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EDITORIAL

PhD Dragana Pokrajcic (1955-2013), a professor at the Faculty of Economics – University of Belgrade, died in May this year. With her own knowledge, intellectual honesty and authority, through her critical and constructive review of manuscripts from the areas of business economics and management, colleague Pokrajcic, as a member of the Editorial Board of *Economic Horizons,* significantly contributed to the improvement of the quality of the Journal. Along with gratitude, we have been remembering her with respect and sadness.

Taking into account the new editorial policy of the *Economic Horizons* scientific journal, its essential enhancement, and technical equipment in both printed and electronic versions, in accordance with the standards of the reference scientific journals – Issues 1, 2, and 3, Volume 14, the Ministry of Education, Science and Technological Development of the Republic of Serbia prepared a Proposal (July 16, 2013) based on the opinion of the Scientific Committee for Social Sciences, assigning a higher category: M51 to *Economic Horizons* for 2013, and as a result, the Journal has been classified as a leading scientific journal of national significance.

In this way, we would like to inform the academic community and the professional public that the Ministry of Education, Science and Technological Development of the Republic of Serbia has participated in funding issue of the *Economic Horizons* scientific journal - Decision No. 451-03-1490/2013-14-3, dated May 14, 2013.

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The Volume 15, Number 2 of the *Economic Horizons* scientific journal contains three original scientific and two review papers, one book review, and Acknowledgements to the reviewers of the manuscripts submitted to the Editorial Board of the Journal in 2012.

By identifying the four key determinants of the quality of the information communication technologies (ICT) use in enterprises' clusters: the level of ICT investment, the quality of management, the level of the process quality, and the quality level of the ICT strategy, through a critical and comprehensive, above all theoretical research, *Zora Arsovski* develops an appropriate model of the quality of ICT solutions implementation in enterprises' clusters. Then, she empirically tests the concerned model on the sample of 53 enterprises in the Republic of Serbia (RS) by employing the valid scientific instrumentarium – Pearson's correlation coefficient, a multiple regression analysis, and the MATLAB software package. Determining the level of the determinants of ICT applications in RS and the impact of the variables in the model on the quality of ICT solutions as well as the extension of the model by identifying the possibilities of including additional variables are the relevant practical implications of the conducted research. The hypothesis that the level of the quality of ICT application can be predicted with a high reliability and thus the impact of ICT application on enterprises' performances in the cluster has been confirmed.

Relying on the survey research – conducted on the sample of 310 home-based enterprises in 2011 – of the structural features and spatial distribution of the informal economy in the Republic of Serbia (RS), *Vera Gligorijevic* and *Petar Vasic* analyze the two important characteristics of the informally employed in RS: their educational structure and individual business skills. Through the research, the main hypothesis that the educational structure of the informally employed does not significantly differ from the education of the formally employed, and that the modernization of the informal economy and its integration in the formal flows are possible, has been confirmed. Besides, it has been confirmed that the educational structure of the informally employed depends on the settlement types in which the enterprises operate and on the distance from Belgrade, as the central market, while individual business skills, in addition to the distance from Belgrade and the type of the settlement, depend on the gender composition of the respondents.

In accordance with the internationalization of business and frequent fluctuations in foreign exchange rates, information about the influence of change in foreign exchange rates on the financial and return position of individual enterprises as well as multinational groups becomes increasingly important. After identifying the key accounting aspects of foreign currency translation and discussing the accounting treatment of a transaction in a foreign currency, *Jasmina Bogicevic* conducts a research into enterprises' transaction exposure to different types of foreign exchange risk and considers financial hedging transactions in a foreign currency. Through her empirical research, the hypothesis that there is a statistically significant correlation between the level of enterprises' transaction exposure to different types of foreign exchange risk and the degree of the implementation of currency hedging. At the same time, it has been established that enterprises in the Republic of Serbia are not sufficiently informed either about the accounting implications of foreign currency translation or about the possibilities of using financial instruments to protect against currency risk.

After the conceptual demarcation between the market failures and the so-called non-market, i.e. government failures, and specifying the relationships between information problems and finding non-market solutions, *Dragan Petrovic* explores the relevant aspects of the problems of financing public goods, coordination and conflicts and the role of rent-seeking behavior. Through the reassessment of the role of political processes and particularly the regulatory function of the state, the key hypothesis that the government policy aimed at correcting the market failures may cause a worse state in the economy in relation to the state which could be achieved under the conditions of the absence of the respective policy has been confirmed.

Marking the process of counting claims for compensation and the process of the total sum of the paid indemnity as the basic processes of non-life insurance companies' business, *Zlata Djuric* discusses the essential aspects of encompassing risk in non-life insurance using an appropriate collective model. Modeling and simulating concrete business problems are enabled through the treatment of these processes in the risk theory as stochastic processes. The main hypothesis that the risk theory – despite its limited practical applicability – provides an adequate framework for monitoring, analyzing, and predicting numerous risk situations as well as guidelines for mitigating and overcoming problems that may arise has been confirmed through a comprehensive research into the collective risk model, the modeling of the number of claims and the total sum of paid compensations, and specifying the principles of premium calculation.

The current issue of the Journal also contains a book review: Cecchetti, S. G., & Schoenholtz, K. L. (2011). *Money, Banking, and Financial Markets.* (The 3rd Edition). New York, NY: McGraw-Hill Education.

On behalf of the Editorial Board and my own behalf, I would like to thank, first of all, the authors of the papers published in this issue. At the same time, we owe special gratitude to the reviewers for their efforts and constructive comments and guidelines for the authors of the submitted manuscripts.

Acknowledgements to the reviewers of the manuscripts submitted to the Editorial Board of the Journal in 2012 – of which the positively double-blind reviewed manuscripts were published (as the original scientific and review papers, and book reviews) in Issues 1, 2, and 3, Volume XIV, in 2012 - is a special allowance in Issue 2, Volume - 2013 of the Journal.

We would like to inform the domestic and international academic community that *Economic Horizons* is being indexed in the database of the scientific journals: *EconLit* (American Economic Association Publications) since May 2013.

Editor-in-Chief
Slavica P. Petrovic

Slavica P. Petrovic is a professor at the Faculty of Economics, University of Kragujevac. She received her PhD degree in business economics and management at the Faculty of Economics, University of Belgrade, Serbia. The key areas of her scientific interest and research are systems thinking, organizational cybernetics, systems methodologies for structuring management problem situations, soft and critical management science.