find out how much decision-makers are aware of the importance and application of the concept of sustainable development and how they view such a form of the concept and its function in creating the economic performance of the companies. The research was conducted on a sample of 57 duly returned survey questionnaires and a database was created for testing the set hypotheses. The set hypotheses were proved using the SPSS program.

Keywords: *the concept of sustainable development, company performance, ISO 14001*

1. INTRODUCTION

The concept of sustainable development is a global issue. Accordingly, the global level provides economic and political guidelines and creates organizational assumptions for realizing the concept of sustainable development. The practical effect of the concept of sustainable development starts at the micro level in most common manufacturing-type companies. Therefore, the role of companies in applying the concept of sustainable development is defined as crucial. In terms of sustainable development, companies define a process in which they establish a balance between the three parties, consumer needs, decreasing use of resources, and decreasing the environmental pollution. In this context, they protect the environment, consume fewer resources, satisfy consumer needs and contribute to the creation of certain new economic values.

The term sustainable development, which appeared in the 1980s, emphasizes the connection between development and environmental protection. It is a term that defines the relationship between a dynamic economic system created by man and a dynamic ecological system to which man must adapt. The most effective contribution of the company in the application of the concept of sustainable development is the implementation of the environmental management system in management system according to the requirements of ISO 14001. The concept of sustainable development as a concept which is in the basics of application of the voluntary character of global social change with ideological social innovations at the company level.

The subject of the research is based on gaining knowledge about the specifics and importance of the introduction of the environmental management system as the basis of the concept of sustainable development and creating additional values for the company. The goal of the paper is to point out the importance of applying the concept of sustainable development through the introduction of the environmental management system into the management system as the most practical and simplest statement of the company in its ethics and social responsibility but also benefits for the company in terms of achieving competitiveness and certain greater economic values. In the context of the above, two research hypotheses are defined: it is assumed that companies are aware of the importance of implementing the concept of sustainable development through the environmental management system in the management system, which is closely related to the desired direction of the company's movement, and it is assumed that there is a significant statistical connection between the concept of sustainable development and the creation of larger income and higher profits of the company.

2. DEVELOPMENT, SUSTAINABILITY, AND THE CONCEPT OF SUSTAINABLE DEVELOPMENT

Development and sustainability are elements that do not function separately, and therefore in the link through the concept of sustainable development they form an indivisible and invincible component. Previously confirmed by Sachs (2010), according to which one simply cannot exist without the other. One of the first definitions of sustainable development is found in the so-called Brundtland's report, in which it is described as a development that meets the needs of today's generation without endangering those of the future (Črnjar and Črnjar, 2009). According to Goodstein (2003), poverty and environmental destruction go hand in hand, and in order to achieve what sustainable development does, which is to prevent the deterioration of the average standard of living for future generations, it is inevitable to attack poverty directly.

According to the concept of sustainability, the objective is to achieve a balance between the needs of current development and the needs of future generations. Therefore, the concept of sustainable development is taken as a solution that will not be radical and affect the closure of an industry that destroys the environment, but as an opportunity for today's modern and knowledgeable man to find opportunities and find a way to apply these opportunities to further maintain the balance of what is needed today and of what will be needed in the future.

There are three important elements in the concept of sustainable development: the concept of development, the concept of needs, and the concept of future generations, which forms the basis of the generally accepted definition of the concept of sustainable development that the development that will meet the needs of the present generation is the one that will not call into question the needs of future generations (Črnjar and Črnjar, 2009). The concept of future generations reflects the basis of sustainability and starts from what the present generation leaves for future generations. In this context, it is assumed that both, the benefits and the costs of today's development are passed on to future generations. For this reason, it is important to take care not to overload the future generation with today's development and ecological problems but to pass on, through certain new solutions, an ecological system of higher quality than the one that exists today. The essence is in establishing a balance between development acceptability in growth and changes in production and consumption, and not reducing the overall quality and usability of natural resources.

In certain cases, the complexity of the very challenge of applying sustainable development exceeds the capabilities of individual actors at the micro level, which hinders the new direction of global sustainable development (Jurić, 2022). It is clear that the application of the concept of sustainable develop-

ment is demanding when today one has to think about tomorrow and for years and centuries ahead. The care for today's needs of today's generation must be equally focused on the future needs of future generations. The concept of sustainable development requires a million small micro steps that, through the same vision based on equal opportunities for all people, countries, and generations, create global concern for future generations through the prism of the concept of sustainable development.

3. ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001 AS THE BASIS OF APPLICATION OF THE CONCEPT OF SUSTAINABLE DEVELOPMENT

The International Organization for Standardization – ISO¹ which began its work in 1948, had the goal of developing only the standards that are necessary and publishing them as international norms. ISO's goal has become a task.

The environmental management system standard – ISO 14000 is the basis for developing one of the aspects of company management. As a basic standard from the Environmental Management System (ISO 14000) family, the international standard ISO 14001 – Environmental management as a basis for applying the concept of sustainable development. The voluntary standard in question was created as a result of new modern market requirements for the new era of eco-quality. In today's business conditions, environmental awareness is a competitive advantage. Therefore, there is a need to develop norms that will help all organizational forms in the implementation and management of the environmental protection system, and which will at the same time protect the interests of organizations and the environments that surround them (Kondić and Piškor, 2010). In particular, the Croatian standard HRN EN ISO 14001:2015 defines the requirements for the environmental management system and the same standard helps companies to increase their success in environmental management through the efficient use of resources and the avoidance and reduction of waste while simultaneously increasing competitiveness and increasing the trust of interested parties.²

The best approach to introducing an environmental management system in a company is a project approach, which guarantees success in any form of an organization if it is treated as with large projects. However, the issue of ecological awareness and the fulfillment of ecological tasks starts with the company's

¹ ISO (International Organization for Standardization) is a worldwide federation of national standardization bodies. ISO is a non-governmental organization consisting of standards bodies from more than 160 countries, with one standards body representing each member country.

² HRN EN ISO 14000 – Upravljanje okolišem. Norma HRN EN ISO 14000 – Environmental management. Norm HRN EN ISO 14001:2015. Available at: www.hzn.hr (May 21, 2022)

management (Kostelac and PriskiĆ, 2017). The management is the one who is responsible for the environmental orientation of its companies. If in the context of environmental management, as one of the bases of sustainable development, one starts from one big project, it is necessary to have employees in charge of all environmental issues as a form of the project team for the environment. Companies should train employees to implement the defined project. In order for the so-called environmental project team to be well trained, it is necessary to find consultants for the ISO 14001 standard who are experienced with certification and know every element of the registration process, if the management decides on the desire to have the ISO 14001 certificate. In the end, achieving the demands of the environmental management system and ecological goals, implementation time, employees for the implementation of procedures and policies, efficient use of resources, etc. should include the program of successful and efficient implementation of the environmental management system. The environmental management system as an implemented system in the management system becomes an obvious value of the company both from the inside and the outside, which is reflected in the new market value that is manifested in the fulfilment of the expectations and satisfaction of customers and other interested parties and in the effective fulfilment of legal obligations. Accordingly, companies demonstrate their social responsibility, ethics, competitiveness, savings, and greater economic value in this way. In accordance with all of the above, the question is how companies behave and which action is more appropriate for them, the one for sustainability or for unsustainability. The modern world and millions of consumer masses of people, political leaders elected in elections, and entrepreneurs, for time being mostly like to play unsustainable (Lay, 2007). Despite everything, according to Gowdy (2000), it is possible to expand the field of economics beyond those known limits of short-term market scale only through strong sustainability in linking ecological and economic conceptions.

4. METHODOLOGICAL FRAMEWORK OF THE RESEARCH

4.1. SUBJECT AND GOAL OF THE RESEARCH

The key to sustainable development lies at the micro level in the hands of companies ready to learn and adapt to certain new challenging conditions. In terms of learning and accepting certain new challenges and thereby creating a clear and significant contribution to the realization of the concept of sustainable development at the micro level, the integration of the environmental management system in accordance with the requirements of the international standard ISO 14001 into the management system is crucial. Companies that accept such a challenge decide to build a comprehensive management system.

No concept is easy to implement and it is clear that it encounters certain obstacles, but also every such concept should be viewed as a process with a beginning and an end. However, the question of the process of sustainable development comes out of these certain usual frameworks and settings due to the fact that its implementation never reaches that sufficient or maximum level of quality to say that it should not continue. Basically, no one can do enough in terms of environmental protection, because even that is ultimately too little considering the course of time and the needs of the future. The concept of sustainable development is a concept with a beginning without an end, a process that continues continuously, a process that can only slightly change its speed, but not its course and direction.

An increasing number of manufacturing companies strive to implement an environmental management system, moreover, in today's business conditions, this is simply understood as part of their socially responsible business. However, even service companies are not far behind manufacturing companies. The implementation of the environmental management system is the most effective way of implementing the concept of sustainable development. The environmental management system ISO 14001 is based on the international standard ISO 14001:2015, which was transferred to the national level by the norm HRN EN ISO 14001:2015. The issue of introducing the ISO 14001 system is voluntary. Considering the time and resources invested in the preparation and implementation of the environmental management system, companies have the desire to receive a certificate as a confirmation of the compliance of the introduced system with the requirements of the standard. The number of certificates obtained from year to year shows constant growth, which indicates confirmation that Croatian companies strive for excellence in terms of environmental protection and long-term economic and socially sustainable development.

ISO 14001 certificates are currently unattainable for certain companies. However, despite this, they adhere to the Croatian HRN EN ISO 14001:2015 standard and adapt to the requirements of the environmental management system. In this way, they increase their success in environmental management through the efficient use of resources and by avoiding and reducing the generation of waste, which increases the competitiveness of the company and the trust of interested parties. The ISO 14001 certificate is a confirmation of the successful implementation of the environmental management system in the management system, but not having it, does not mean that without it one cannot manage its own responsibilities related to the environment in a systematic way. Certain companies do not need someone else's confirmation of their excellence in applying the concept of sustainable development. Such companies systematically successfully manage the environment, achieve goals related to

the environment and fulfill all obligations of compliance with the norm, regardless of the certificate. This is to emphasize that this norm does not choose the company, but that the company chooses it.

Companies, regardless of size, type and nature, choose the path of implementing the environmental management system into a management system in the application of the concept of sustainable development, creating a balance between natural and social life, and thinking about the long-term sustainability and security of future companies. In their management system, companies include increasing the success of environmental management, fulfilling the obligation to comply with prescribed norms, and achieving environmental goals. Therefore, the subject of the research is the acquisition of knowledge about the specificity and importance of the introduction of the environmental management system as the basis of the concept of sustainable development and the creation of added value for Croatian companies. Environmental and nature protection and sustainable development policies should be incorporated in all organizational forms in the near future. Companies should evaluate the excellence of their management systems by evaluating the success of the establishment of the environmental management system and by evaluating their long-term development direction. In all of this, several things play an important role, namely the environmental management system, the knowledge and management of such a system, and the creation of a certain greater value by establishing harmony between natural and social life.

How much the micro level is aware and plan-led towards long-term sustainable development and how much it invests in the efforts to gain awareness that is very necessary for such a long-term direction, research reveals and does not define an exclusive conclusion, but leaves room for even more extensive research. The goal of the research was to emphasize the importance of applying the concept of sustainable development through the implementation of the environmental management system, emphasizing the clear and possible synergy of sustainability and profit. Ultimately, the goal of this work is to find out to what extent the environmental management system has been introduced into the management and management system of the company and whether its implementation results in greater economic value.

Numerous studies have pointed to the importance and awareness of the importance of companies in the integration of the environmental management system in order to create the desired direction of the company's movement and achieve better business performance. Using a sample of 29 ISO 14001-certified companies in Hong Kong, Fryxell and Szeto (2002) find that reputation improvement and cost reduction are closely related to the implementation of an environmental management system. In a study conducted by Melnyk et al. (2003)

among North American managers and their attitudes about the implementation of an environmental management system through the assessment of its relative effectiveness as a formal, but not certified system compared to a formal, certified system, it was found that companies that have formal systems have a more pronounced impact on many dimensions of business performance than those that do not. with an informal system. In his research, Besnard (2007) points to the good implementation of the environmental management system in the management system of the studied Thai companies, emphasizing that companies of all sizes tend to implement the same system in order to improve their image and retain customers concerned about the environment. With his research on a sample of Italian companies, Salomone (2008) also confirmed the connection between the implemented environmental management system and the opportunity to achieve a competitive advantage and create a better image in the public eye. Murmura et al. (2018) in a survey conducted among 190 Italian companies determined that the implementation of the environmental management system in the management system is associated with more advantages than disadvantages. Poltronieri et al. (2019) in a study conducted on a sample of 96 Brazilian companies observe the maturity of the integrated environmental management system in the management system and the fact that it leads to a higher level of performance in terms of sustainability. Ushakov et al. (2021) in a survey conducted among 1142 North American executives reveal that the introduced environmental management system in the company's management system is primarily effective through achieving a competitive advantage, creating a better image, and ultimately reducing costs.

4.2. RESEARCH HYPOTHESES

Sustainable development is closely related to environmental issues. In theory, the concept of sustainable development is associated with ecological sustainability, which implies development aimed at protecting the environment and ensuring a certain level of a safe life for the current and future generations. The concept of sustainable development is aimed at creating awareness that man is part of nature and that he should live in accordance with the laws of that same nature. However, the desired synthesis that would keep both nature and social life in a long-term development direction has not yet been established. Despite this, the concept of sustainable development is trying to become the main development guide that enables meeting the needs of today's generations without discrediting the needs of future generations. It promotes growth and development by conserving and responsibly using resources to achieve long-term economic and social development.

Considering the speed of changes in both the social and ecological spheres and their mutual influences, the question of long-term sustainable development cannot and should not be delayed due to the ever-present globalization problems. Based on the previously defined subject and goal of the research, two research tasks are set: to determine the existence of awareness of the importance of the implementation of the environmental management system in the management system as the basis of the concept of long-term sustainable development, and to determine the existence of the connection between the implemented environmental management system in the management system and the economic performance of the company seen through the realization higher revenues and higher company profits. The research tasks are the basis for establishing the following research hypotheses: H1. It is assumed that companies are aware of the importance of implementing the concept of sustainable development through the environmental management system in management system, which is closely related to the desired direction of the company's movement. H2. It is assumed that there is a significant statistical connection between the concept of sustainable development and the creation of higher revenues and higher company profits.

The independent variable in both hypotheses is defined through the degree of implementation of the environmental management system in management system as the simplest confirmation of the acceptance of the concept of sustainable development. In order to determine the measurability of the independent variable, by surveying managers and directors and obtaining answers to the key question "Is the environmental management system as a sustainable development management system in your company fully implemented in the management system?", whereby selecting an answer from 1 – fully do not agree to 5 – completely agree, formed the average rating of all answers by respondents. In hypothesis H1, the dependent variable is the desired direction of movement, which is measured by answers in the survey questionnaire through the question "To what level do you rate the desired direction of movement of your company in the last year in accordance with the implemented level of the environmental management system as the basis of the concept of sustainable development?", while in hypothesis H2 as a dependent variable sets the income and profit of the company, whose measurability was determined by the respondent's assessment of the realized scope of income and profit of their companies in the last year.

4.3. SAMPLE, INSTRUMENT, AND RESEARCH METHODS

Decision makers, directors and managers, and companies of all sizes should be aware of the importance of applying the concept of sustainable

development, therefore they are considered the most faithful sample for this research question. But are the managers and directors of Croatian companies really aware of this and have they established an environmental management system in their company's management system that proves the importance and understanding of the application of the concept of sustainable development and its contribution to the creation of certain greater values for the company? If they are aware of this, they have defined a long-term development direction for their company in accordance with nature and the laws of nature, and they have defined their voluntary social responsibility and long-term contribution to both micro and macro sustainable development.

The research included the collection of primary data. For the purposes of the research, the survey research method was applied, and accordingly, a highly structured survey questionnaire was compiled as an instrument for data collection. In the two-month survey, from April to June 2022, 57 of the 88 questionnaires sent to the e-mail addresses of respondents defined by random selection via the platform of the Croatian Chamber of Commerce were properly received. The response rate of 64,77% is considered acceptable considering the topic of research and the voluntary involvement in it.

For the purposes of the theoretical part, and the analysis of the available scientific and professional literature, the method of content analysis was applied through a concrete analysis of the main positions represented by individual authors from the field of sustainable development. For the purposes of the methodological part of the research, a statistical method, a regression method, and a scaling technique using a Likert scale of five degrees of intensity was applied.

24,56% of company owners who are also directors and managers, 38,60% of directors, and 36,84% of managers participated in the survey. 8,77% of them are defined as ownership and management functions of large companies, 57,89% of medium, and 33,33% of small companies. The highest percentage is those respondents (36,84%) who have been in the mentioned management positions for 5 to 10 years. By activity, the largest number of respondents was in manufacturing companies (64,91%), followed by service companies (33,33%), while only one (1,75%) respondent was categorized in a company whose main activity is trade. All respondents agreed that the introduction of the environmental management system into the management system is the best way to include companies in the system of sustainable development, while simultaneously achieving both economic and environmental goals. They clearly pointed to the awareness of the importance of the concept of sustainable development in creating the economic success of companies, as well as the knowledge that the future for future generations is built by balancing ecological requirements and economic needs and desires.

4.4. CONFIRMATION OF HYPOTHESES

In order to confirm the set scientific hypotheses, a regression analysis was carried out in the statistical package SPSS. Regression analysis was used to verify the existence of a statistically significant connection between the concept of sustainable development through the implementation of the environmental management system in the management system as an independent variable and the direction of the company through improving its competitive position on the market as a dependent variable (H1). The same analysis was used to verify the existence of a statistically significant relationship between the concept of sustainable development through the implementation of the environmental management system in the management system as an independent variable and the creation of greater economic success of the company through higher revenues and higher profits as a dependent variable (H2). More specifically, the linear correlation coefficient was used to determine the connections between the set dependent and independent variables, and with the value of the Pearson linear correlation coefficient, it was concluded about the interconnectedness of the previously defined variables.

Table 1: Statistical presentation of the connection between the concept of sustainable development through the implementation of the environmental management system in the management system and the direction of the company's movement

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,678 ^a	,460	,451	,46014	,460	46,919	1	55	,000	,255
^a Predictors: (Constant), direction_movement										
^b Dependent Variable: implem_system										

Source: Created by the author

The correlation coefficient R (0,678) reveals a moderately strong connection between the concept of sustainable development viewed through the implemented environmental management system in the management system and the desired direction of the company's movement. The introduction of the environmental management system as a predominant system in expressing voluntary social responsibility in accepting the concept of sustainable development in the long term ensures a better competitive position in the market. The results are statistically extremely significant, as indicated by F (46,919), which leads to the conclusion that the concept of sustainable development is associated with the desired direction of the company. According to the above, the obtained data

confirm hypothesis H1, which assumes that companies are aware of the importance of implementing the concept of sustainable development through the environmental management system in the management system and that they closely connect this with the desired direction of their movement.

Table 2: Statistical presentation of the connection between the concept of sustainable development through the implementation of the environmental management system in the management system and the creation of greater economic performance of the company

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,821 ^a	,675	,663	,36061	,675	55,973	2	54	,000	,445
^a Predictors: (Constant), income, profit										
^b Dependent Variable: implem_system										

Source: Created by the author

The correlation coefficient R (0,821) reveals a strong connection between the concept of sustainable development seen through the implemented environmental management system in the management system and the economic performance of the company seen through the realization of higher revenues and higher profits. The implemented environmental management system, as a system that most clearly represents the concept of sustainable development, contributes to the creation of greater values for the company. The coefficient of determination R² (0,675) is closer to one than zero, which indicates a good representativeness of the model and that the variables in the model share 36,06% of common factors. F (55,973) indicates extremely statistically significant results, which confirms that the concept of sustainable development can be associated with the greater economic performance of companies. The obtained results confirm the second hypothesis (H2), which assumes that there is a significant statistical connection between the concept of sustainable development and the creation of higher revenues and higher company profits.

5. CONCLUSION

Every company starts the story of environmental protection from itself. Today's technology, global warming, gas emissions, and consumption of natural resources are just some of the issues that lead companies to engage in the story of implementing an environmental management system as the basis of sustainable development. Being part of such a story identifies only benefits for companies that find them in cost reduction, more rational energy consump-

tion, reduction of negative impact on the environment, compliance with regulatory frameworks, better connection with interested parties, raising environmental awareness, readiness for preventive actions, creating a better and more attractive reputation, achieving better market positions and creating certain new economic values.

The implementation of the requirements of the ISO 14001:2015 standard ensures sustainable development for companies. This norm mandates companies that all negative things that come out of them and their business processes are detected through external and internal contexts, to be monitored and harmonized with legal regulations. It is a universal norm that provides a framework for strengthening awareness and activities regarding environmental protection in accordance with organizational orientations and environmental protection policies. It was designed with the aim of being compatible with other management systems. Through this standard, companies detect and understand aspects of their activities, products, and services and their impact on the environment, establish environmental protection policies and objectives, harmonize with existing legal frameworks, regulations, and obligations, and systematically strengthen their management systems to increase responsibility for protection environment and achieve economic goals.

The research confirmed the awareness of the importance of introducing the environmental management system into the management system as an element of the concept of sustainable development, as it was confirmed that the same concept contributes to the desired direction of the company's movement and the realization of its greater economic value. Basically, by applying the concept of sustainable development, companies create ecological efficiency in combination with economic efficiency.

Even though the hypotheses were confirmed and the importance of the implementation of the environmental management system in the management system was demonstrated, it is considered desirable to conduct research on an even larger number of respondents. Likewise, it is considered that the issue of implementing this type of system is closely related to cost-effectiveness, and therefore it is recommended to expand the research in this direction as well. With regard to this research, it is quite clear that only positive effects are manifested by the introduction of the environmental management system as a simple basis for applying the concept of sustainable development, and accordingly and based on this research, a clear recommendation can be made for companies to focus on sustainability.

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SVJESNOST VAŽNOSTI KONCEPTA ODRŽIVOG RAZVOJA U STVARANJU EKONOMSKE USPJEŠNOSTI PODUZEĆA

SAŽETAK RADA

Donosioci odluka nerijetko zbog postizanja zacrtanih ciljeva u pogledu ostvarivanja određenih novih dodanih vrijednosti ne biraju sredstva u njihovom ostvarivanju. U tom kontekstu zaboravljaju živjeti u skladu s prirodom i njenim zakonima, što stvara problem nesklada društvenog i prirodnog života. Dvije strane života koje se trebaju promatrati kao jedna strana s jednim ciljem, promatraju se kao dvije strane s dva cilja, s ekonomskim bogatstvom i prirodnim siromaštvom. Međutim, rješenje se problema pronalazi u uvođenju koncepta održivog razvoja. U pitanju je koncept koji je postao osnovno vodstvo, u današnjim suvremenim i neizvjesnim uvjetima poslovanja, kojim se postiže i razvoj i zaštita okoliša. U radu se polazi od pitanja na koji način poduzeća mogu ostvariti ekonomsku učinkovitost, a da njihove potrebe ne ugroze potrebe nekih budućih generacija. Postavio se cilj otkriti koliko su donosioci odluka svjesni važnosti i primjene koncepta održivog razvoja i kako gledaju na takav oblik koncepta i njegove funkcije u stvaranju ekonomske uspješnosti poduzeća. Provedeno je istraživanje na uzorku od 57 uredno vraćenih anketnih upitnika i istim se stvorila baza podataka za testiranje postavljenih hipoteza. Postavljene su se hipoteze dokazivale primjenom SPSS programa.

Ključne riječi: koncept održivog razvoja, uspješnost poduzeća, ISO 14001

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SERENDIPITY MANAGEMENT AS A MODEL FOR FOSTERING ORGANIZATIONAL CREATIVITY IN THE POST-COVID PERIOD¹

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„Management is too important to leave to the managers.“ (Apello, 2014)

„Everybody is a manager.“ (Schell, 1960)

ABSTRACT

This article explores the topic of developing creativity in the organization, a specific area of the so-called serendipity management related to sudden discovery, which can lead to a competitive advantage. This is an under-explored area that requires its re-actualization in the current turbulent times, especially in the post-covid era, where adjustments will be needed not only to management style and organizational culture, but also to find new organizational skills inside and outside the organization. One of the most important untapped potentials in organizations is the creativity of employees. Therefore, management needs to change the whole mindset to adapt to new business conditions. The article provides an overview of the characteristics and specifics of creativity management, with special emphasis on the interpretation and description of the concept of serendipity and serendipity management, from classical man-

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agement literature to modern knowledge and successful business case studies. Finally, the author concludes that to put employees and their creativity first, which is called the employees-first paradigm, it is necessary to approach changes in organization consciously and proactively and at all organizational levels - from strategic to operational level to improve organizational performance. Most importantly, it is necessary to set strategic frameworks for this adjustment, but also to involve employees in this process, not forgetting that the organization is, in essence, a social construct. Today, it is more important to be a successful leader than to be just effective but only rational, technical manager. The main task of the leader is to build trust and restore the value of employees in the company, making him a kind of 'social architect', as Bennis pointed out in the classic literature. The concept of serendipity management needs to be further developed, both in economic practice and in scientific research, because it has already shown its first results, but it has not yet found a place in the literature and practice that rightfully belongs to it.

Keywords: *inventive business models, creativity management, serendipity management, employees-first paradigm, post-covid era*

1. INTRODUCTION

We live in a post-covid-19 period when there is significant uncertainty and suspense caused by several external factors such as high inflation, the oil crisis, the Russian invasion of Ukraine, and others. In these circumstances, it is necessary to adopt a new paradigm of business management that will be in line with the current times of the 'new normal' and turbulent environment, a paradigm that will be based on resilience, flexibility, and adaptability.

In this article, the author emphasizes the importance of creativity management, with a focus on serendipity management, which was neglected in the classical paradigm of management, and certainly deserves a more significant place in current conditions. Cunha, Clegg and Mendonça (2010) state that, while it is sometimes presented as an element of organizational learning, the term serendipity management has rarely been addressed *per se* by organizational scholars. Dew (2009; p. 735) states: "Despite their significance, the serendipity of many events goes unrecognized (and even denied) for long periods of time." In this article author gives an overview of the basics of the concept of creativity management, both in the classical literature and in the new socio-economic conditions and describes two interesting case studies – examples of two successful Croatian advertising companies that encourage creativity in every segment of their business. In the final part of the article author offers recommendations and guidelines for further research and practical implications.

The author considers creativity management with an emphasis on the model of serendipity management as the optimal solution when it comes to placing employees in the first place in the organization, or the so-called employees-first paradigm, which experienced its full actualization in the era of the covid-19 pandemic. The author is of the opinion that this, as well as other similar business models, should find their application in modern management so that modern business organizations can successfully cope with the extremely difficult business conditions of today's world. The starting thesis is that the solutions should not be sought at all costs only in the external environment of the organization, but that it is important to use all the existing internal resources, especially knowledge, creativity, strength, and power of a new way of thinking and new ideas from employees.

The contextual framework for serendipity management is not clearly defined. Malmelin and Sari Vita (as cited in Cunha, Clegg & Mendonça, 2010) state that serendipity has received some attention in earlier organization and management studies, but due to the breadth of research areas covered by the concept, it is not easy to clearly delineate the areas covered by serendipity, which can be an indicator for further research and discussions.

2. MANAGEMENT AND LEADERSHIP IN A POST-COVID ERA

In the UN document 'A Conceptual Framework for Analyzing the Economic Impact of COVID-19 and its Policy Implication' Hevia and Neumeyer state: "The Covid-19 pandemic is one of the most serious challenges the world has faced in recent times. The total cost in terms of human lives is yet to unfold. Alongside the cost of lives and deep health crisis, the world is witnessing an economic downfold that will severely impact the well-being of large parts of the population in the years to come. ... Understanding the association between different elements of the problem to broaden the policy space, with full awareness of the economic and social effects that they may bring." (UNDP Latin America and the Caribbean, 2020, p. 3)

In his invited lecture Vrdoljak-Raguž (2021) discusses leadership in the time of crisis and the post-covid-19 future of the organization. She states that in May 2020 Deloitte published a paper titled "Leadership in the times of COVID – 19". In that paper, they discuss the uncertainty that has made leadership more complex because in times of COVID- 19 leaders face numerous "leadership dilemmas" that do not have simple answers, as the author states. In Deloitte's paper, they also discuss five fundamental principles, or pillars, of resilient leadership during the COVID-19 crisis. Those pillars are: design from the heart and head, put the mission first, aim for speed over elegance, own the narrative, and embrace the long

view a resilient leaders can drive all these actions. The manager must be able to think, act and react. It is very important to emphasize that leadership in crisis also needs leadership styles for the uncertain future. New leadership styles are embracing a more trusting, flexible, and supportive approach to different models of employee engagement while ensuring that productivity is maintained, and outcomes are achieved. "The new challenge for leaders is how to manage different team dynamics and a need for new management practices that are based on hybrid approaches and models. ... At the center of organizational success in the "new normal" will be the supportive, shared, and empathetic leadership style based on trust, communal relationships, and social exchange relationships." (Vrdoljak-Raguž, 2021, pp. 117-118)

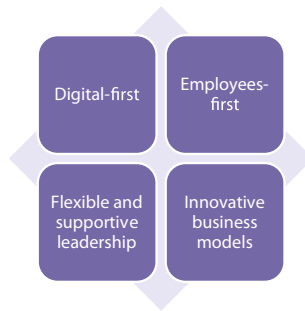
Hjorth (2012) agrees with the idea that today the flexibility of an organization is so important that it is metaphorically, a 'dancing organization' (Figure 1). „We wanted to say that organizational creativity, play and entrepreneurship could potentialize a new 'white canvas', an open 'dance-floor' for us all to playfully enter." (Hjorth and al., 2018, p. 157.)

Figure 1. 'Dancing organization' – a metaphorical figure



In this context, Krajnović (2021) notes that the era of the covid-19 pandemic put emphasis on the employees-first and digital-first management paradigm, placing these concepts in the context of a new approach to knowledge management in organizations (Figure 2). Zutschi et al. (2021) advocate for innovative alternatives in management practices that can contribute towards invigorating human creativity, while Yagnik et al. (2020) suggest that management uses creative principles to deconstruct and reconceptualize the management paradigm, on the example of marketing management and brand management.

Figure 2. Foundations of successful leadership in the post-covid era



Source: author's work, according to Yagnik et al., 2020; Krajnović, 2021; Vrdoljak-Raguž, 2021; Hjorth, 2021; Zutschi et al., 2021

3. CHARACTERISTICS AND SPECIFICS OF CREATIVITY MANAGEMENT

Today, the thesis that the transformation of management into leadership is necessary is increasingly accepted. Within this thesis, the manager is a leader to be followed, a role model for employees who gets the best out of them. In that sense, Warren Bennis (as cited in Peters & Waterman Jr., 1982, p. 85) calls the new leader a 'social architect'. Earlier literature speaks about that. Thus, for example, Selznick in his 1957 volume entitled *Leadership and Administration: a Sociological Interpretation* says: "The inbuilding of purpose is a challenge to creativity because it involves transforming men and groups from neutral, technical units into participants who have a particular stamp, sensitivity, and commitment. This is ultimately an educational process. ... The art of the creative leader is the art of institution building, the reworking of human and technological materials to fashion an organization that embodies new and enduring values. ... To institutionalize is to infuse with value beyond the technical requirements of the task at hand. The prizing of social machinery beyond its technical role is largely a reflection of the unique way it fulfills personal or group needs. Whenever individuals become attached to an organization or a way of doing things as a person rather than as technicians, the result is a prizing of the device for its own sake. From the standpoint of the committed person, the organization is changed from an expendable tool into a valued source of personal satisfaction. ... The institutional leader, then, is primarily an expert in the promotion and protection of values." (Selznick, as cited in Peters & Waterman Jr., 1982, p. 85) These theses clearly indicate that in the current socio-economic moment, the key factor for achieving success is strong leadership, as well as motivated, loyal, and creative human potential, which Selznick noticed many decades ago.

In his book *Inventive manager* Srića (1994) describes creative thinking techniques as a useful 'tool' for encouraging employee creativity. The author states that most of these techniques had been developed in the United States in the second half of the twentieth century, both in science and in practical management. Furthermore, he states that initially, these techniques began to be used to help in solving the problem of technology development and new production programs, after which they expanded to marketing and advertising, to find their application today in systems analysis and strategic management. He further states that today these techniques are applied in educational institutions, scientific institutions, and public administration.

Dibb et al. (1991) also state that brainstorming, as probably the best-known technique of creative thinking, as well as incentives and rewards for good ideas are, as they cites 'typical internal means of stimulating the development of ideas' (p. 255). As an example, he mentions that the idea for 3M *Post-It* self-adhesive yellow papers came from one employee. As a member of the church choir, he used paper ribbons to mark songs in his songbook. Because the pieces of paper kept falling out, he suggested developing a paper sticky on the back side of it. (Ingrassia, 1983, cited in Dibb et al., 1991, p. 255). As another example of encouraging employee ideas, Hewlett-Packard's model keeps its labs open to engineers 24 hours a day to help generate ideas: it also encourages its researchers to set aside 10% of their time researching their own ideas for new products. (Lewine, 1989, as cited in Dibb et al., 1991, p. 255).

In his interview, the co-owner of the world's successful communication agency Bruketa & Žinić & Gray [B&Ž&G], Nikola Žinić (2022), states: "Creativity never slows down and can only help you stand out in more demanding times. The industry has certainly changed, starting from the way we work, or the remote work that we were forced to implement literally overnight, to the fact that as a result, we have some new trends like metaverse. ... Creativity is the only constant here. ... Hard times are just looking for creativity and it is creativity that makes the difference."

Creative thinking workshops are widely used in branding and designing the visual identity of companies. In his article *Live rebranding – Creative workshop* Barić (2019) states that imagination is the centerpiece of the branding and rebranding process. He states: "Creative workshop is a key moment in the rebranding process. Everything happens here: from cutting out collages, writing down ideas on a board that follows and a bunch of post-it notes, all the way to constant communication between creators (brands), who rethink their brand during the workshop. He describes the creative workshop, which he calls a fantasy workshop, as follows: "Everyone is involved. The company's team solves various tasks, dreams, imagines, and writes ... At one moment they

look like playful children, and at another, they discuss the channels through which they will access the foreign market.” Nikola Žinić (as cited in Barić, 2019) states: “It is important in these creative processes to throw out everything you think, and without any censorship, so that later, through a synthesis, we can assemble those parts and come up with a solution. These workshops will not immediately provide us with concrete and tangible results, but they will break down Omo Labo’s (the brand, which was rebranded, author’s remark) story into its component parts, which will serve us in the final process of rebranding.”

From the above-mentioned, almost by-the-book examples to some recent examples of successful models of encouraging employee creativity, it can be concluded that a change of mindset must be in the first place, as well as the value of employees, in terms of their role in the organization. However, they should, above all, feel ‘as in their own skin’, completely unfettered in expressing their creative ideas and thoughts. The previously mentioned author Srića said: “Methods for encouraging creative thinking are designed to help us overcome ‘problems in solving problems’. Their very application puts us in a position where we must challenge traditional approaches and ‘rate’ the conventional boundaries of human knowledge. These methods force us to move away from the rigidity and certainty of ‘logical’ solutions, to question old habits of thought and remove the influence of those attitudes, assumptions, approaches, beliefs, norms, and value judgments that could stifle our imagination. Their application directs us beyond the obvious, to seek solutions in unexpected and unusual places.” (Srića, 1994, p. 280) In order to oppose this creative approach to solving the hitherto dominant, technical-rational approach, Srića confronts these two concepts (Table 1).

Table 1. Creative approach and rational approach to problem solving

<i>Creative approach</i>	<i>Rational approach</i>
<ul style="list-style-type: none"> - Attempt to understand the situation, task or problem - Data collection - Analysis of the situation and data - Incubation (letting the understanding of the problem mature) - Inspiration (generating ideas) - Synthesis (connecting several ideas into a whole) - Verification of ideas and comparison with desired goals 	<ul style="list-style-type: none"> - Precise definition of a situation, task or problem - Setting goals to be achieved - Formulation of a hypothesis - Data collection - Processing of collected data - Identification of available alternatives that can solve the problem - Choosing the most favorable among the alternatives

Source: Srića, 1994, p. 271

4. SERENDIPITY MANAGEMENT AS A SPECIFIC CREATIVITY AND INNOVATION MANAGEMENT MODEL

In their 2009 paper, Kakko and Ikinen explain in detail the phenomenology of creativity and serendipity management. They emphasize the need for a human-centric approach and talk about innovative individuals – *homo creativus*. They advocate “new, innovative, and stimulating approaches to management” (p. 537), which are based on encouraging creativity. They believe that serendipity management will become one of the leading topics in the near future, which will be encouraged, as they say, by preconditions such as: diverse social networks, which are becoming a natural habitat for new knowledge workers; the diverse working teams, etc. Having this in mind, it is interesting that the new *Employees First* paradigm was developed at the same time, and one of its founders, Vineet Nayar (2010), describes it in the book *Employees First, Customers Second: Turning Conventional Management Upside Down*. In this book, the author emphasizes the meaning of unlocking the potential of employees by fostering an entrepreneurial mindset, decentralizing decision making, and transferring “the ownership of change” to the employee in the value zone, thus also advocating the same concept. Later, during the pandemic, this paradigm gained its full form in several successful companies.

Kakko and Inkinen, in the aforementioned paper (2009), place serendipity management in the context of the innovation process, strategic planning, and leadership culture in organizations. They state that in the concept of serendipity management the emphasis is on incidental and give the definition of serendipity management as follows: “Serendipity is an incidental, non-planned encounter, which can nevertheless result in a better outcome than intended. ... Serendipity can thus be described as a certain fortunate coincidence, beneficial accident, and positive collision.” (p. 540) Among the earlier authors who have researched this concept are Roberts (1989), Eyre (1999), and others (Kakko & Inkinen, 2009). Nguyen (2022, p. 1) states: “Despite appearing centuries ago, the term “serendipity” has only become fashionable, and its concept has been systematically studied by scientists quite recently.”

In the context of management, the term serendipity is defined as “the concept where you attract curious talent in order to find unexpected, emergent, tacit competence by using facilitation and trust management in very diverse environments.” (Kakko & Inkinen, 2009, p. 541) Online dictionary www.merriam-webster.com defines the term as follows: „Definition of serendipity: the faculty or phenomenon of finding valuable or agreeable things not sought for; also: an instance of this.”

Napier and Vuong (2013, pp. 178-179) state that the management literature that has tackled the concept, typical characteristics that emerge include:

- Unsought, unexpected, unintentional, unanticipated event or information (Cunha et al., 2010)
- Out of the ordinary, surprising, anomalous, inconsistent with existing thought, findings or theory (Brown, 2005; Van Andel and Bourcier, 2002)
- An alertness or capability to notice what others do not, to recognize, to consider, and to connect previously disparate or discreet pieces of information (De Rond, 2005), to solve a problem or find an opportunity.

“Serendipity management is understandable through methodological tools and benefits, which have a role to play in:

- workspace design - both: physical and virtual;
- encouraging unexpected ideas and collective insight and building creative teams
- supporting the emergence of new combinations of competencies and thus develop a new generation of creative ideas.” (US Senate, Committee on Commerce, Science and Transportation, 2009)

Table 2. shows the comparison of the paradigms of project management and serendipity management.

Table 2. Comparison of the characteristic of project management and serendipity management

<i>Characteristic</i>	<i>Project management</i>	<i>Serendipity management</i>
Approach	Project	Journey, exploration
Type of innovation	Directional	Intersectional, sustainable
Type of human resources	<i>Homo faber</i>	<i>Homo ludens, homo aestheticus-informaticus, homo creativus</i>
Organization	Fixed in the beginning	Flexible during the process
Focus	Effective process	Best possible result in the end
Structure	Closed innovation	Open innovation
Mission	Goal decided in the beginning	Vision decided in the beginning
Competence search	While defining the project	Training camp approach
Resources, time schedule	Fixed	Flexible
Management style	Command and control	Connectivity and collaboration

Source: Kakko and Inkinen, 2009, p. 542

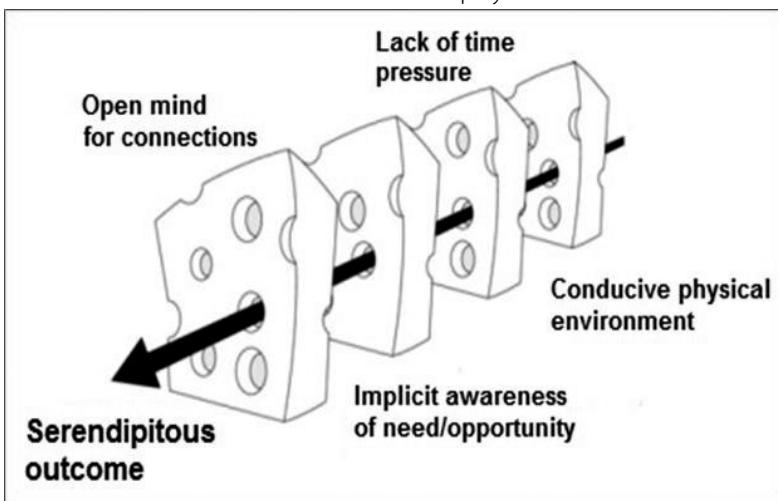
Roberts, as cited in Kakko and Inkinen (2009), state that the concept of serendipity is actually very old, and mention three principles of Archimedes, Columbus finding America, a sick Indian discovering quinine, Sir Isaac Newton and the law of gravitation (pp. 540-541). More recent examples are smallpox vaccina-

tion, synthetic rubber, celluloid, rayon, insulin, X-rays, nuclear fission, substitute sugar, safety glass, penicillin, nylon, polyethylene, Teflon, Aspirin, Post-it, the discovery of the structure of DNA, Viagra, shortmessaging technologies (SMS), etc. (Roberts, 1989, as cited in Kakko and Inkinen, 2009, pp. 540-541)

What is interesting to mention is the fact that the name of the concept refers to a Persian fairytale from the 6th century, i.e., the story of three princes traveling through Serendip, showing exceptional ability to predict, or find ingenious discoveries for the time and space in which the story sets. "The princes were always making discoveries, by accidents and sagacity, of things which they were not in quest of." (Remer, 1965) The name comes from Serendip, an old Persian name for Sri Lanka (Ceylon), hence Sarandib by Arab traders (Merton & Barber, 2006).

Obviously, the clear condition for achieving serendipity is the ability - the quality of thinking to find something unexpected, when actually doing something else. The prerogatives for serendipity are: awareness, wisdom, happiness, but also personal characteristics. (Kakko & Inkinen, 2009) A creative person "connects ideas, sees similarities and differences, has flexibility, has aesthetic taste, is unorthodox, is motivated, is inquisitive and questions societal norms. A creative person and tolerant of the different and the ambiguous. He or she also searches for the elegant." (Kakko & Inkinen, 2009, pp. 538-539). Makri and Blandford (2011) presented the so called 'Swiss cheese' model of serendipity (Figure 3). In a serendipity context, the model suggests that serendipitous outcomes might only occur given the correct internal and external conditions. (Makri & Blandford, 2011).

Figure 3. The 'Swiss cheese' model of serendipity



Source: Makri & Blandford, 2011

The concept of luck in entrepreneurship and management has also been researched in organizational theory. During previous research, the managers believed that a part of their business success occurs due to luck. "If a sudden event or idea occurs that turns into something that bears fruit and added value, it will largely depend on how much the individual is able to discover and seek a deeper insight into something. Therefore, "being lucky" is most often a matter of preparedness, not the result of "mere luck" or chance. (Serendipitor, 2013). Chandler believes that over-focusing and analyzing past events, especially at the individual level, is often very inefficient, and does not lead to results. That is why it is important to focus more on future potential, than on the past mistakes. Apello states that management is increasingly asking questions that are aimed at the desire to change other people. In this regard, he states that: "This attitude is a reflection of the traditional approach to management: one person manipulating the behaviors of others. When it comes to working together in organizations, managers are mistaken, workers are misled, organizations are misbehaving, and many people feel miserable. While at the same time the happiness of workers is crucial because happy people are more (Apello, 2014) Professor Andrew Oswald, Dr Eugenio Proto and Dr Daniel Sgroi from the Department of Economics at the University of Warwick carried out a number of experiments to test the idea that happy employees work harder. In the laboratory, they found happiness made people around 12% more productive. (www.sciencedaily.com)

CASE STUDIES

In his paper, Björneborn (2017, p. 1053) states: "Purpose Serendipity is an interesting phenomenon to study in information science as it plays a fundamental - but perhaps underestimated - role in how we discover, explore, and learn in all fields of life". In his paper, he attempted to operationalize the concept of serendipity by providing terminological "building blocks" for understanding connections between environmental and personal factors in serendipitous encounters and came to the conclusion that there are different degrees of diversifiability, traversability, and sensoriality in a physical or digital environment that may correspond with different degrees of personal curiosity, mobility, and sensitivity – and lead to different degrees of serendipity. "Basic factors in the ways we interact with the world are thus at stake in serendipitous encounters: to what degree environments can be diversified, traversed, and sensed – and to what degree we are curious, mobile, and sensitive." (Björneborn, 2017, p. 1076)

Therefore, it is necessary to set up an appropriate digital, but also a spatial and social platform for the application of the serendipity concept – a pleasant

and inspiring work environment, surroundings, and community. The same can be observed in the context of the preferred type of human resource (Table 2): *Homo ludens*, *homo aestheticus-informaticus*, and *homo creativus* versus *homo faber*. Two positive examples are featured below.

Case study 1. Studio Sonda, Vižinada, Croatia

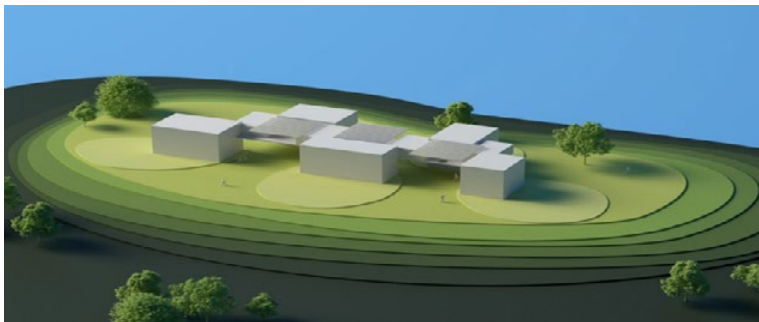
The world-renowned advertising studio Sonda has been applying the serendipity approach for a long time. Through an inspiring external and internal environment, it affects the motivation and inventiveness of employees. They put special emphasis on excellent communication with the local community. Their motto is: "Participate in building the community and society..." It is interesting to note that the company is based in the small town of Vižinada (1158 inhabitants), near Poreč in Croatia (Istria peninsula). They believe that "the center of the world is where you create it." They have an extremely interesting interior design, but also a stunning environment (Figures 2-4). (www.sonda.hr)

Figure 2. Medieval Istrian town Motovun - view (surroundings of Studio Sonda)



Source: www.sonda.hr

Figure 3. Preliminary design of the Creative Center in Vižinada



Source: <https://dizajn.hr/blog/studio-sonda-pokrece-kreativni-centar-u-vizinadi/>

As a company that greatly encourages the creativity of its employees and associates, Studio Sonda has designed a Creative Center, which encourages the creativity of other community members such as: clients, locals, business partners and others, but also serves as a gathering place. The Sonda Studio website states the following: „At the opening held on Saturday, June 4th, '22 the Sonda Creative Center was officially opened. In the next few years, the aim is to show by concrete examples how much creativity can affect the development of a community.“ It is important to emphasize the project 'Designed by People', within the Sonda Creative Center. In Studio Sonda state: „'Designed by People' is a program of workshops that involved individuals with no previous knowledge or experience. Over the course of two months, six participants who usually have various daily jobs, had participated in the design of the Elan skis, which were then produced and will be presented at the opening, and which will eventually be available for official sale. Together with us, the participants had the opportunity to go through the whole process of product design, do practical tasks, visit the factory and ultimately observe the promotion of a new product. "Designed by People" will become a regular practice of the Creative Center, and Sonda will act as a link between clients and their products and people who want to encourage their creativity, and so far have not had the opportunity to try to create concrete, market-relevant products.“ (www.sonda.hr)

Figure 4. Employees of Studio Sonda socializing with the local population (with local agricultural products)



Source: www.sonda.hr

Case study 2. Creative work space (created by Bruketa&Žinić&Grey, Zagreb, Croatia)

The following is a description of the case of the B&Ž&G agency, which designed the so-called Office for Superheros for the company Infinum. Office for superheroes serves as a spatial 'platform' for more creative work of employees and their pleasant stay in the workspace. On the web site of the Agency

Bruketa&Žinić&Grey, they state: „One of Croatia’s most successful software companies, Infinum, which mostly exports its services to foreign markets, is continually growing. While their employees work with digital spaces, the physical one they work in day-to-day had at one point become too small. For help they turned to Brigada, an agency with a number of award-winning office spaces under its belt. They placed the new office just a few floors above the already existing one, at the top of Zagreb’s newest skyscraper in Strojarska ulica. This location above the city, as well as the company’s success, brought to mind superheroes, and that idea is subtly present in all the material used, details, and the overall approach to the design.” (Figure 5, 6) (<https://bruketa-zinic.com>)

Figure 5, 6. Office of Superheroes, Brigade for one of the most successful Croatian software companies Infinum



Source: <https://bruketa-zinic.com/hr/2016/10/26/ured-za-superjunake>

In his article Six Examples of Creativity at Work, Ware (2020) explains that marketing, graphic design, and similar business areas that lean toward creativity are not the only ones that allow creativity to be fostered. In this sense, he lists six areas, which he calls Six Examples of Creativity as follows:

Example 1: Creativity in Leadership

Example 2: Creativity in Marketing

Example 3: Creative Problem Solving

Example 4: Creativity in Sales

Example 5: Project Management Can Benefit from Creativity

Example 6: Creativity When Handling Interpersonal Issues.

The article *Best Innovation Practices - Creativity Management* (www.1000ventures.com) describes six cases of successful implementation of creativity in companies. The key characteristics of those creativity fostering models, classified according to Ware's Six Examples model, are shown in table 3.

Table 3. Analysis of several successful models of creativity fostering, according to Ware model (2020)

Company	Business sector	Creativity fostering model	Example – area of creativity fostering according to Ware model (2020)
Silicon Valley	IT sector	<i>Five minute rule</i> - the rule permits anyone to suggest an idea (brainstorm sessions)	Example 3 - Creative Problem Solving
Dell Inc.	IT sector	Encouraging people to approach a problem from a different perspectives	Example 3 - Creative Problem Solving
HP	IT sector	<i>Hewlett-Packard Way</i> : agreeing on HP values and objectives; employee empowerment	Example 1: Creativity in Leadership
Creativity@ Work	Consulting services	Encouraging employees to play a role in order to get people out of their habitual responses	Example 3 - Creative Problem Solving
Toyota	Automotive industry	<i>Toyota Production System</i> – stimulates employee creativity and loyalty but also on a highly efficient network of stakeholders	Example 3 - Creative Problem Solving
GE	Manufacturing	<i>GE Work-Out</i> : 'Those closest to work know it best'; Companies must be boundaryless to unlock their potential	Example 3 - Creative Problem Solving
BIG Project – KENT (project supported by the European Regional Development Fund)	IT	IT-Powered Brainstorming Sessions: <i>BIG – Brainstorming Innovation Group</i> - a new method to support creative thinking in small- and medium-scale enterprises (SMEs) and other groups, using computer software during brainstorming sessions to elicit and capture ideas in a more professional and flexible manner than traditional methods	Example 3 - Creative Problem Solving

Source: author's work according to Ware (2020) and *Best Innovation Practices - Creativity Management* (http://www.1000ventures.com/business_guide/cs_creativity_mgmt.html)

It can be noticed that most of the analyzed examples refer to areas 1 and 3 according to the Ware (2020) model, but it can be concluded that there are no firm boundaries between the areas where it is possible to develop creativity, but rather these areas are intertwined, and ultimately they are all aimed at encouraging employee creativity, inventive management and creative problem solving.

5. APPLICATION OF THE CONCEPT OF SERENDIPITY MANAGEMENT - MANAGERIAL IMPLICATIONS AND RESEARCH GUIDELINES

A report from the ADP Research Institute revealed that only 18% of employees are fully engaged, versus a whopping 84% who are "just coming to work." (Lever team, 2019) Deloitte (2016) finds that American businesses lose productivity worth \$300 billion annually due to disengaged workers. Despite this reality, research finds that only 11% of companies have a highly inclusive work environment.

This requires a new approach to employees in encouraging their engagement, but also the development of organizational creativity.

Vrdoljak-Raguž (2021) and Krajnović (2021; 2022) analyzed the most important managerial implications for the new postpandemic era. The following is a synthesis of their theses.

The current new era is characterized by the following phenomena and trends:

- The post-normal era
- The Big shift - a great transformation of society
- New society and globalization
- Reduced predictability
- New social ecosystems, new opportunities for cooperation, online communication
- Information flow (vs. 'fixed' information in libraries and databases)
- New types of entrepreneurs - intrapreneurs (innovative entrepreneurs - encourage internal entrepreneurship and exchange of ideas in the company).

The key managerial guidelines for the post-covid period are as follows:

- Communication
- Creativity

- Social and environmental sustainability.

Serendipity means a discovery, it is achieved through a combination of: observation, wisdom and luck. It is a very important concept to foster the organizational creativity.

The research (Deloitte, 2020; author's research) showed the following:

- Not all managers managed to cope with the response to the crisis. Some have failed due to lack of flexibility.
- In crises, employees expect answers to questions and everyone looks to the leader.
- Research conducted in most of the world's companies indicated that in the first place during the pandemic were: People and Digital Technology (so-called employees-first and digital-first technology).
- In addition to focusing on people, it is very important to come up with several planning scenarios.
- Great importance is attached to innovation management and innovation culture.
- In crises, there are no simple answers, meaning it is present the so-called leadership dilemmas. That is why it is even more important to involve employees in creating ideas in crises.
- Management must be resilient and courageous. Managerial performance design: heart and head ('Stand with your feet firmly on the ground, but with your head up in the sky!') - think with your head, but allow your imagination and intuition to act.
- Mission-first (What is the purpose of the organization?)
- Speed, not elegance - quick decision making.
- Narrative (company story; purpose of the company - for clients, employees, community, external stakeholders)
- Long-term perspective
- Trust is very important - build a culture of trust
- Ambidexterity leadership - at the same time encourage new jobs and ideas and strengthen the old ones (to the extent and where necessary)
- Time pressure - the importance of time management
- Emotional stress
- Very important is the flexibility of the organization ('dancing organization').

The 'new manager' in the post-covid era:

- Creates innovative teams
- Supports creativity, is involved, empathetic
- Invests in internal and external social relations
- Encourages the creation of hybrid models (work from home and office work)
- Encourages flexible organization (reduces rigidity)

- Encourages employee protection (including medical, psychological, etc.)
- Delegates responsibilities
- Encourages a stakeholder approach.
- Encourages social responsibility.

There is also a need for strong shift in the theory and practice of management - from control and giving orders (*command chains*) towards the principles: Ask employees; Listen to employees, Discuss performance with them. Constant connection and support are important for the employees. Example: one-on-one meetings - important questions: What do I need to focus on? How do I work? Where am I going? (And where is the organization going?)

The general recommendation to managers can be: take a break, talk to your employees. Talk about them, and about their life, but also about the future of the company, its goals and performance, the place and role of employees in the company, find out the drivers of employees.

At Deloitte (2022), they conclude that the key formula for success in the post-covid period is to 'move beyond responding to the immediate crisis, towards strategies for accelerating recovery'.

As guidelines for further research, factors influencing the emergence and encouragement of creative thinking in the organization should be further explored, as well as business models that develop open, creative and inclusive communication in the organization. Dew (2009), for example, highlights the first factor mentioned and states: "The notion that some serendipities become venues for action, and some not, raises a second implication: when are serendipities more likely to occur and be acted upon (or not)?" (p. 747) In further research, the serendipity management concept needs further validation in physical and digital environments. (Björneborn, 2017)

6. CONCLUSION

Ancient social systems relied on stars and prophets to predict the future. In today's modern society, this role of successfully predicting the future has been taken over by science. Setting clear strategic goals significantly reduces uncertainty and increases the chances of success. However, the use of only rational, mathematical models in strategic management, which can not completely replicate the real world, cannot give quality results in these turbulent times. Therefore it is necessary to adopt a business strategy which combines rational and innovative business models, which are based on encouraging creativity of employees and other stakeholders. In this sense, we need to turn to business models that are not only opportunity-oriented, but that can also successfully face threats. One of them is unpredictability. Faced with a post-pandemic and

many other socio-political and economic turbulences, we only now know and live unpredictability in the full sense of the word. One of the newest directions of successful crisis and strategic management is serendipity management. The essence of this direction is to create a successful business opportunity from the unpredictable.

Today, a successful manager is at the center of a network of social and psychological interactions of individuals inside and outside organizations, and is strongly influenced by environmental forces. In order to encourage employees to become *homo creativus* versus *homo faber*, the key role should be played by the management of the organization. We need to develop a managerial style that encourages discovery, a new way of thinking of managers and employees and the search for new solutions, on the trail of the thesis: "Discovery means to see what everyone else sees and think the way no one else thinks." (Szent-Györgyi) Only such creative organizations, individuals and teams will be able to successfully face the challenges we live in.

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SERENDIPITY MANAGEMENT KAO MODEL ZA POTICANJE ORGANIZACIJSKE KREATIVNOSTI U POST-COVID-19 RAZDOBLJU

SAŽETAK RADA:

Ovaj članak istražuje temu razvoja kreativnosti u organizaciji, i to specifično područje tzv. serendipity managementa povezanog s iznenadnim otkrićem, koje dovodi do stjecanja konkurentske prednosti. Ovo je nedovoljno istraženo područje koje zahtijeva svoju reaktualizaciju u sadašnjim turbulentnim vremenima, posebice u post-covid eri u kojoj su potrebne prilagodbe ne samo stila upravljanja i organizacijske kulture, već i pronalaženja novih organizacijskih vještina unutar i izvan organizacije.

Jedan od najvažnijih neiskorištenih potencijala u organizacijama je kreativnost zaposlenika. Stoga menadžment treba promijeniti cjelokupni način razmišljanja kako bi se prilagodio novim uvjetima poslovanja. U radu se daje pregled karakteristika i specifičnosti menadžmenta kreativnosti, s posebnim naglaskom na tumačenju i opisu pojma serendipity i serendipity menadžmenta, od klasične literature do suvremenih spoznaja i studija uspješnih poslovnih slučajeva. Konačno, autorica zaključuje da je za stavljanje zaposlenika i njihove kreativnosti na prvo mjesto, što se naziva paradigmom employees-first ('najprije zaposlenici'), potrebno promjenama u organizaciji pristupiti svjesno i proaktivno i to na svim organizacijskim razinama, od strateške do one operativne, kako bi se poboljšala organizacijska učinkovitost. Ono što je najvažnije, potrebno je postaviti strateške okvire te prilagodbe, ali i proaktivno uključiti zaposlenike u taj proces, ne zaboravljajući da je organizacija, u biti, društveni konstrukt. Danas je važnije biti uspješan vođa nego biti samo učinkovit, racionalan, 'tehnički' menadžer. Glavna zadaća lidera je izgraditi povjerenje i vratiti vrijednost zaposlenicima u poduzeću, što lidera ujedno čini svojevrsnim 'društvenim arhitektom', kako je Bennis istaknuo u klasičnoj literaturi. Koncept serendipity menadžmenta treba dalje razvijati, kako u gospodarskoj praksi tako i u znanstvenim istraživanjima, jer je već pokazao svoje prve rezultate ali još nije pronašao mjesto u literaturi i praksi koje mu s pravom pripada.

Ključne riječi: *inventivni poslovni modeli, upravljanje kreativnošću, serendipity management, paradigma employees-first, postcovid era*

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ABBREVIATIONS (ACRONYMS AND INITIALISMS) IN BUSINESS COMMUNICATION

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ABSTRACT

The use of abbreviations (acronyms and initialisms) has grown rapidly in the 21st century. The reason of their extensive use is the increasing need to save space and to avoid repetitions of rather long expressions in science, technology and business communication. Due to the fact that it is almost impossible to communicate without having the basic knowledge on acronyms and initialism in the specific field of interest the author of the paper presents definitions of abbreviations, a brief historical overview and certain rules on their spelling and pronunciation. The paper also includes a list of commonly used acronyms and initialisms in business, finance and accounting.

Keywords: *abbreviation, acronym, initialism, rules, orthography, types, pronunciation*

1. INTRODUCTION

Using abbreviations – acronyms and initialisms has become a part of professional business life. Abbreviations represent amalgamations of different parts of speech.

Their rapid growth and demand for use requires a growing awareness of their existence. The paper presents the difference between initialisms and acronyms, although in many papers and articles they are referred to as acronyms. Both are formed from the initial letters of a certain expression, but initialisms are read 'letter by letter', whereas acronyms are read as the whole words. Abbreviations are used for various reasons: to save space (in written communication), to avoid repetition of certain longer expressions, etc. They should be used carefully to avoid ambiguities. When writing or saying something in public, we should know the target audience and ask ourselves whether they comprehend all the abbreviations used. In many cases it is better to use the whole expressions.

The paper presents a short insight into the history of abbreviations. Interestingly, they entered the English language relatively late – in the 19th century. However, their rapid growth started during the WW I and WW II and since then the frequency of use of abbreviations has increased immensely due to the advances in science and technology which introduced complicated terms and concepts. Thus, the practice of abbreviating terms has become increasingly convenient.

The paper includes a brief overview of types of acronyms, which differ according to the way they are pronounced, including the appropriate examples.

Orthography of acronyms is also important, because it is not unique, not even in every country for the same term. Accordingly, the paper presents some basic rules on writing acronyms. It should be stressed that acronyms are primarily orthographically based units and thus significantly differ from other processes of word formation.

There are also lists of acronyms used in business (general), finance and accounting. The lists contain only the examples which are commonly used and understood by experts in this field, which leads to the conclusion that *'the key test for an acronym is to ask whether it helps or hurts communication'* (Elon Musk.)

2. DEFINITION AND HISTORICAL OVERVIEW

Below are definitions of abbreviation, initialism and acronym stated in three different dictionaries of English language: Merriam-Webster, Oxford English Dictionary and Cambridge Dictionary:

ABBREVIATION

- a shortened form of a written word or phrase used in place of the whole word or phrase (Merriam-Webster)
- a short form of a word (OED)
- a short form of a word or phrase (Cambridge Dictionary)

INITIALISM

- an abbreviation formed from initial letters (Merriam-Webster)
- a word formed from the first letters of the words that make up the name of something, with each letter pronounced separately (OED)
- an abbreviation consisting of the first letters of each word in the name of something, pronounced as separate letters (Cambridge Dictionary)

ACRONYM

- a word (such as NATO, radar, or laser) formed from the initial letter or letters of each of the successive parts or major parts of a compound term (Merriam-Webster)
- word formed from the first letters of the words that make up the name of something, for example 'AIDS' is an acronym for 'acquired immune deficiency syndrome' (OED)
- an abbreviation consisting of the first letters of each word in the name of something, pronounced as a word (Cambridge Dictionary)

'The word *acronym* is applied when the resulting expression can be read as a word; for example, *radar* comes from «radio detection and ranging» and *scuba* comes from «self-contained underwater breathing apparatus.» The word *initialism* only applies when the resulting expression is read i.e. pronounced by saying the names of the letters; for example *DIY*, which comes from "do it yourself;" (Webster, 2022).

The above stated definitions imply that abbreviations are umbrella terms, consisting of two types: initialisms and acronyms, although in the currently present references and literature both terms are often referred to as acronyms.

Despite their relatively recent emergence in English, acronyms appeared in other languages much earlier and gradually entered other languages. For example, the image of a fish as a symbol for Jesus was used in Rome by the early Christians, the evidence of which dates back to the second and third centuries being preserved in the catacombs of Rome. Another interesting example are initialisms SPQR (*Senatus Populusque Romanus*) which represented the Roman Empire and the Republic.

Some typical examples of acronyms borrowed from Latin, which are still in use today are:

- A.M. or a.m. (Latin ante meridiem, "before noon")
- P.M. or p.m. (Latin post meridiem, "after noon")
- e.g. (Latin exempli gratia, "for example")
- B.C. (Latin before Christ)
- A.D. Anno Domini (Latin for "In the year of our Lord")

Although acronyms have existed throughout history, their systematic analysis dates back to relatively recent times. During the mid- to late 19th century acronyms became a trend among American and European business people: abbreviating corporation names, such as on the sides of railroad cars (e.g., «Richmond, Fredericksburg and Potomac Railroad» → "RF&P"); newspaper stock listings (e.g. American Telephone and Telegraph Company → AT&T).

Another field for the adoption of acronyms was modern warfare, especially in the military terminology in World War I and World War II when they were widespread even in the slang of soldiers, who referred to themselves as *G/s* (government issue or general issue).

Today, acronym use has been further popularized by text messaging on mobile phones with short message service (SMS) and instant messenger (IM) to fit messages into the determined SMS limit, and to save time.

3. TYPES OF ACRONYMS

According to the way they are pronounced, acronyms can be classified into the following groups:

- pronounced as a word, containing only initial letters
NATO: North Atlantic Treaty Organization
NASA: National Aeronautics and Space Administration
GAAP: Generally Accepted Accounting Principles
- pronounced as a combination of spelling out and a word
CD-ROM: (cee-dee-/rom/) "compact disc read-only memory"
X-Ray (eks-rei) – Roentgen ray (when it was discovered it was an unknown type of ray)
- pronounced only as a string of letters
BBC: British Broadcasting Corporation
IFRS : International Financial Reporting Standards
IPO: International Public Offering
- pronounced as a string of letters, but with a shortcut
AAA:(Triple-A) "American Automobile Association";
IEEE: (I triple-E) "Institute of Electrical and Electronics Engineers"

- shortcut incorporated into name
3M: (three M) originally "Minnesota Mining and Manufacturing Company"
B2B – Business to Business
- mnemonic acronyms, an abbreviation that is used to remember phrases and principles
KISS (Kiss) «Keep it simple, stupid», a design principle preferring simplicity
SMART (Smart) «Specific, Measurable, Assignable, Realistic, Time-related», A principle of setting of goals and objectives
- pseudo-acronyms, which consist of a sequence of characters that, when pronounced as intended, invoke other, longer words with less typing[36] This makes them gramograms.
CQ: cee-cue for «seek you», a code used by radio operators
IOU: i-o-u for «I owe you»
- acronyms whose last abbreviated word is often redundantly included
ATM machine: «automated teller machine» (machine)
PIN number: «personal identification number» (number)

Acronyms are thus considered similar to irregular words. However, most acronyms can be formed following the simple rule of naming each of their constituent letters aloud. The question of the relative regularity of acronyms relating to their naming remains unanswered. The examples show a combination of various rules related to regular and irregular word reading (e.g., number of letters, orthographic familiarity, printed frequency, imageability, etc.), which indicates the peculiar nature of acronyms, whose processing is not as straightforward as regular or irregular words but a complex mixture of both.

Upon writing an acronym, the punctuation should be carefully considered. Although there is a tendency today that all the words in initialisms and acronyms should be written with capital letters without using any punctuation, there is still a large number of them which require a full stop after each letter. The best advice is to look them up in a dictionary.

The spelling of acronyms may also differ in view of writing small or capital letters. Usually the capital letters are used, but again there are many exceptions. In addition, there are examples of historically originated acronyms which were spelled with capital letters at first, but with time entered the English language as words. For example, the acronym RADAR was coined during the World War II representing *radio detection and ranging*, while today is used as a word and written with small letters – *radar*.

4. BASIC RULES ON USE OF ACRONYMS IN BUSINESS COMMUNICATION

When using acronyms, the following rules should be applied:

- a) When using an acronym for the first time, the full term should be stated and the acronym should be put in parentheses. Afterwards, just an acronym should be used.
e.g. He studies at the Massachusetts Institute of Technology (MIT).
MIT offers a number of study programmes.
- b) Personal and professional titles should be abbreviated.
e.g. Prof. Johnson; Ms Ryder; Dr. Roberts
Note: If the acronym is used after the person's name, a comma should be used.
e.g. Morty Richardson, MD
Janet McDougal, PhD
- c) Only well-known terms should be abbreviated, i.e. those for which one can be sure that the recipient is familiar with.
e.g. ASAP: as soon as possible
FYO: for your information
St: street
TV: television
- d) Expressions denoting time can follow several styles.
e.g. 4:30 a.m.
4:30 A.M.
4:30 AM
- e) Expressions denoting time zones are used in capital letters, without a period.
e.g. 11 p.m. EST (Eastern Standard Time)
- f) When sending a letter within the United States, the names of the states on addresses should be abbreviated.
e.g. CA: California
GA: Georgia
- g) Latin acronyms should be used with a period.
e.g. e.g. – *exempli gratia*
i.e. – *id est*
- h) Articles are not used with acronyms. The rule should not be taken for granted since there are many exceptions.
e.g. He works for the FBI. (Initialism)
He works for NASA. (word)

The explanation lies in the fact that the first example is pronounced by spelling each letter individually (initialism), whereas the other example is pronounced as a word.

5. LIST OF COMMON ACRONYMS IN BUSINESS, FINANCE AND ACCOUNTING

In order to save time acronyms are abundantly used in everyday business communication, especially when writing e-mails and text messages. One should be rather careful when using them due to the fact that we cannot be sure whether the potential recipient or reader will understand the particular acronym.

Below is the list of commonly used acronyms in business communication, comprising finance and accounting:

General

FTE: Full-time employee
FWIW: For what it's worth
IAM: In a meeting
IMO: In my opinion
LET: Leaving early today
LMK: Let me know
MoM: Month over month
MTD: Month to date
OOO: Out of office
POC: Point of contact
PTE: Part-time employee
NRN: No reply necessary
NSFW: Not safe for work
NWR: Not work related
RFD: Request for discussion
SME: Subject matter expert
TED: Tell me, explain to me, describe to me
TL;DR: Too long, didn't read
TLTR: Too long to read
TOS: Terms of service
TYT: Take your time
WFH: Work from home

Job and Department Titles

CSO: Chief security officer
CSR: Corporate social responsibility
CTO: Chief technology officer

CFP: Certified financial planner
DOE: Depending on experience
GC: General counsel
HR: Human resources
PM: Project manager
PR: Public relations
R&D: Research and development

Finance and Accounting

ACCT: Account
AP: Accounts payable
AR: Accounts receivable
BS: Balance sheet
CPU: Cost per unit
CR: Credit
DR: Debit
EPS: Earnings per share
FIFO: First in, first out
IPO: Initial public offering
LIFO: Last in, first out
LWOP: Leave without pay
NAV: Net assets value
P-card: Purchase card
ROA: Return on assets
ROE: Return on equity
ROI: Return on investment
P/E: Price to earnings
P&L: Profit and loss

6. CONCLUSION

Abbreviations (acronyms and initialisms) represent an important component of everyday communication, business communication and scientific and technical papers. If they are used effectively, they not only reduce space, but also facilitate the reading and understanding of an oral or written communication. They are not artificially created linguistic units, but their role is to eliminate contradictions within limited lexical resources of any language. Their importance lies in the fact that they denote new concepts and real objects and thus enrich the language. A human factor has a key role in creation of acronyms since a large number of acronyms refers to various activities of human beings. The structure and semantics of acronyms is much more complex than words. While words fundamentally refer to the meanings, acronyms have both the

characteristics of words and the context. Therefore, only the context may help to monitor semantic development of acronyms.

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KRATICE (AKRONIMI I INICIJALIZMI) U POSLOVNOJ KOMUNIKACIJI

SAŽETAK RADA

Upotreba kratica (akronima i inicijalizama) naglo je porasla u 21. stoljeću. Razlog njihove široke uporabe je sve veća potreba za uštedom prostora i izbjegavanjem ponavljanja prilično dugih izraza u znanstvenoj, tehnološkoj i poslovnoj komunikaciji. S obzirom na to da je gotovo nemoguće komunicirati bez osnovnog znanja o akronimima i inicijalizmima u specifičnom području interesa, autor rada donosi definicije kratica, kratak povijesni pregled i određena pravila o njihovom pisanju i izgovoru. Rad također uključuje popis često korištenih akronima i inicijalizama u poslovanju, financijama i računovodstvu.

***Ključne riječi:** kratica, akronim, inicijalizam, pravila, ortografija, vrste, izgovor*

THE 23RD INTERNATIONAL SCIENTIFIC AND PROFESSIONAL CONFERENCE ACCOUNTING & MANAGEMENT – A&M 2022

RRiF College of Financial Management and "Croatian Accountant" Association held their 23rd international scientific and professional conference Accounting and Management – A&M 2022.

The conference was held online on the ZOOM platform from September 22 - 23 2022.

The conference was opened by Vlado Brkanić, PhD president, and Ljerka Markota, PhD vice-president of the "Croatian Accountant" Association.

Through the presentation of papers at the conference, scientists and experts exchanged ideas, shared their professional and scientific experiences, opinions and practice. We are extremely proud that, also this year, a relevant number of authors participated at the conference.

Taking into consideration the added value that invited lectures provided to the past conferences, the same good practice has been incorporated in 2022. Eminent experts and scientists participated in the conference with their lectures on the topics of financing green projects, reporting and controlling in the Covid period, crises, and specificities of leadership in the Covid period and the social responsibility of the accounting profession.

The program of the conference, which includes a list of topics, lecturers, and the Conference Proceedings, can be found on the website of the "Croatian Accountant" Association -www.hrvatski-racunovodja.hr and RRiF College of Financial Management - www.rvs.hr.

DEVELOPMENT OF SOCIAL RESPONSIBILITY AWARENESS

DEVELOPING SOCIAL IMPACT WITH AN INCLUSIVE APPROACH IN INNOVATION AND ENTREPRENEURSHIP

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Businesses in today's world are pressured to generate a socially responsible impact rather than focusing uniquely on profit making. How we develop this link including innovation in the equation could give the business an important competitive advantage adding value to the company.

Social impact and innovation, require a set of elements and variables to succeed independently of the area of application, and have the power to affect people's lives in quality and generate new opportunities.

Recent research shows that 84% of leaders realize there is a strong link between business continuity and innovation, knowing that sooner or later they will need to deal with the pressure of innovating to stay in the market and possibly succeed. However, only 6% is satisfied with how their businesses innovate, reporting a lack in areas such as alignment between innovation and business strategy, inadequacy in future-focused skills in the workforce or flow in the innovation engagement tactics.

Companies are constantly under pressure from the market, competitors, consumers, even internally, pushing leaders to turn to innovation and pull resources re-inventing employee management, innovative technologies, and company culture. As a consequence, more companies are shifting from traditional R&D to inclusive operating models such as open innovation, design thinking, and co-creation, having their engagement strategy driving innovation from the early ideation stage. Open innovation

as emerging paradigm means we co-innovate and co-create with everyone that has a relationship with the company. Companies that haven't elaborated an engagement strategy might find this challenging as they need to handle novelty, implementation and generate levels of engagement, but ultimately this all contributes to organisational change and shift towards a more innovative company culture. Generating a more inclusive innovative approach means outplacing more traditional formats and enabling a more collaborative and inclusive flow, being this the most effective type of innovation.

Culture represents the beating heart of the company which inspires innovative thinking and creativity and is the key element of innovation success. Planning of resources, capabilities, strategic guidance, and engagement are crucial to succeed. In terms of realization, a starting point is creating a thriving environment that is safe, inclusive, non-judgemental, truly considered and acknowledged, breaks the glass ceiling, creates a clear flow of communication and collaboration across the business, and considers a diversified team as one of the major assets of the business. This means that it needs to strive for a particular group of people with the aim to recreate a non-homogenic thinking group that brings a unique set of perspectives to the table.

An organisational culture shift entails strong underlying communication strategy that is aligned and that is facilitating knowledge and communication flow across departments, and cross functionally. The value of the engagements works across different verticals and impacts multiple segments, internally and externally to the company, the benefits are remarkable as they could range from brand impact, new leads generation, new collaboration opportunities, and early exposure to novelty.

Lastly, as innovation is one the key pillars in business, so is the company innovation capital. This fundamental element is a sum of sources such as human, social, and reputation capital, all being innovation specific. They combine abilities in foreseeing opportunities, valuing connection with stakeholders, and perception and value of innovative solutions developed.

Entrepreneurship builds on innovation and when underpinned by social impact values is a positive driving force, reinforces internal and external engagement, besides attracting financial investment and talents. Both social responsibility and innovation share the importance of valuing diversity and creating a new path to resolve today's world challenges.

Keywords: *Innovation, Entrepreneurship, Business Development, Design Thinking, Business Competitive Advantage, Business Skills, Profit, Business Performance, Strategic thinking*

THE IMPORTANCE OF SMALL AND MEDIUM-SIZED COMPANIES FOR THE FUTURE OF SUSTAINABILITY REPORTING

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ABSTRACT

Until a few years ago, very few investors considered sustainability factors in decision-making processes, but today it is quite different. They are increasingly investing in business models with integrated sustainability factors. For entrepreneurs, this means pressure to integrate sustainability issues into their business, and to share information about it with a wider circle of stakeholders. There is a broad legal package in force in the EU that imposes specific obligations important for the development of sustainable business practices and sustainability reporting. The approach of the entire value chain is also adopting. In this regard, large entrepreneurs closely study the business models of their business partners, small and medium-sized entrepreneurs, demanding that they meet sustainability criteria, but also directing them towards sustainable business. Small and medium-sized entrepreneurs make up more than 90% of the total number of business entities in the world. They are a crucial driver of job creation and income generation, which is why they play a key role in creating a more sustainable economy, environment and society as a whole. What limits them from reporting on sustainability, how to overcome these limitations and achieve certain benefits through reporting, is the topic of this presentation. The aim is to point out the potential for the development and strengthening of sustainable business practices of small and medium-sized enterprises, but also the need to develop guidelines and standards for sustainability reporting for small and medium-sized enterprises, in order to ensure the quality of sustainability reporting in the future.

Keywords: *small and medium-sized enterprises, sustainability reporting, reporting standards*

PROJECT: SIMULATION OF SUSTAINABLE INTERNATIONAL BUSINESS (SOS IB)



Co-funded by
the European Union



The international strategic project Simulation of Sustainable International Business (SOS IB), supported by the Erasmus+ Programme, brings together three higher education institutions from the fields of accounting, finance and management, as well as an institute for corporate social responsibility, with the aim of developing digital simulations of sustainable international business. The simulations will be performed in a purposely-designed digital tool and adapted for a mobile game. They will enable (online) international collaboration of lecturers through common introduction of innovative pedagogical methods and development of teaching content and international collaboration of students in joint learning through practical simulated cases. Throughout the project, we will also observe how the introduction of international innovative digital learning practices impacts the internationalisation processes in the participating higher education institutions. We are looking forward to successful collaboration, and are inviting other interested colleges, HEIs, companies, NGOs, and individuals to join us.

About the project

The three-year international project Simulation of Sustainable International Business (S.O.S. International Business or SOS IB) addresses the need to make teaching and learning practices more accessible and internationally connected by introducing innovative teaching methods and digital tools.

It is a project by three small higher education institutions (HEIs) from Croatia (RRiF College of Financial Management), Bulgaria (VUM – Varna University of Management) and Slovenia (VŠR – College of Accounting and Finance) as well as the Croatian Institute for Corporate Social Responsibility (IDOP), and was approved under the Erasmus+ Programme of the European Union (Key Action 2: Cooperation Partnerships in Higher Education) at the end of 2021.

VŠR and RRiF have been looking for ways to improve the participation of their students and lecturers in internationalisation processes for a long time. Due to the specific profiles of both – students are mostly employed and have families, and the teaching staff is often active in the real sector – the arrangement of physical mobility is difficult. They are thusly less likely to benefit from internationalisation.

Our needs analysis identified a solution in form of a digital tool that would enable international collaboration and networking of students and lecturers through developing and solving simulations of the real problems in the field of sustainable international business.

Moreover, in light of the COVID-19 pandemic all of the partner HEIs have also recognised the shortcomings of their digital readiness, particularly in the digital literacy of students and lecturers, in maintaining motivation and memorising digitally delivered study content, as well as in maintaining interest in teaching virtually. This prompted us to reflect on the digital possibilities of enhancing the teaching content that would at the same time enrich the pedagogical processes, contribute to better content development, knowledge acquisition and understanding, and ultimately raise the digital capabilities of everyone involved.

Accounting, finance and management are the main fields of the study programmes of the partner HEIs. However, the specifics of national legislations make international cooperation in education in these fields (especially accounting) more challenging and therefore less frequent. Needless to say that the globalised business reality is completely different.

Additionally, the reality of climate change calls for comprehensive introduction of sustainability in all these study fields, which is why we decided to invite the IDOP institute to participate in our project. The Institute, which specialises in introducing sustainable dimensions in different business entities' operations, will ensure that our digital learning content is in line with the latest guidelines on sustainability in (international) business.

The objectives and purpose of the SOS IB project are also in line with the European Union's vision of a digital and sustainable transformation of European societies and economies, as pursued in — among others — the European Green Deal and Europe's Digital Decade.

Project results

DIGITAL TOOL FOR SIMULATIONS

A digital tool for (collaborative) development and implementation of digital simulations of sustainable international business operations, which will be useful in both higher education and business environments. Anyone will be able to produce the content of the simulations. A user guide (with examples of simulations) will be included in the tool itself.

SIMULATIONS OF SUSTAINABLE INTERNATIONAL BUSINESS

Examples of simulations of sustainable international business, which will be tested in teaching processes of the partner HEIs during the project lifetime and further disseminated among other interested HEIs and stakeholders.

MOBILE GAME A mobile game on sustainable international business for individual learning. It will be based on the method of gamification, but without the interactivity of simulations.

CASE STUDY A study on the effects of digitalisation of study processes on internationalisation in small HEIs, based on mixed research methods from social sciences, will be conducted throughout the project. Its findings will be presented publicly at the end of the project.

Project objectives

- design and develop a free digital tool for simulation of sustainable international business for teaching purposes in higher education and business;
- train the teaching staff to use digital simulations and related methods of innovative pedagogy in higher education teaching processes;
- train the teaching staff to integrate sustainability into international business curricula;
- develop and test the developed digital simulations of sustainable international business in the teaching processes of the partners and other interested higher education institutions or companies;
- develop and implement 1-day training modules on using the digital tool for teaching in higher education and business;
- develop a user guide and a tutorial for the digital tool (for students and lecturers);
- adapt the developed simulations and develop a free mobile game on sustainable international business for interested learners;
- carry out a case study about the strengthening of internationalisation through digitalisation of teaching practices in smaller HEIs – the project partners.

Project activities

In the first half of the project, we will develop and design the technological solution for the digital simulation tool, train our teaching staff to use it, after which they will start developing the learning content for the simulations of sustainable international business with the support of the IDOP institute. The tool and the simulated cases will then be tested and improved in our classrooms. The simulations themselves will link different subject areas (of the partner HEIs) and the knowledge necessary for successful international business. This will provide both our lecturers and our students with valuable international and interdisciplinary experience. In parallel with testing the tool in teaching and learning processes, we will develop a mobile game that will

deliver the developed content of simulations of sustainable international business in a non-interactive way to anyone in need of knowledge from this field (e.g. in companies, NGOs, etc.).

In the second half of the project, we will start with trainings for future users of the developed tool in HEIs or (within) companies. We will also develop new examples of simulations with interested HEIs, which will be used in further learning processes within the new partnerships after the end of the SOS IB project. Throughout the project, a study of the impact of introducing digital teaching processes on the internationalisation of smaller HEIs will be carried out. We will publicly present its findings to both national and international professional and broader audiences at the end of the project. The project partners will continue to use the developed project (teaching) content and tool after the end of the project. We hope for a broader use of the tool and a design of joint simulated cases with new partners at home and abroad. This will facilitate the involvement of students and lecturers in international, multidisciplinary and modern educational processes.

INSTRUCTIONS FOR AUTHORS

All the papers dealing with the topics of accounting and management are welcome. All the submitted papers are considered for publication and have been blindly peer-reviewed by two independent reviewers.

The papers are categorized in the scientific, professional and other papers:

- **Original scientific paper** contains previously unpublished original results of scientific research;
- **Preliminary paper** presents the primary findings of research in progress, which requires urgent publication, but without the level of deep and thorough study required for the original scientific paper;
- **Scientific review article** contains a detailed and comprehensive critical review of a certain problem area, but with no significant originality of the obtained results;
- **Professional paper** contains the information and experience relevant for a certain profession, but without scientific characteristics.
- **Case study** contains a description and detailed information about the particular subject or small group.

The Editorial Board determines the category of the paper, based on the reviewers' proposals.

The Journal of Accounting and Management is published in two issues a year.

All the papers should be submitted by mail or email to the address of the Editorial Office. The authors are obliged to follow these instructions:

1. The manuscripts should be written in English.
2. The manuscript should be submitted in a MS Word format.
3. A cover page should be supplied, containing the title of the paper, name(s) and address(es) of the author(s), including the telephone number, e-mail address and the name and postal address of the author(s) home institution.
4. The full paper should not exceed 10 single-spaced pages of text (font: Times New Roman, size 12) including graphs, tables, endnotes and references.
5. The paper should begin with an abstract of not more than 900 characters and maximum 5 key words
6. The Editors reserve the right to make editorial changes in order to adjust the style of the paper to the Journal.
7. The manuscripts are not returned.
8. No payment is made to the authors for publication of the paper.

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Our ethic statements are based on the Committee on Publication Ethics Best Practice Guidelines for Journal Editors developed by the Committee on Publication Ethics (COPE).

Duties of Editors

Publication decisions

The editorial board is responsible for deciding which of the articles submitted to the journal should be published.

The editorial board will be guided by the policies of the journal and constrained by legal requirements related to libel, copyright infringement and plagiarism. Members of the editorial board will confer and refer to reviewers recommendations in making this decision.

Equality

An editor, member of the editorial board or reviewer must evaluate manuscripts for their intellectual content without regard to race, gender, political philosophy, sexual orientation, ethnic origin, citizenship, or religious belief of the authors.

Confidentiality

The review process takes place in two stages. In the first stage the editor must not disclose any information about a submitted manuscript to anyone other than the corresponding author, reviewers, potential reviewers, and other editorial advisers. This stage concludes with an agreement between the author and reviewers about the continuation of their cooperation in the open reviewing forum in which issues of confidentiality do not arise.

Disclosure and conflicts of interest

Unpublished materials disclosed in a submitted manuscript must not be used in an editor's, reviewer's or any other reader's own research without the express written consent of the author.

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Contribution to Editorial Decisions

Reviewers assist the editorial board in making editorial decisions and through the editorial communications during the open review process with the author may also assist the author in improving the paper.

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Any selected referee who feels unqualified to review the research reported in a manuscript or knows that its prompt review will be impossible should notify the editor and excuse himself from the review process. The editorial board is responsible for ensuring the competence of the reviewers

Promptness

Authors will normally receive feedback about the acceptance of his/her paper for the reviewing process within three weeks and in another three weeks s(he) will normally receive the first response from the reviewers.

The editorial board is responsible for ensuring the promptness of responses in the open review process.

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Any manuscripts received for review in the open review process are subjected to the criteria of enhancing their rationality through the mutual rational controls of critical discussion.

Establishing Standards of Objectivity through Critical Discussion

Reviews should be conducted objectively. Authors are encouraged to make explicit the internal criteria they use to evaluate the validity of their contributions to knowledge. Personal criticism of the author is inappropriate. Referees should express their views clearly with supporting arguments in the spirit of enhancing the quality of the paper through the mutual rational controls of critical discussion.

Acknowledgement of Sources

Reviewers should identify relevant published work that has not been cited by the authors. References to the ideas of others should be accompanied by the relevant citation. A reviewer should also call to the editor's attention any substantial similarity or overlap between the manuscript under consideration and any other published paper of which they have personal knowledge.

Disclosure and Conflict of Interest

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Duties of Authors

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Authors of reports of original research should present an accurate account of the work performed as well as an objective discussion of its significance. Underlying data should be represented accurately in the paper. A paper should contain sufficient detail and references to permit others to judge the validity of the contributions to knowledge. Authors are asked to provide the raw data in connection with a paper for editorial review, and should be prepared to provide public access to such data and should in any event be prepared to retain such data for at least two years after publication.

Fraudulent or knowingly inaccurate statements constitute unethical behavior and are unacceptable.

We believe it is important to emphasise that the editorial board is not responsible for copyrights and for any ethical consequences of the publication of any particular contribution (written or in the form of multimedia). However, we expect that all people providing sources of data for published accounts have been given informed consent and that no one in any way involved in the processes of the research has been coerced into co-operation or is unknowingly being co-opted. Authors should have written permission of parents to include photos or videos of children and juveniles into research accounts.

Originality and Plagiarism

The Editorial Board of JAM recognise different cultural beliefs about the acceptability of quoting the ideas of others as if they were one's own. The documents concerning the submission of papers for JAM review recognise these different cultural beliefs and emphasise the statement that 'authors should ensure that they have written entirely original works, and if the authors have used the work and/or words of others that this has been appropriately cited or quoted.'

Concurrent Publication

Submitting the same manuscript to more than one journal concurrently, constitutes unethical publishing behaviour and is unacceptable.

Authorship of the Paper

Authorship should be limited to those who have made a significant contribution to the conception, design, execution, or interpretation of the reported study. All those who have made significant contributions should be listed as co-authors. Where there are others who have participated in certain substantive aspects of the research project, they should be acknowledged or listed as contributors.

The corresponding author should ensure that all appropriate co-authors and no inappropriate co-authors are included on the paper, and that all co-authors have seen and approved the final version of the paper and have agreed to its submission for publication.

Disclosure and Conflicts of Interest

All authors should disclose in their manuscript any financial or other substantive conflict of interest that might be construed to influence the results or interpretation of their manuscript. All sources of financial support for the project should be disclosed.

Fundamental errors in published works

When an author or reader discovers a significant error or inaccuracy in the published work, it is the author's obligation to promptly notify the journal editor and work with the editor to retract or correct the paper.

