



www.sjm.tf.bor.ac.yu

Serbian Journal of Management 2 (2) (2007) 147 - 155

---

---

Serbian  
Journal  
of  
Management

---

---

## MARKET DEVELOPMENT IN GORNJE POLIMLJE AND THE NECESSITY OF TOP MANAGEMENT INTRODUCTION IN FUNCTION OF NEW OPERATIONS

J. V. Bulatović<sup>a\*</sup> and G. D. Rajović<sup>b</sup>

<sup>a</sup>Visoka strukovna tekstilna škola za dizajn, tehnologiju i menadžment, Beograd

<sup>b</sup>"DIS", Beograd

(Received 12 May 2007; accepted 10 September 2007)

---

### Abstract

*This work agitating problem market processing in Gornjem Polimlju. Represent are basis phase process market, area, and structured changes. One of priority is and probability inducting top management in market organization. Show him through technology and procedure administrative practice, realization organization activity as to create channel traffic, determining, create strategy tactics and practically practice, abetment motivation, management informatics and management economy process.*

*Keywords:* Gornje Polimlje, market, organization, top management

---

### 1. INTRODUCTION

Gornje Polimlje area is locate between Kolašin municipality (west), Podgorica municipality (south-west), serbian-montenegrin-albanian border (south), AP Kosovo and Metohija and Rožaje municipality (east), Bijelo Polje municipality (north) and Republic of Serbia (north-east).

As for administrative-territorial belong,

Gornje Polimlje is including three municipalites: Berane, Andrijevisa and Plav. Total area is 1.486 km<sup>2</sup>. According to 1991. census in three towns, borough Gusinje and 109 villages there was 64.954 inhabitants, in other words 43,7 inhabitants per km<sup>2</sup> [1].

System of goods exchange is inseparable from the economy. Along with economy development the bulk and structure of goods excahnge were also changing. Gornje

---

\* Corresponding author: jelica.ilic@sbb.co.yu

Polimlje is in many characteristics exponent of one area, where every cause of life transformations in changing processes is taking part indirectly or by consequences.

Economy turnover is very important on amount of market employment, so it must be considered seriously as social-economic phenomena. First aspect of market influence on economy is mostly forgotten in emphasise of economy effects. We are considering this unacceptable, because the purchase of agricultural-foods, fuel, grease etc., is the direct consequence of market interest in economy fluctuations.

Besides this direct transformation, via retail, market is achieving very important effect on economic, inkeeping and other objects which are directly participating in formation of economic offer [2]. This is directly reflecting on market activate and development. That is confirmed by the fact that the market turnover, for those kind of goods that are objects of economic demands, has to fit into economy and has to play important part in structural changes of economic consumption and her growth. Of all economic activities exactly the marketing can adjust to economic consumption because it has more flexible features [3].

The other aspect in economic part of marketing network is coming to distinct not only by its development, organization, space arrangement, but also by its assortment and quality of services [4].

## **2. PHASES OF MARKET DEVELOPMENT**

Rather favorable economic conditions for cattle raising, relatively fertile land on which various cultivations could be grown, would be a strong influence to economic development.

Internal market and trade were undeveloped until the town of Berane was found (in 1862 Berane was found as military colony for the needs of turkish army). In the time of natural economy, shortage of money introduced cattle, copper dishes, weapons, salt, grain etc. as means of payment. All articles were used as substitute for money during land purchase or sale, exchange of goods etc. Main crossroad of East and West was exactly this area, when the caravans moved from Istanbul, Skoplje, Niš towards Podgorica, Skadar, Dubrovnik and opposite.

In the other half of nineteenth and at begging of twentieth century this area enabled to its population thanks to domestic market selling of cattle, fodder, alcoholic drinks, wood products, products (salt, textile, dishes, petroleum etc). According to M. Lutovac informations, trade from livestock fairs in Gornje Polimlje was moving towards Skadar, Podgorica, Kosovska Mitrovica, Peć [5].

Old Skadar road down the Lim river along Gusinje, merchants were moving cattle, hide, wool and bringing salt, oil and tobacco. But because of newly created border between Turkey and Montenegro (1878) there were smuggler exchanges, which could be bypassed only by going through wastelands or by secret crossings [5].

Next period is represented by mixture of population activities, and the strenghten of one activity toward another (handicrafts-trade), crystallizing the main economic routes. In spite of all troubles (going to unknown, separation from the family, risk and others), relatively large number of Gornje Polimlje population in this period was beginng to engage with trade. But the main soil of their production still remained agrarian production.

Balkan wars, then First World War, crop

failures (1926.,1927.,1928.), great economic crisis (1929-1933), and finally Second World War were the events that effected in market slander.

In this period, after First World War, relation between merchants and consumers-peasants was especially interesting. Merchants gave goods to peasants on loan, so they had many "customers by book", which asked for salt, gas, oil, nails for horse shoeing etc. Payment of a debt was rather simple. Merchants went to villages and from their debtors they took best sheeps, wool, and even a cow or an ox. Cattle estimation was done on the place and the debt was written off from the "book". Taken cattle was later resaled.

After First World War there were two periods in trade development. In first from 1918-1929, trade was rising, and later it slandered. The recovary of area gradually started from 1934.

Because we have not enough information's on market development in the area, we will be using meager information's from M. Savić. In the year 1921. in the area were 22 slaughterhouses, 24 vegetable stores and 25 stores. Same author is quotes that in the year 1929.from the Berane market was exportet 5 railroad cars of wool, 6 railroad cars of cheese, 2 railroad cars of cream, 50 railroad cars of potatoe, 30 railroad cars of sheep, 40 railroad cars of grain, 50 railroad cars of corn, 5 railroad cars of plum, 5 railroad cars of apple, 1000 oxes, 500 cows, 1200 sheeps, 500 goats, 1000 swines, raw hides, fures, alcoholic drinks, wood products [6].

On the eve of the Second World War in Gornje Polimlje was 40 merchant stores. also Berane, Andrijevica and Plav had livestock fairs, grain market, hay market, wood market, wood products market and

"womens" market on which domestic products made by women, and also milk products were sold [7].

### 3. AREA AND STRUCTURED CHANGES IN MARKET

After Second World War in the period of reconstruction the advantage was given to products activity development. Trade experienced essential changes regarding its social part and significance. Collective and state sector of trade strengthened by removal of private stores and favoring goods from socialist network. Collective trade network was dominant (present in almost every village), and the main exporter of agricultural products and main importer of industrial products. From year 1948. private capital participation was ceased in the goods turnover.

Actual common trade enterprise forms its warehouses and stores in Berane, Andrijevica and Plav. From nationalized private stores in year 1949. Republic trade enterprise was formed, which was reorganized in 1950. to Main purchasing enterprise, and in year 1954. into "Jasikovac" enterprise. In the same year in Berane an enterprise "Poljopromet" was formed only to be integrate in Podgorica enterprise with the same name which was changed into "Prehrana".

Trade enterprise for mixed and industrial goods turnover on a large scale "1. May" exists in Andrijevica since 1953. It operates with assortment of goods spacious consumption and is the main supplier of municipality and partialy of neighboring areas (Berane, Gusinje i Plav).

In Plav-Gusinje basin there was not one local trade organization, and so collective farms took their tasks along with trade firms

from Berane, Andrijevica and elsewhere. Holder of agricultural products purchase (meet, cheese, potatoe, medicinal herbs etc.) was collective farm "Aljo Hot" from Gusinje.

Along with these trade firms in Gornje Polimlje some of other stores outside this area were operating: "Jugopetrol", "Borovo", "Košuta", "Ibar", "Gradina", "Elektrotehna" i druge.

Proceeding from importance of trade for economy development, we can ask question whether is trade of Gornje Polimlje adequate and adapted to population economic requirements? The answer to this question we will obtain when we look at level of trade development in this area so far. That level we can perceive through main quantitative and qualitative changes during a relatively longer period. Besides this trade on small scale is the best illustrate on economic trend of Gornje Polimlje so far.

We can at once notice insignificant participation of trade capacities, which Gornje Polimlje possessed in these years, or to say in other words trade never longed to fit into creation of economic offer. Achieved growth rate of trade capacities (Berane and Andrijevica - 2, 00%, Plav - 2, 34%) was not the result of accelerated economic development, but rather divided and unorganized trade network. From the same reason, in Gornje Polimlje, during this period, turnover growth was achieved expressed in thousands of diners from 69.972 (year 1968.) to 3.744.507 (year 1992.) or by year growth rate of 0,08%.

Total trade turnover calculated by current prices and achieved by on inhabitant, in this period by one inhabitant, increased fastest in Plav by the rate of 0, 11%, and slowest in Berane and Andrijevica - 0, 07%. We believe that Plav's fastest trade turnover increase helped tourist turnover. "It is too much to

emphasize the effects that would be achieved by production and sale of souvenirs and articles of domestic production" [3].

This datas are giving the full picture of accessible level of trade network development. Fact that capacities in Gornje Polimlje are not brought to required level is seen from underlined data. That data are telling us of Gornje Polimlje's small number of employed by one trade capacity (2,1), unsufficient trade room of 11.777m<sup>2</sup> and dissatisfiing number of stores per inhbatians (231).

Trade development on small scale could be realized on the base of reports on work of municipalities economic departments. In year 1998. In Andrijevica municipality, there were 37 stores, in Berane municipality 472 and in Plav municipality 76. Average number of employees by store was 1,3 in Andrijevica and Plav and 1,5 in Berane. Number of inhabitants per store was from 82 in Berane, 180 in Andrijevica to 254 in Plav. According to this, in new conditions of marketing economy trade network of Gornje Polimlje must change in its structure i adapt to new needs, in aspiration to get close with its users and customers.

Since there was no quality way of trade functioning enforcement in case of Gornje Polimlje, in the period ahead some concrete measures must be undertaken:

Optimal concept of capacity build and adding of characteristic functions in trade, while the sale capacities and technical-distributive capacities would have priority,

Reconstruction and modernization of existing capacities, and build of new one. Here we think of department stores system, supermarkets and specialized stores. These capacities have no place or notable part in existing trade network of Gornje Polimlje.

Table 1. Small market by municipalities in Gornje Polimlje

Municipalities	1968.	1978.	1984.	1992.	Growth rate 1968 – 1992.
<b>Berane and Andrijevisa</b>					
À) number of stores	133	189	228	227	2,00
B) turnover in thousands of diners	59.992	471.700	2.717.000	3.351.592	0,71
C) turnover by residents	1.256	8.541	52.745	73.420	0,07
<b>Plav</b>					
À) number of stores	32	59	72	57	2,34
B) turnover in thousands of diners	9.980	105.400	564.000	392.915	0,11
C) turnover by residents	516	4.830	32.925	20.353	0,11
<b>Gornje Polimlje</b>					
À) number of stores	165	248	308	334	2,06
B) turnover in thousands of diners	69.972	577.100	3.281.000	3.744.507	0,08
C) turnover by residents	1.772	13.371	85.670	93.773	0,08

Source: RZS, Municipalities in Montenegro (appropriate year)

Under these stores, we assume existing of trade firms that would engage in sale of drinks, groceries, homemade products, souvenirs etc. This could be in function not only for domicile inhabitants, but also for economic market. Besides we think that this would stimulate agricultural sector-purchase,

by means of market research function unites. That function should equally include market and optimal acquisitions, analysis and prognosis of market. According to this, market demands must be seriously treated and respected [4].

Table 2. Expanse dispersion of trade network by municipalities of Gornje Polimlje in year 1989.

Area	Number of inhabitants by store	Number of employed by store	Sale keep scope in m <sup>2</sup>
<b>Berane and Andrijevisa</b>	196	2,2	9.330
<b>Plav</b>	402	1,6	2.447
<b>Gornje Polimlje</b>	231	2,1	11.777

Source: RZS, Municipalities in Montenegro (appropriate year)

cooperation etc.

Overcome division of trade network, improve quality of service, mutual cooperation of trade, touristy-catering and other economic organizations and

Cooperation of mentioned organizations

#### 4.NECESSITY OF TOP MANAGEMENT INTRODUCTION IN MARKET FIRMS OF GORNJE POLIMLJE

In order to help faster development of

market in Gornje Polimlje and to use all potential possibilities, it is necessary to make many changes, starting from social treatment of this area, to concrete measures of market and total economic policy. Amongst these changes, that have to be achieved, top management introduction in market firms of Gornje Polimlje is priority and necessity in order to fulfill desired results. This research is not the only one pointing on them, but also the considerable number of positive experiences from other regions of Europe.

In theory we have a standpoint, in practice it is confirmed, that the handling functions and topics of market business system top management are differing through next organisational activities:

- channel turnover creation,
- decision making,
- strategy creation, tactics and operation of practical affect,
- motivational urge,
- informatics management and
- business processes management [8].

Channels of turnover present the roads which could be used for goods transportation from producers to its final users. Through channel of turnover main flows of this activities are developing, organizing trade work.

Through trade three main flows of these activities are developing, and they must be permanently designed and coordinated:

- flow of merchandise and services (flow of merchandise worth), from primary producers, through processors and merchants, to final consumers,
- money flow (flow of monetary worth), which is operating in other direction than above mentioned,
- flow of informations, which is developing in different directions [9].

Top management of trade organization

must be familiar with all these flows, so he can track them and creatively direct them towards well-being of his organization, but also for well-being of his business partners and social-economic environment in which the business is performed.

Communication is very important function in every business system. The more is trade system jagged, the greater is communication's influence. Communication in trade can be classified, so there exist:

- visual, verbal, tactile, auditive, scent and other sensual sorts of communication,
- intended, planned, unintended, unplanned communication,
- indirect and direct,
- direct (telephone), correspondence (writing), internet and other,
- interpersonal and others as much as imagination of manager [10].

Decision making is the main activity of top management in marketing. "Skill of decisions making lie down in timely and rationally decision making, not too early not too late, not decisions that can't be performed, not decisions that must be taken by other man" [11]. Therefore, good informations are the base for successful decision making. If level of management is higher, informations are all-inclusive, up-to-date and valid.

Policy creation, tactics and operations is achieved through process of decision making in top management. Trade organization policy comes from choice of development vision and mission of top management, which represent base for further operations in practical conditions. In trade important parts of top management are: policy of communication, policy of purchase, policy of marketing logistics, policy of sale, policy of promotions, financial, staff and other.

Strategy of business making presents

middle-period and long-period of business making and making of right moves for market organizations. Tactical part of this strategy is achieved through operative decision making and performing in short time period. Work process presents practical implementation of chosen strategy and tactics. Strategy, tactics and operations are achieved through business plans, middle-period and long-period programs of business making and other project instruments of management and market organization. By strategy we can achieve many business projects, chose and lead drastic turns in way of work and business of market organization. Tactics are adopted through making short-period decisions and operative plans.

Which strategy, tactics or operation will manager apply in market organization and in certain situation, which depends of many circumstances, like:

- his knowledge and capability,
- position of market organization in channels of flow and in interactive relationships with environment,
- top management, which is limited by type of firm, or by type of merchandise flow of mentioned organization,
- it's psychological constitution,
- achieved position and authority in market organization and other factors.

Motivational urge on buyer to buy more, business partner to cooperates, is important function of every top manager in market organization. In marketing theory, business psychology and staff management many classical and modern theories were formed, most notably one from Abraham Maslow (hierarchy of human needs), Sigmund Freud (unconscious mind), Carl Jung (collective unconscious), russian scientist Pavlov (conditional reflexes) etc. Top managers in

market organizations should know these and other motivational theories, in order to understand subject with whom are communicating, psychologically urge to desirable behavior in mutual or individual work.

Successful top manager must direct data and his ability is demonstrated by his obtain of relevant informations and right decision making. This is exactly the reason for top manager's strategy development, tactical and operational informations, using all needs, to get more quality informations in his work [12].

Considering that business world is everyday overflowed with informations, top manager in market organization must perform careful choice of informations and according to them to make quality decisions. So in order to achieve quality informations, in market organization he should form suitable marketing of informations system, for quality of identification, gathering, processing and preparation, efficient shipping and store keeping of relevant business informations [13].

Process management in marketing requires skill, talent and knowledge of management. It includes many activities of business system: market research, purchase, delivery, storage keeping, offer promotion, profit disposal of goods on target marketing etc. Successful top manager in marketing should know in which period of life cycle (creation, growth, development, maturity, decline) his market organization is, or its product (non-invested product), in order to take measures to revitalize (market, technology and other) market organization, or product.

It is necessary for top management to operatively covers all field of activities, especially these works:

- trade organization planning and goods assortment planning,
- tracking of plan carrying and concrete measures undertaking, if plan is not working out in desired way or desired dynamics,
- tracking of legal regulation and carrying out concrete management activities,
- development of evidence business and directioning of informational flows,
- tracking of competition and tracking of competing markets, substitute and complementary products,
- managing of staff policy (admission, training, managing, tracking and control of staff),
- promotion of trade organization and programs she's offering etc [14].

Neglecting any of these spheres of activity can create problems in trade organization, no matter if the other aspects of business are decently covered. That is why top managers of trade organizations must, not only do tracking of business aspects of their business systems, but also they have to track business and cultural events in their environment, and also events on science and business technology field, where one can obtain many chances but also many challenges, that can promote or obstruct results of top managers business in trade organizations.

## 5. CONCLUSION

Examining the results which we gathered during our research, it is emanating that the market capacities of Gornje Polimlje are not brought to necessary level of development, which is obvious when we look at the data from 1998. In Andrijevica municipality there were 37 stores, in Berane municipality 472 stores, and in Plav municipality 76 stores. Average number of employed in the stores of

Andrijevica and Plav municipality was 1,3, and in Berane municipality 1,5. Number of inhabitants on one store was between 82 in Berane municipality, 180 in Andrijevica municipality, to 253 in Plav municipality. According to this, in new conditions of marketing economy there is no considerable fittage in economic offer creation.

In order for market development in Gornje Polimlje and adequate use of potential possibilities, it is necessary to make many changes, starting with social treatment of this area, concrete measures of marketing and total economic politics. With this many changes, top management introduction in market firms of Gornje Polimlje are priority and necessity if we want to achieve full effect. This research is not the only one pointing on them, but also the considerable number of positive experiences from other regions of Europe.

## Literature

1. G.D.Rajović, Geography basic evolution for economy Gornjeg Polimlja, "Vedes", Beograd, 2005, pp.2.
2. S.Marković, Z.Marković, Economy tourism, "Školska knjiga", Zagreb, 1972, pp.31-42.
3. M.Knežević, Plavsko-Gusinjski territory, Terms for evolution tourism, Special publishing, SGD, Vol.50, Beograd, 1979, pp.157-165.
4. S.Kasalica, North Montenegro, Tourism-geography study, "Univerzitetska riječ", Nikšić, 1988, pp.209-216.
5. M.V.Lutovac, Ivangradsko (Beranska) basin, Geographical institute SANU, Special publishing, Vol.CCLXIX, Beograd, 1957, pp.93-111.
6. M.Savić, Ours industry, vocation, market and agriculture, Sarajevo, 1929, pp.116-125.
7. R.Boričić, V.M.Lutovac, D.Petrić, Ivangradska community, Labor university, Ivangrad, Ivangrad, 1967, pp.51-64.



8. J.Gerry, Exploring Corporate, Prentice Hall, New York,1998, pp.122.
9. E.Weigrad Fit Products and Channels to Zour Markets, Harvard Business Rewie, 1997,pp.429.
10. N.Kaven, Managing the Major Sale, American Management Association, New York,1984, pp.5.
11. D.Jokić, Entrepreneurship how rationalize, start up and successfully overrule proper business, Scientifically research centre, U□ice, 2000, pp.245-246.
12. J.Argneti, Systematic Corporate Planing, Allen Unwin, 1971,pp.64-65.
13. G.Reiss, Programme Management Demystified, EFN Spon, London and New York, 2000, pp.76.
14. J.V.Bulatović, G.D.Rajović, Marketing and project management Geographically information system, VIII International Symposium of Project Management, Zlatibor, Serbia, 09-12 May, 2004, pp.267-270.