

THE IMPACT OF GLOBALIZATION ON THE DEVELOPMENT THE CIRCULAR ECONOMY IN SERBIA

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ABSTRACT

The fact is that globalization in itself is a contradictory and very current topic, so one of the motives for this research is to review / understand how the trends and challenges of global progress reflect on the development of the circular economy. The subject of this paper is posed in the form of a question: what is the role of the concept of globalization in the implementation of the circular economy? Has the circular economy been implemented in Serbia, which, like the rest of the world, is included in the globalized world? The aim of the work is to investigate how, through which factors and mechanisms globalization contributes to the implementation of the circular economy, as well as whether the mechanism and significance of that influence is implemented in companies or is more present in the minds of individuals as a theoretical concept. It can be concluded that the ubiquity of globalization, i.e. the connection of consumers, companies, states, the availability and dissemination of information, the dissemination of knowledge influences the implementation of circularity and that the

awareness of it is present, but that it is still more at the theoretical level than that the circular economy has really been implemented in Serbia. The success of organizations in global competitive business conditions is connected with the application of circularity, that is, with the transition from line to circular economy, and standards can contribute to this because they represent frameworks for the implementation of circular economy principles.

Key words: circular economy, globalization, circular economy standards

JEL classification: F6

INTRODUCTION

Globalization is a process that encompasses the economic, political and cultural integration of countries around the world. This process shapes our present but also the future and affects the circular economy and sustainable development and changes the way organizations achieve success.

As the trends of the new global order are reflected in the circular economy, and in accordance with the set goal and subject of the research, the paper presents the impact of globalization on the development of the circular economy, including an analysis of the representation of the circular economy in Serbia.

The paper is based on the analysis of the literature that defines the concept of globalization and circular economy, the analysis of the available literature that defines the impact of globalization on the development of the circular economy, as well as the analysis of the survey conducted on the topic of the representation of the circular economy in Serbia.

TEORETICAL OVERVIEW

The literature review included research into the relationship between globalization and the circular economy, primarily through their adequate definition and impact. Globalization is a process in which consumers, companies, as well as national governments, are increasingly interconnected in various relationships that overcome their national borders. The essence of the globalization process lies in the increasing mobility of people, capital, goods and services, information and knowledge.

According to (Nealon's) views, globalization is a process of international integration that is the result of a continuous exchange of ideas, cultural aspects, products and worldviews. This allowed companies to continue to expand around the world, but connect across multiple continents (Nealon, 2020).

Globalization is a process that changes the world and plays a key role in overall world development (Momirović, Nestorović, Milosavljević, 2010). Globalization has changed the way that organizations must approach success.(Perrine, 2018)

The term globalization has many different definitions. According to Giddens, globalization is the intensification of worldwide social relations that connect distant localities in such a way that local events are shaped by events happening many miles away and vice versa, thus changing all aspects of our daily lives (Giddens, 1990). In his book on the contradictions of globalization, Štiglić says that globalization is a tighter integration of the countries and peoples of the world, which is achieved by breaking down artificial barriers for the flow of goods, services, capital, knowledge and (to a lesser extent) people across borders (Štiglić, 2002).

Petrović and his colleagues point out that the process of globalization has contributed to the fact that the functioning of companies has become very complex and is based on adequate preparation and appreciation of the need for flexibility, a well-thought-out market presence, professional staff, an elastic organizational structure and the like (Petrović, Vićentijević, Stefanović, and Stanić, 2014).

It has been confirmed in the literature that *the circular economy model* is increasingly important, precisely because of the benefits it provides, and that globalization is a very complex phenomenon that can be approached from several different aspects.

Historically speaking, the concept of circular economy (CE) was primarily created within a special economic discipline called environmental economics. Since the term circular economy was first used (Kenneth Boulding in 1996) until today, there have been numerous attempts to define the circular economy. If we want to simply explain the circular economy, it would mean that it is about how to keep the resources we have in the cycle

of production and consumption as long as possible. Everything revolves around resources, how to use them as rationally as possible. Transitioning to a circular economy model is not an easy task, and according to Mihajlov, the circular economy is not a state, but a process concept (Mihajlov, 2018). According to Vukadinović, "The definitions of circular economy include

economic growth, promote renewable energy, include the notion of "restoring" and "replenishment" of resources" (Vukadinović, 2018). The OECD (Organization for Economic Cooperation and Development) indicates the importance of the circular economy in promoting economic growth "The OECD believes that the efficient use of resources and the improvement of the transition to a circular economy can help not only material security, but also the improvement of environmental and economic results" (OECD, 2022). According to the Ellen Mac Arthur Foundation, the circular economy is an industrial system designed to be restorative and regenerative (Ellen Mac Arthur, 2013).

The contribution of the circular economy to the development of economic resilience

It is very important that the economic system values resources, because an economic system that does not value resources appropriately and does not stand against unlimited economic growth is unsustainable in the long term because resources are limited. The circular economy envisages that through greater reuse of a large number of materials obtained from products that have completed their life cycle, it will contribute to economic growth. That is why the concept of a circular economy, which extends the life cycle of products, while simultaneously saving non-renewable natural resources, through the reduction, reuse, recycling and reuse of raw materials, energy and waste, is a response to complex relationships in sustainable development-significant in a globalized environment, and the circular economy is an advantage for society, the economy and the environment. Integrating circular economy principles into business models and strategies can increase the economy's ability to deal with unpredictable changes, crises and economic challenges, making it more resilient and sustainable in the long term. Developing and strengthening the concept of resilience is essential. One of the important pillars of resilience according to the OECD is the resilience of the economy. Circular economy plays an important role in building a resilient economy. By creating a circular economy we can

create a stronger system and flatten or even reverse some of the trends that now threaten the existence of future generations.

The focus on efficient use of resources, reduction of waste and development of sustainable business models contributes to the long-term stability and prosperity of the economy.

RESEARCH METHODOLOGY

The circular economy and globalization are two important topics that are interconnected. The research method applied in this paper, in order to deal with the topic of the impact of globalization on the circular economy, is:

- Systematic analysis and synthesis of views from available literature on the topic of circular economy, globalization and mutual dependence of circular economy and globalization. Recently available paper were reviewed, extraction and integration of views on the importance and impact of globalization on the circular economy was carried out.

- Conducting a survey and analysis of survey questionnaires on a group of 50 respondents, on the territory of Serbia, and on respondents with a university degree and with work experience of over 10 years.

In accordance with the title of the topic, in order to process it, we set the following hypotheses:

H1: Globalization can positively influence the circular economy

H2: The principle of circular economy is implemented in Serbia

Analysis and proof of hypotheses

In the analysis of the first hypothesis (H1-*Globalization can have a positive effect on the circular economy*), we start from the well-known position that globalization is a process in which consumers, companies, as well as the governments of countries, increasingly connect with each other in various relationships that go beyond their national borders. The essence of the globalization process lies in the increasing mobility of people, capital, goods and services, information and knowledge.

As Lončar points out, globalization brings numerous changes and requires constant adaptation, while companies must direct their strength towards survival and constantly strive to increase competitiveness and adopt new

knowledge. On the other hand, it is very important to function within the principle of sustainability, which is given a significant stamp by the circular economy (Lončar, 2019). Circular economy is also mentioned in the views of Mitrović and Pešelj as a way of securing a sustainable future. According to the opinion (Mitrović, Pešelj) there is no dilemma at the global level - the circular economy is the only way that will help us ensure that we will be able to live on Earth in the future. However, when that concept is tried to be applied at the level of companies, it becomes obvious that it is not enough to

simply prescribe what companies should do. The implementation of the circular economy at the level of companies is very complicated because for some companies it could mean that they have to leave their profitable business and radically redesign themselves by stepping into the unknown and developing a new set of competencies (Mitrović, Pešelj, 2021).

The world is becoming mutually integrated and everything that happens locally can be reflected globally (Nićin et al. 2017). Globalization is a phenomenon that is bringing the world closer together through the exchange of information, goods, culture and finance (Krouse, 2019). It is necessary for countries to respond to the processes of globalization with quality, because connecting regions contributes to the sharing of knowledge and experience, the exchange of raw materials that are needed for the circular economy, the expansion of the market for the exchange of circular economy products, the reduction of costs, because connecting countries that jointly participate in research and development can reduce costs invested in research and development, better cooperation, coordination and reduction of obstacles in the implementation of the circular economy. In support of this are the views (Radović-Marković, Vujičić) which explain that progress in communications, technology and transport has made the world a unique global field and has significantly contributed to the process of globalization" (Radović-Marković, Vujičić, 2014a).

Our proposed hypothesis (*H1: Globalization can have a positive effect on the circular economy*) aims to review and prove the positive impact of globalization on the circular economy, ignoring the fact that globalization can also have negative effects on the development of the circular economy (e. g. excessive consumption and the creation of large amounts of waste). We live in a society that is increasingly globalized (SRPS Z.Z2.001:2022), so if we start from the position that the Internet and social networks are

important components of globalization, it is clear that with the help of the Internet we can easily access information about the circular economy, but they also exchange information between experts from different countries through the Internet, which contributes to the development and implementation of new technologies. In fact, although it is known that globalization cannot be reduced only to connectivity (Internet, fast transport, etc.), it is clear that without these connectivity factors we cannot talk about globalization. Globalization can provide access to and implement new technologies, knowledge and information about the circular economy that are being developed in other parts of the world. As stated by Gračanac, in

order for a company to participate in the international competition, it must rely on increasingly complex technologies, maximum flexibility, products adapted to the specific market and a wide network of suppliers (Gračanac, 2009). On the ability and knowledge of individuals and organizations, ie. management of organizations is to recognize the concepts of the circular economy that are applicable in their organizations. Namely, each organization has its own approach to the introduction of the circular economy in accordance with its business model. It is necessary to analyze the potential for applying the circular economy model in every organization (Stoimenov, 2022).

Based on the above-mentioned views, we can state that our first hypothesis ("Globalization can have a positive effect on the circular economy") has been confirmed.

In the analysis of the second hypothesis (*H2: The principle of circular economy is implemented in Serbia*), we start from the question where is Serbia in the concept of globalization and circular economy? Whether due to the ubiquity of globalization, is the mechanism and importance of that influence implemented in companies or is it more present in the minds of individuals only as a theoretical concept? The answers to these questions are complex, and this paper represents an attempt to present the impact of globalization on the development of the circular economy and the implementation of the circular economy in Serbia, given that globalization led to the integration of Serbia into the global system, or Through globalization, Serbia became part of the world.

Like the rest of the world, Serbia is included in the globalized world, which means that it is connected to other countries and markets, and that its

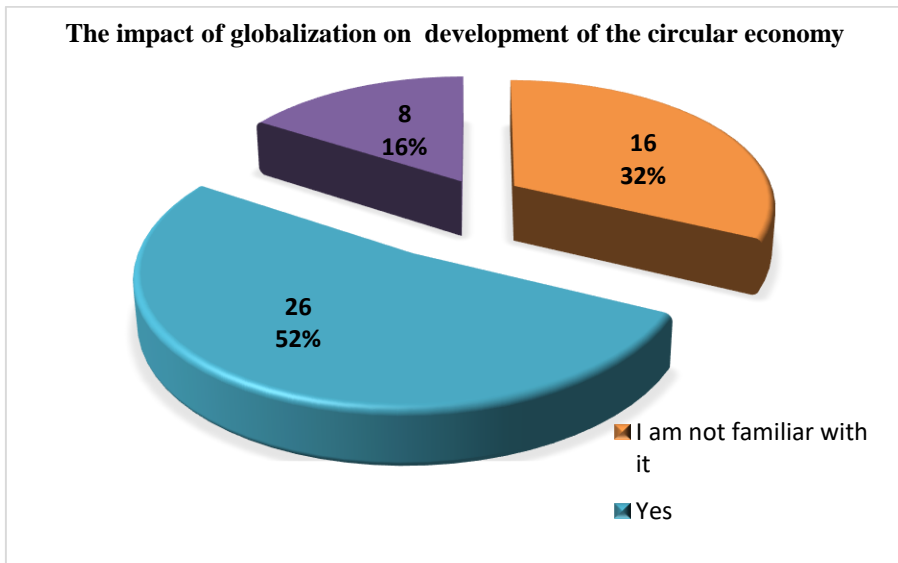
development is closely related to global economic, political and cultural trends. The circular economy in Serbia as a developing country represents the potential for progress and solving many environmental and social problems and requires the application of new technologies. Although a very complex concept, the circular economy represents a signal for future successful business. Adopting the new information technologies that globalization has brought with it, Serbia can learn from other countries that already have a developed circular economy, applying best practices and innovative solutions. This could contribute to accelerating the development of the circular economy in Serbia.

The questionnaire consisted of 3 key questions, created in a word document and distributed via e-mail. In addition to basic information about the person filling out the questionnaire, the questionnaire also contains questions that should provide information on examples of the application of the circular economy due to the ubiquity of the impact of globalization. Participation in the research was on a voluntary basis. The research results are presented in accordance with the defined questions and answers.

First of all, through the survey, it was necessary to find out if the respondents think that globalization has had a positive impact on the development of the circular economy in Serbia? Analyzing all the answers, the following is reached: out of 50 participants in the survey, 26 respondents (52%) gave an affirmative answer to the question of whether globalization had a positive effect on the development of the circular economy, 8 respondents (16%) gave a negative answer, while 16 respondents answered that they do not know whether the impact of globalization on the circular economy is positive. (Table 1 - The impact of globalization on the development of the circular economy, Graph 1 - The impact of globalization on the development of the circular economy). This situation clearly indicates that there is an attitude / opinion about the positive impact of globalization on the circular economy, while only a small number of respondents believe that there is no positive side of the impact of globalization on the circular economy.

Table 1: *The impact of globalization on the development of the circular economy*

Do you think that globalization has had a positive impact on the development of the circular economy in Serbia?		Business entity	Local government	Other	In total
1	I am not familiar with it	8	1	7	16 32%
2	Yes	15	7	4	26 52%
3	No	3	3	2	8 16%
In total		26	11	13	50

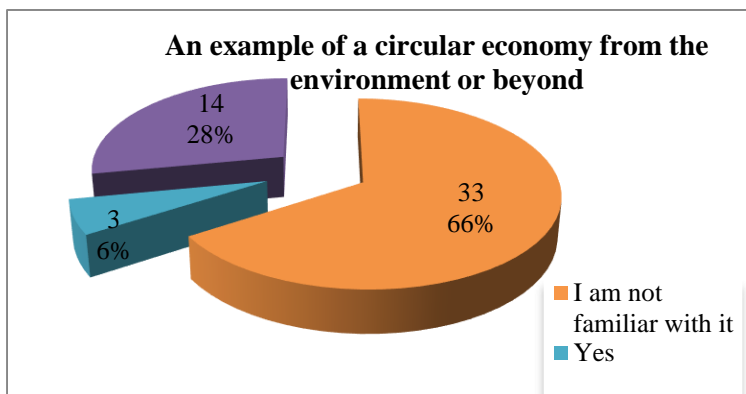


Graph 1: *The impact of globalization on the development of the circular economy*

The previous question was followed by a question that asked the participants to declare about to their knowledge, is there an organization in the environment that applies circular economy? Table 2 - An example of a circular economy from the environment or beyond, Graph 2 - An example of a circular economy from the environment or beyond. The largest number of respondents was 33, i.e. (66%) declared that he did not know that there is an example of an applied circular economy in the environment, while 3 respondents declared that they know an example from the environment, while 14 respondents (28%) believe that there is no example of a circular economy from the environment.

Table 2: *An example of a circular economy from the environment or beyond*

Is there an example of an applied circular economy in your area?		Business entity	Local government	Other	In total
1	I am not familiar with it	18	2	13	33 66%
2	Yes	1	1	1	3 6%
3	No	6	2	6	14 28%
In total		25	5	20	50



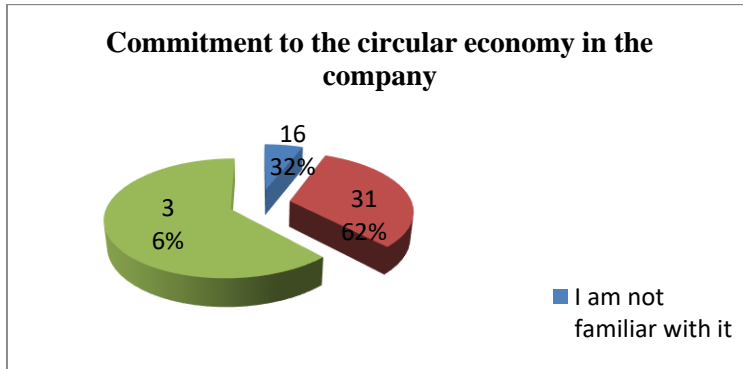
Graph 2: *An example of a circular economy from the environment or beyond*

This situation clearly indicates that despite the ubiquity of the great importance of the circular economy, the circular economy is still at a theoretical level, given that the implementation of the circular economy is in its infancy and only some organizations have implemented the circular economy or only a circular chain.

In the further analysis of knowledge of the impact of globalization on the development of the circular economy, i.e. commitment to the circular economy in any form, the respondents should have indicated whether any form of commitment to the circular economy is present in the organization in which the employees are present (education about the circular economy, plans for implementation or applied circular economy)? Table 3- An example of a circular economy from the environment or beyond, Graph 3- An example of a circular economy from the environment or beyond

Table 3: *Commitment to the circular economy within the respondents' companies*

Is there a commitment to the circular economy in any form (education, implementation plans, implementation...) in your company?		Business entity	Local government	Other	In total
3	I am not familiar with it	3	0	0	3 6%
1	Yes	8	6	2	16 32%
2	No	27	3	1	31 62%
In total		38	9	3	50



Graph 3: *Commitment to the circular economy within the respondents companies*

The largest number of respondents was 31, i.e. (62%) declared that none of the mentioned forms of circular economy are present in the company where they work, while 3 respondents (6%) declared that they did not know whether there is any form of commitment to the circular economy in the company, and 16 respondents (32%) declared that there is a commitment to the circular economy within the organization, without a detailed explanation of what form of commitment it is.

Based on the above-mentioned views, we can state that our second hypothesis (H2: The principle of circular economy is implemented in Serbia), the circular economy was mainly implemented as a theoretical concept, but it still needed a lot of time to implement it. The results of the transition are still not satisfactory and indicate that much more efforts should be made to stimulate the implementation of the circular economy at different levels.

As the primary step for the transition to the circular economy is the creation of a business plan for the implementation of the circular economy as well as strategic planning oriented towards circular business models, it can be said

that standards would speed up the transition process to the circular economy. National norms for the circular economy were introduced by Great Britain B.S. 8001:2017 and France XPR 30-901. In 2022, Serbia

adopted the SRPS Z.Z2.001 standard, called the framework for the implementation of the circular economy in organizations - Instructions, which is a translation of the British standard 8001:2017, and it is expected that the process of implementing the circular economy will be accelerated because the specified standard is a form signposts and guidelines.

CONCLUSION

The paper points to the existence of the dependence of the concept of globalization and the circular economy, although the results of the implementation of the activities of the circular economy are not visible, although the process of the circular economy in Serbia is more like a theoretical concept, supported by institutions, the practical implementation is very demanding and long-lasting. We live in an increasingly globalized society. The processes of the circular economy have started, but there is a wide space and an evident need to expand the field. In order to invest efforts for implementation, organizations should determine the importance of the circular economy for their businesses and identify the beginning, which will be influenced by the fact that Serbia has adopted a standard that represents the framework for the implementation of the circular economy. Organizations need to determine the importance of the circular economy for their businesses and identify when to start. The circular economy in today's global economy contributes to resistance to external shocks and the creation of conditions for the economy to be resilient in the supply of resources. Overall, the circular economy can help build a resilient economy that is more resilient to economic, environmental and social challenges.

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