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ANALYSIS OF COMMUNICATION WITH THE NON-MARKET ENVIRONMENT: THE CASE OF SERBIAN AND MONTENEGRIN COMPANIES

Analiza komunikacije sa netržišnim okruženjem – slučaj
srpskih i crnogorskih kompanija

Abstract

The aim of this analysis is to obtain data on the companies' communication with the non-market environment. As Baron [3] states, companies could be very successful in their market performance, but, at the same time, failing to manage well their relations with the political and social environment or regulatory bodies. The issue's characteristics, stemming from the fact that businesses operate in various social contexts, could be considered by using the institutional economics, public policy or the CSR approach. In this article, the managerial perspective is dominant. Communications, once understood as a process of exchange with the market forces (buyers, suppliers, distributors), are analyzed as a critical point for successful managing the non-market environment issues. The research is based on the practices and experiences of Serbian and Montenegrin companies. The collected data are one of the indicators of the companies' low commitment to managing relations with the non-market environment. The data in the research section were collected through an online questionnaire with closed answers and Likert scales. In Serbia, 80 companies out of 300 responded to the questionnaires sent, while in Montenegro 52 out of 397 companies in the country's most important economic centers answered to the questionnaires. Besides the cross-country approach, standard descriptive statistics and correlation analysis were applied in the survey. Bearing in mind the fact that a small number of Serbian and Montenegrin companies responded to a simple online questionnaire, this suggests a lack of trust among the respondents, which is often the case when relying on online questionnaires. On the other hand, this low response rate suggests that a large number of companies in both countries are not interested in the problem or that they are insufficiently informed or, furthermore, that they are not at all aware of the importance of non-market communication and corporate social responsibility.

Keywords: *non-market environment, regulatory environment, communication, public relations, event attendance*

Sažetak

Analiza ima za cilj da se dobiju podaci o komunikacijama kompanija sa netržišnim okruženjem. Kao što Baron [3] konstatuje, kompanije mogu biti veoma uspešne u poslovanju na tržištu, a da istovremeno ne uspevaju da dobro upravljaju odnosima sa političkim i društvenim okruženjem ili regulatornim telima. Karakteristike ovog problema koje proizilaze iz činjenice da biznisi funkcionišu u različitim društvenim kontekstima mogu da se razmatraju koristeći postupke institucionalne ekonomije, javnih politika ili društvene odgovornosti korporacija. U istraživanju dominira pristup iz perspektive menadžmenta. Komunikacije, shvaćene kao proces razmene sa tržišnim snagama (kupcima, ponuđačima, distributerima), analiziraju se kao kritična tačka za uspešno upravljanje pitanjima koja proizilaze iz netržišnog okruženja. Istraživanje je bazirano na praksi i iskustvima srpskih i crnogorskih kompanija. Dobijeni rezultati predstavljaju jedan od indikatora nedovoljne posvećenosti kompanija upravljanju odnosima u netržišnom okruženju. Podaci u istraživačkom delu rada su prikupljeni putem onlajn upitnika sa zatvorenim odgovorima i Likertovim skalama. U Srbiji, na poslatic 300 upitnika odgovorilo je 80 kompanija, dok je u Crnoj Gori na 397 upitnika odgovorilo 52 kompanije u najvažnijim privrednim centrima u zemlji. Pored *cross-country* metodologije, u istraživanju su primenjeni i standardna deskriptivna statistika i korelaciona analiza. Imajući u vidu činjenicu da je mali broj srpskih i crnogorskih kompanija odgovorio na jednostavan onlajn upitnik, ovo upućuje na manjak poverenja kod respondenata, što je čest slučaj kod primene onlajn upitnika. Sa druge strane, mali odziv govori o tome da veliki broj firmi u obe zemlje nije zainteresovan, nedovoljno je upućen ili uopšte nije upoznat sa problematikom netržišne komunikacije i društvene odgovornosti kompanija.

Cljučne reči: *netržišno okruženje, regulatorno okruženje, komunikacija, odnosi s javnošću, prisustvo na događajima*

The role of non-market environment

Companies' communication and public relations were mostly focused on the markets: customers, competitors and business partners. Orientation in the communication process toward the market environment did not only dominate but was understood as the only address to which the companies were sending their messages. Now, the companies are aware that not only does the "invisible hand" of Adam Smith [20] create their environment and affect their business results, but the institutions and regulatory bodies do it, too. In the economic theory, criticism of the orthodox, neoclassical theory began much earlier – in the late 1920s, with the works of Veblen, Commons, Hamilton and Mitchel [19]. This theoretical stream is known as the old institutionalism. The revival of institutionalism started in the 1960s, with a full recognition of the importance of this heterodox theory in the late 1990s. The works of Coase [9], North [17], Becker [4], Williamson [26], Hart [13] and Holmstrom [14] have clearly shown that institutions matter, that companies do not deal only with the market forces, but operate in an institutional environment, as well. Having questioned one of the main assumptions of the neoclassical theory, the assumption of perfect information, Coase [9] introduced the category of transaction costs that was of great importance for business subjects. Moreover, the economic theory shifted toward the importance of institutions, formal and informal, such as various kinds of organizations, governmental bodies, political and regulatory bodies. Granovetter [12] recently published a book titled *Society and Economy* (opposite to the Weber's [22] opera magna *Economy and Society*) in order to emphasize the fact that companies are performing in a very complex environment, being influenced by various social factors, norms and institutions. In this research, the focus is on the managerial aspects of companies embedded in the complex structures of the non-market environment.

This phenomenon also influenced the development of certain management strategies that are to define the position of the company toward the non-market environment. At the same time, it was inevitable to redefine the concept of public relations and to create a special public relations campaign directed at the main factors of the companies'

non-market environment. From the managerial aspect, it is important to understand that there is also non-market competition, which means that the non-market strategy of one company is competing with the others, e.g. that the non-market environment is also designed by the competition. The goal is to enrich the communication with the non-market environment and to establish a kind of a non-market strategy. To begin with, the company needs to identify the main issues coming from the non-market environment and to try to influence either their development or its own adaptation to changes emerging from the main institutions, regulatory bodies, political organizations, or, why not, from the activities of the NGOs. Baron [3] is paying attention to the moment when the company starts addressing the issues emerging from the non-market environment. Thus, he is formulating the non-market issues life cycle and strategies [3, p. 36]. Coming back to David Baron, it is important to point to his major contributions to the field of business and its market and non-market environment [3]. This professor of Princeton University made a strong impact by offering a more profound understanding of the role of the non-market environment via formulating its main characteristics – the four Is: a. Issues; b. Interests; c. Institutions; and d. Information. In fact, the issues, interests and information meet in the arena framed by the institutions. However, institutions are not buildings – Granovetter [11] would say that the economic institutions should be understood as social constructions. These "non-market social institutions" [1] are shaping the relations outside the markets – but are strongly linked to it. Boddewyn [6] is proposing to be sensitive to the non-market interactions that could be intermediated not only by public institutions, but also by private institutions and voluntary organizations. Up to now, an abundance of research papers and books [16] has been produced, ultimately seeking a more integrative approach.

The role of information and how to reach the audience in the non-market environment

In Baron's "4 Is" concept, information pertains to what the institutional officeholders know about the issues. Information plays a role of one of the pillars in Bach

and Allen's [2] framework which could be considered as a modification of Baron's 4 Is concept. As a general understanding of company communication and its orientation toward the market environment, particularly toward customers/clients, it was of great importance to find out to what extent the companies in the Republic of Serbia and in Montenegro communicate with the non-market environment. The communication process and PR activities need to be carefully crafted in order to reach the audiences from the institutional and regulatory environment, as well as from the circles of active NGOs that are affecting certain businesses. Reaching diverse audiences [24] calls for different approaches and employment of different techniques (conducting surveys, organizing events in order to produce a platform for meeting with political stakeholders, or other, very particular communication techniques). Besides the fact that firms are usually not very familiar with or in any aspect close to people from governmental bodies or NGOs, the same rules of successful communication apply – the company needs to expect a kind of a message from the decoder destination [23]. The non-market environment is affecting not only large companies, but small and medium-sized, as well. The aim of the undertaken research was also to identify to what extent the non-market communication is exclusively characteristic only of the large market players. However, the first chapter of *The International Handbook on Non-market Environment Valuation* is titled "The rise and rise of non-market environment valuation" [5]. Now, it is generally accepted that a company could be very successful in its market environment, but unsuccessful in dealing with the changes and impacts from the non-market environment. Williamson and Winter [25], inspired by Coase [9], understanding the transaction cost as costs of searching for information, underly the fact that changes in the institutional and regulatory environment are causing massive transaction costs to the companies in order to face the changes and adapt. The companies not only need to keep up with the changes in real time, but also to influence the process of creating new rules and regulations or, moreover, to initiate the changes that could improve the non-market environment in order to become more favorable for businesses. In short, having created a non-

market strategy, the company is increasing its chances for influencing the changes in the market environment. In countries where the regulatory changes are so dramatic and so frequent, as in the transition economies of the Western Balkan countries (such as Serbia and Montenegro), being involved with and influencing the non-market activities is of crucial importance for business success. The companies need to be positioned in their non-market environment. Going back to the fundamental understanding of positioning [18], this means that these activities (and the integrated strategy, as well) should position the company, in the minds of the main actors, in its institutional, political and regulatory environment.

Data description and analysis

This section analyzes the research results of the companies' communication with the non-market and market environment in Serbia and Montenegro. The selection of cities for the Serbian sample was intentional. The sample includes more than 10 cities that are relevant economic centers in the country. In choosing the companies, the authors were mindful that the sample should represent the actual ratio between the number of small, medium and large companies in Serbia. For defining the size of companies, a valid criterion of the European Union was used [21]. In addition to this, we paid attention to the fact that the shares of Serbian business sectors in GDP needed to be credibly reflected in the sample: services 51.1%, industry 38.5% and agriculture 10.4% [8]. A selection of companies from the list of the Serbian Business Directory was prepared by using simple random sampling without repeating. As an instrument for collecting data, an online questionnaire with closed answers and Likert scales was used. Online self-administered questionnaires were sent to marketing managers and PR managers of the selected companies. The interviews were conducted from February 1st to 29th 2016. We sent 300 questionnaires and received answers from 80 companies.

The Montenegrin sample included the most important economic centers in the country. The research was carried out in targeted economic sectors that include: SMEs, IT, trade sector, MBA and tourism. The online questionnaire

was sent to 397 addresses, out of which 52 responses were received.

In the first part, which is the central part of the analysis, the frequency of communication between companies and the non-market environment was measured. The following hypothesis H_0 was tested in the research: *Montenegrin companies have more frequent communication with the non-market environment than the Serbian firms*. The frequency of communication measured included four types of non-market institutions: social community, regulatory bodies, political institutions and local community. As an indicator of communication frequency with the non-market environment, we took into account the share of “sometimes + frequently + always” in the sum of answers. According to the criterion, the hypothesis H_0 would be rejected if the Serbian firms achieved a more frequent communication with a larger number of the abovementioned institutions or under the condition that both Serbian and Montenegrin companies achieved a more frequent communication with two types of institutions. As for the Serbian companies, the most frequent communication was achieved with the social community and regulatory bodies. Communication with the local community and political institutions was much less frequent (Table 1a).

By using the statistical crosstabs technique, we linked the variable “communication with the social community” to the variable “size of the company”. After the crossing, it was established that the largest volume of communication is achieved by large firms with 250 or more employees. According to the results, 14.3% of

large companies sometimes maintain relations with the social community, 57.1% do it frequently, while 28.6% always nurture relations with this type of institutional environment. Large companies achieve the largest volume of communication with regulatory bodies. 28.6% of these companies frequently nurture relationships with regulatory bodies, while 57.1% always maintain communication with this kind of institution. On the basis of the results obtained, 28.6% of the large companies achieve communication sometimes, while 42.9% of them always communicate with political institutions. In terms of local communities, 28.6% of the large companies say that they nurture relationships frequently, 14.3% achieve communication sometimes, while 42.9% always nurture relationships with local community institutions. Based on the results obtained in Montenegro (Table 1b), the companies maintain the highest communication level with the social community and regulatory bodies. This is followed by communication with local community institutions and, finally, with political institutions. When taking into account the cumulative rate of the responses “sometimes, frequently and always”, a slightly higher share of companies that nurture relations with the social community was recorded in the Montenegrin sample (77.8%), compared to 71.4% of the Serbian companies. Serbian companies (62.6%) establish more relations with regulatory bodies, compared to 53.7% of the Montenegrin companies. When it comes to maintaining relations with the local community, 64.9% of the Montenegrin companies, compared to 57.6% of the Serbian companies, communicate

Table 1a: Serbia – Does your company nurture relationships with the non-market environment?

	Never %	Rarely %	Sometimes %	Frequently %	Always %
Social community	13.8	15	31.3	23.8	16.3
Regulatory bodies	16.3	21.3	26.3	16.3	20
Political institutions	48.8	25	12.5	5	8.8
Local community	26.3	16.3	25	16.3	16.3

Source: The authors' calculation.

Table 1b: Montenegro – Does your company nurture relationships with the non-market environment?

	Never %	Rarely %	Sometimes %	Frequently %	Always %
Social community	3.7	18.5	35.2	16.7	25.9
Regulatory bodies	16.7	29.6	20.4	11.1	22.2
Political institutions	48.1	24.1	18.5	1.9	7.4
Local community	9.3	25.9	31.5	20.4	13

Source: The authors' calculation.

with this type of non-market institution. Finally, only 27.8% of the Montenegrin companies, compared to 26.3% of the Serbian companies, nurture relations with political institutions. This minimal percentage difference in the case of political institutions should be taken with reservations due to a possible statistical error in such cases.

Since Montenegrin companies achieve more frequent communication with the social and local community and political institutions than the Serbian companies, it can be concluded that the hypothesis H_0 is confirmed.

When it comes to receiving feedback from the non-market environment, it can be concluded that the response is greater in the Serbian case, i.e. that communication messages in Montenegro were one-sided to a larger extent (Tables 2a and 2b).

Tables 3a and 3b show the frequency with which companies invite the representatives of business partners, regulatory bodies, local communities, the Government, banks and business associations to events they organize. As an indicator of the invitation frequency, the cumulative rate of the responses “sometimes+ frequently+ always” is taken into account.

Table 2a: Serbia – Have you received feedback on your communication messages from the non-market environment?

Never %	Rarely %	Sometimes %	Frequently %	Always %
10	17.5	33.8	23.8	15

Source: The authors' calculation.

In both samples, it is observed that companies mostly invite business partners to the organized events. 44.8% of Serbian versus 66.7% of the Montenegrin companies invite representatives of regulatory bodies to their events, 50.1% of Serbian versus 63% of the Montenegrin companies invite representatives of the local community, 18.8% of Serbian versus 53.8% of the Montenegrin companies invite government representatives, while 48.8% of Serbian versus 87% of the Montenegrin companies invite bank representatives to their events. It is worth noting that Montenegrin companies invite more frequently to their events the representatives of all of the abovementioned institutions. It should be underlined that the frequency of inviting representatives of business associations was measured only in the case of Serbia. In the Serbian case, a positive correlation was found between the variable “company size” (number of employees) and inviting Government representatives to the events (0.497), representatives of the local community (0.364), representatives of regulatory bodies (0.337), bank representatives (0.325), representatives of business partners (0.262) and representatives of business associations (0.237).

Table 2b: Montenegro – Have you received feedback on your communication messages from the non-market environment?

Never %	Rarely %	Sometimes %	Frequently %	Always %
9.3	38.9	33.3	16.7	1.9

Source: The authors' calculation.

Table 3a: Serbia – Do you invite the following parties to events organized by your company?

	Never %	Rarely %	Sometimes %	Frequently %	Always %
Business partners	8.8	1.3	16.8	31.3	45
Regulatory bodies	40	15	22.5	11.3	11.3
Local community	38.8	11.3	18.8	20	11.3
Government	65	16.3	6.3	5	7.5
Banks	27.5	23.8	27.5	12.5	8.8
Business Associations	23.8	18.8	27.5	16.3	13.8

Source: The authors' calculation.

Table 3b: Montenegro – Do you invite the following parties to events organized by your company?

	Never %	Rarely %	Sometimes %	Frequently %	Always %
Business partners	3.8	0	18.9	0	77.4
Regulatory bodies	18.5	14.8	20.4	31.5	14.8
Local community	18.5	18.5	27.8	16.7	18.5
Government	25.9	20.4	27.8	5.6	20.4
Local banks	9.3	3.7	24.1	37	25.9

Source: The authors' calculation.

It is observed that the frequency of invitations to events increases with the number of employees in the company, i.e. big companies invite representatives of those institutions to the events they organize more often.

Regarding how often the representatives of those institutions attend the events, based on the results and employing the same criteria for measurement, it was noted that the Montenegrin companies recorded a greater attendance from all the representatives of the institutions that were observed (Tables 5a and 5b). It should be underlined

that attendance frequency regarding representatives of business associations was measured only in the case of Serbia, where 68.8% accepted the invitation.

In the Serbian case, a positive correlation was found between the variable “company size” (number of employees) and the attendance of business partners (0.213), representatives of regulatory bodies (0.291), representatives of local communities (0.348), Government representatives (0.457), bank representatives (0.372) and representatives of business associations (0.294) (Table 6).

Table 4: Correlation between company size and inviting representatives to the events

	Do you invite business partners to events organized by your company?	Do you invite representatives of regulatory bodies to events organized by your company?	Do you invite representatives of local community to events organized by your company?	Do you invite representatives of the Government to events organized by your company?	Do you invite representatives of banks to events organized by your company?	Do you invite representatives of business association to events organized by your company?	
Company size	Pearson correlation	.262**	.337**	.364**	.497**	.325**	.237*
	Sig. (1-tailed)	.009	.001	.000	.000	.002	.017
	N	80	80	80	80	80	80

*. Correlation is significant at the 0.05 level (1-tailed); **. Correlation is significant at the 0.01 level (1-tailed).
Source: The authors' calculation.

Table 5a: Serbia – What was the response of representatives to your invitations?

	They never respond %	They rarely respond %	They sometimes respond %	They frequently respond %	They always respond %
Business partners	11.3	1.3	3.8	43.8	40
Regulatory bodies	33.8	18.8	23.8	17.5	6.3
Local community	35	15	13.8	28.8	7.5
Government	61.3	12.5	11.3	11.3	3.8
Banks	27.5	18.8	10	30	13.8
Business associations	21.3	10	20	37.5	11.3

Source: The authors' calculation.

Table 5b: Montenegro – What was the response of representatives to your invitations?

	They never respond %	They rarely respond %	They sometimes respond %	They frequently respond %	They always respond %
Business partners	5.6	0	3.7	38.9	51.9
Regulatory bodies	24.1	11.1	13	40.7	11.1
Local community	20.4	13	24.1	24.1	18.5
Government	24.1	14.8	25.9	24.1	11.1
Local banks	13	0	16.7	38.9	31.5

Source: The authors' calculation.

Table 6: Correlation between company size and response rate of representatives to company invitations

	Response of business partners	Response of regulatory bodies' representatives	Response of local community representatives	Response of Government representatives	Response of bank representatives	Response of business association representatives	
Company size	Pearson Correlation	.213*	.291**	.348**	.457**	.372**	.294**
	Sig. (1-tailed)	.029	.004	.001	.000	.000	.004
	N	80	80	80	80	80	80

*. Correlation is significant at the 0.05 level (1-tailed); **. Correlation is significant at the 0.01 level (1-tailed).
Source: The authors' calculation.

As it can be seen, the greatest correlation is recorded in the case of attendance of Government representatives. It is noted that the attendance frequency of the representatives increases with the size of the company, i.e. representatives will attend more often the events organized by large companies.

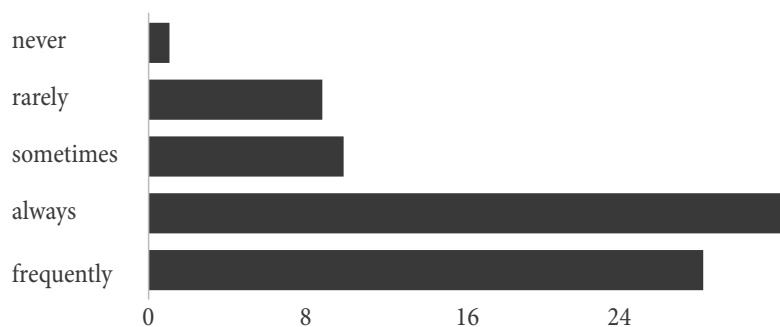
In the next segment, the companies' communication with the market environment was analyzed. In the Serbian sample, we measured communication between companies and banks, competitors and business associations, while in the Montenegrin sample communication with the market in general and with banks was measured. As an indicator of frequency of nurturing relationships, the cumulative

rate of the responses "sometimes, frequently and always" was taken into account (Figures 1-3). Serbian companies maintain relations mostly with banks (87.5%), followed by competitors (81.3%) and business associations (67.6%).

When it comes to the Montenegrin sample, 90.7% of the companies maintain relationships with banks, and 90.8% of them with the market in general.

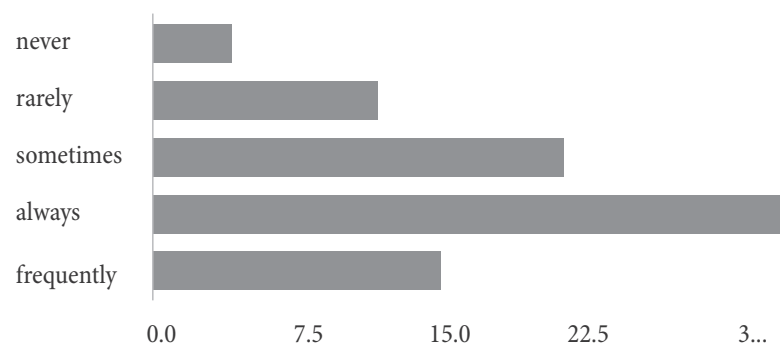
When economic sectors are taken into consideration, the following results have been recorded in Montenegro (Figures 4- 5). When frequency of communication is considered, small and medium-sized companies, as well as companies from the IT sector, are the ones that stand out.

Figure 1: Serbia – Does your company nurture relationships with banks?



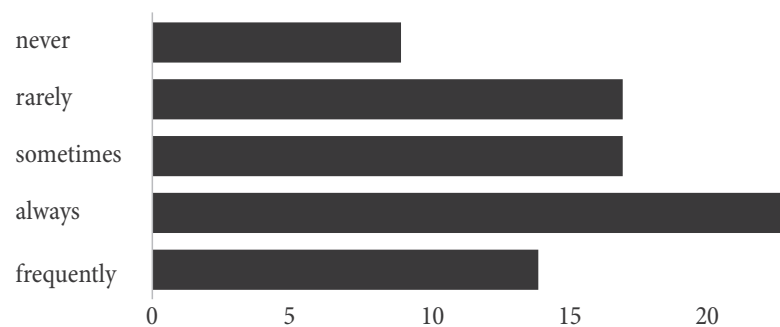
Source: The authors' calculation.

Figure 2: Serbia – Does your company nurture relationships with competitors?



Source: The authors' calculation.

Figure 3: Serbia – Does your company nurture relationships with business associations?



Source: The authors' calculation.

Table 7: Montenegro – Does your company nurture relationships with the market environment?

	Never %	Rarely %	Sometimes %	Frequently %	Always %
Banks	1.9	7.4	7.4	29.6	53.7
Market	1.9	7.4	9.3	31.5	50

Source: The authors' calculation.

Tables 8a and 8b show the extent to which companies received feedback from the market environment. As an indicator of the frequency of receiving feedback, the cumulative rate of the responses “sometimes+ frequently + always” was taken into account.

The results obtained show that Serbian companies receive more feedback from the market environment.

When asked the question “Are your public relations a product of your company’s activity, external agency or mixed activity?”, 70% of the Serbian companies answered that the relations were a product of their own activities,

22% of mixed activities, and 2.5% of an external agency. In the Serbian sample, as opposed to small and large companies, a higher response rate according to which public relations are product of mixed activity (42.1%), or product of an external agency (5.3%) was recorded in medium-sized companies (50-250 employees). When asked the same question in Montenegro, 81.5% of the companies claimed that public relations were a product of their own activities, 14.8% that they were a product of mixed activity, and 3.7% that they were a product of the activity of an external agency. It should be noted that there is a significant positive correlation in the Serbian sample between the variables “Are your public relations a product of your company’s activity, external agency or mixed activity” and “receiving feedback on the company’s communication messages from the non-market environment” (Table 9).

As it can be observed, correlation between the variables “Are your public relations a product of your company’s

Table 8a: Serbia – Have you received feedback on your communication messages from the market environment?

Never %	Rarely %	Sometimes %	Frequently %	Always %
3.8	13.8	31.3	38.8	12.5

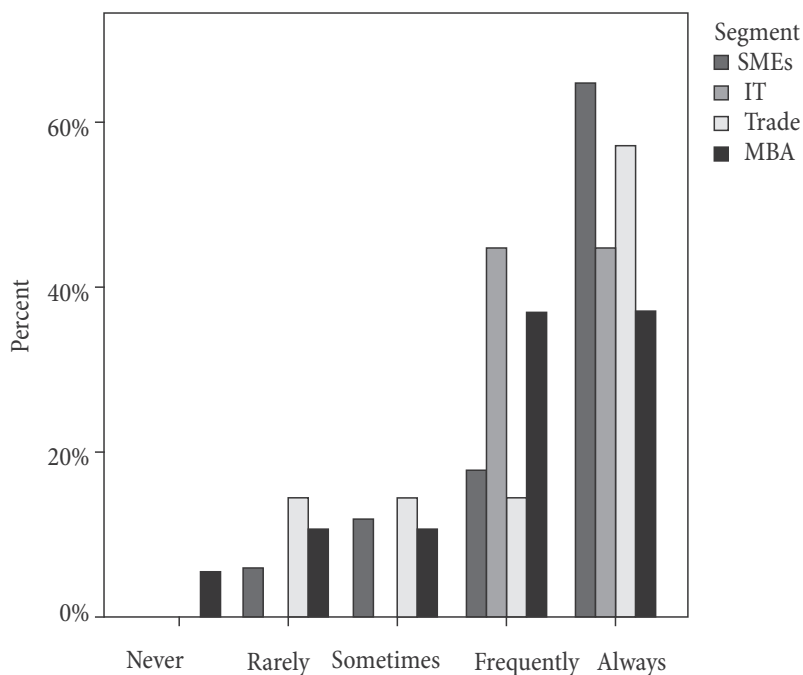
Source: The authors' calculation.

Table 8b: Montenegro – Have you received feedback on your communication messages from the market environment?

Never %	Rarely %	Sometimes %	Frequently %	Always %
1.9	44.4	31.5	16.7	5.6

Source: The authors' calculation.

Figure 4: Does your company communicate with the market?



Source: The authors' calculation.

activity, external agency or mixed activity?” and “receiving feedback on the company’s communication messages from the market environment” was not significant.

When asked “How do you address the public?”, 40% of the Serbian companies claim that they initiate debates, 36.3% try to solve social problems, while 23.8% have a newsletter that is open to communication. In Montenegro, 44.4% of the surveyed companies have a newsletter that is open to communication, 31.5% of companies try to solve social problems, while 24.1% initiate debates. In Serbia, 85% of the surveyed companies visit relevant websites, 10% indirectly comment on electronic news through social networks, while 5% actively post comments on the websites. In the Montenegrin sample, 66.7% of the respondents read the sites, 16.7% indirectly comment on electronic news through social networks, and 16.7% actively participate in the comments. According to Madhurd Chaturvedi [7], with the explosion of social media usage around the world, social media websites have become an important platform for businesses to engage with customers, prospective customers, employees and candidates. In order to interact with the existing and prospective customers, companies use external social media platforms. By using the social media, they reinforce brand

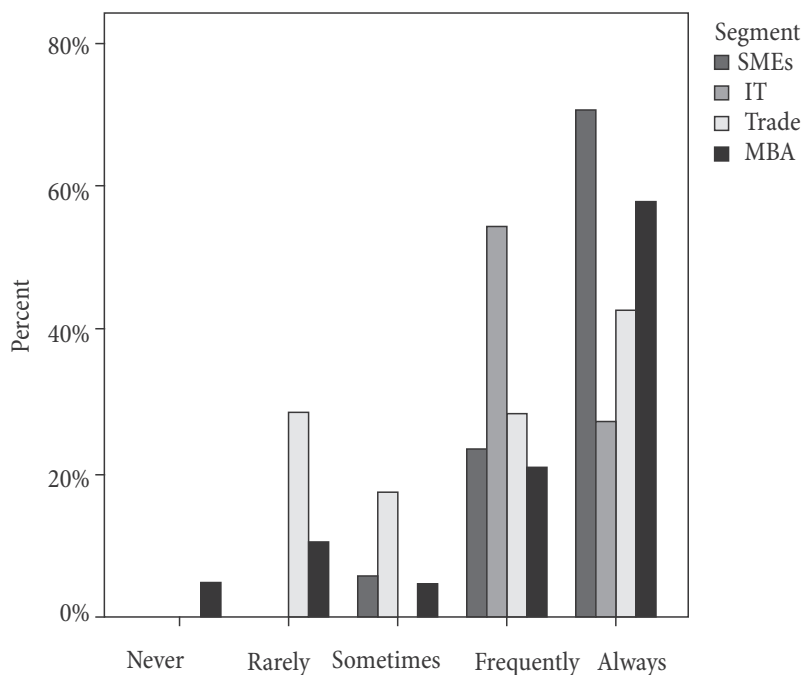
messaging, influence customer opinions, provide targeted offers, provide services to customers more efficiently and improve social responsibility (*ibid*).

Conclusion

The research was carried out in order to detect the awareness among the Serbian and Montenegrin companies of the importance of creating non-market strategies [10]. Adapting to the institutional framework, augmenting or trying to transform the performance of the regulatory bodies, could create a value for the companies. However, the precondition is to manage effective ways of communication with the factors playing roles in the non-market environment. Communication could be seen as a starting point for a more integrative approach to this issue.

Having in mind the fact that only 26.6% of Serbian and 13.1% of the Montenegrin companies responded to a simple online questionnaire, it should be pointed out that there is a lack of trust among the respondents, which is often the case when relying on online questionnaires. On the other hand, a low response rate suggests that a large number of companies in both countries is not interested, not at all aware or purely uninformed of the importance

Figure 5: Does your company communicate with banks?



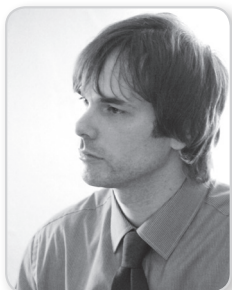
Source: The authors’ calculation.

of non-market communication and corporate social responsibility. This indicates a significant qualitative difference compared to corporate management in the developed countries [15]. The research has shown that Montenegrin companies establish more frequent communication with the non-market environment. On the other hand, the Serbian companies receive more feedback from non-market institutions. This could be explained by a higher level of organization of Serbian non-market institutions, i.e. the quality of communication messages sent by the Serbian companies to the aforementioned institutions. It has been established that Montenegrin companies invite more frequently to their events representatives of business partners, regulatory bodies, local communities, governments and banks, and they record a higher attendance of those representatives at the events. In the Serbian case, it has been established that the frequency of invitations to such events and attendance of the representatives increase with the number of employees in the company. Large companies invite to their events more often, and representatives attend their events more frequently. Both in case of the invitations and the attendance, the most pronounced correlation with the variable “size of the company” is recorded in the case of government representatives. When it comes to nurturing relations with the market environment, Serbian companies communicate mostly with banks (87.5%) and competitors (81.3%), while the Montenegrin ones maintain relations mainly with the market in general (90.8%) and with banks (90.7%). When it comes to the method of addressing the public, a larger percentage of Serbian companies opens a debate and initiates resolution of a social problem, while a larger number of Montenegrin companies have a newsletter that is open to communication. More companies in Serbia read relevant websites, while a larger number of Montenegrin companies indirectly comment on electronic news on social networks and actively post comments on websites. In both countries, most of the companies use their own sectors and departments to manage public relations, while a very small number engages external agencies.

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