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ENTREPRENEURSHIP DEVELOPMENT IN THE REPUBLIC OF SERBIA

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Abstract:

The aim of this paper is to further elaborate on the concept of entrepreneurship and the possibility of its development in the Republic of Serbia. Namely, Serbia is a country aiming at further improving its economic situation, and is investing all its efforts into providing necessary conditions for entrepreneurship development. That could be achieved through five crucial pillars related to financial support, personnel support, finance and taxation, achievement of competitive advantage in export markets, as well as the legal, institutional and business environment.

Key words:

encouragement,
significance,
implementation,
support,
competitiveness.

1. INTRODUCTION

Entrepreneurship is a process of universal connectivity, which allows business ventures, acquisition or expansion of an existing business (Vesković, 2014). An entrepreneurial venture encompasses production resources that are trying to start a business enterprise, expecting the achievement of a reasonable income. The resources include: personnel, equipment, tools, money, basic raw materials and time. They need to recognize and be able to reduce losses and increase profits. So, whatever the branch of industry it belongs to, the entrepreneurial process is the same everywhere in the world, and starts from the idea, conceptualization, establishment, its commercialization and growth. Therefore, entrepreneurship represents a very important factor in life, business, and development of a country that should strive, through various incentive programs to help to develop entrepreneurship in both urban and rural areas (Avlijaš & Avlijaš, 2012). Consequently, the basic hypothesis of this study is based on the fact that the Republic of Serbia (RS) could create new job opportunities on its territory, especially for younger staff as well as for the female population by investing in development and promotion of entrepreneurship.

2. RESULTS

Material impact, gained through profit, income and earnings, are often seen as the most direct way in which the company affects social well-being, but it can be achieved in other ways as well: through employment, providing support to the community, meeting the needs of society by offering diverse products and services expanding technological innovation, knowledge, providing training *etc.* (Avlijaš & Avlijaš, 2013).

According to the current economic situation in Serbia, creating job opportunities is the main priority on the list, as many surveys from 2012 show, SMEs contributed with 72% to total employment, which justifies this hypothesis. The economic crisis has contributed to a drop in employment in the enterprise sector. Namely, since 2009, the number of entrepreneurial activities decreased by 12% and the number of employees was reduced by half (Center for Advanced Economic Studies, 2014).

The studies have shown that a large number of entrepreneurial activities in Serbia have evolved and developed in accordance with the number of markets, as well as the dynamics of local, regional and international business, because there is a large number of entrepreneurs who start or continue to export outside our country, and according to the ability of the economy to achieve growth in the long run, it definitely depends on the ability to set itself competitively in foreign markets. In Serbia, the best results are shown by companies linked to agribusiness, around 6,000 companies related to the food industry, processing of metal, wood, furniture, as well as those who provide services related to consulting, computer programming and software development (Center for Advanced Economic Studies, 2014). The listed companies undoubtedly have great potential to penetrate the international market. Providing assistance to entrepreneurship development is carried out using a variety of funding agencies, banks, government programs, foreign direct investment and more. Since 2008, the framework for SME development was the *Development strategy of competitive and innovative small and medium-sized enterprises* for a certain period of time, which is in line with the Small Business Act, the basic act of the SME development policy in the European Union (B92, 2014).



The impetus on development of entrepreneurship and SMEs in Serbia was presented through 5 pillars:

1. **Promotion and support of entrepreneurship and establishment of new enterprises. Credit support and grants.** The Republic Development Fund (RDF) provides start-up loans. The National Employment Service (NES) organized a program awarding subsidies for self-employment, as well as subsidies to employers for creating new jobs. The program of support to young companies within the undeveloped area, includes a non-refundable, one-time, financial support. **Training for beginners in business, the National Agency for Regional Development (NARD)** and NES organize trainings. It encourages the development of youth entrepreneurship with the help of aid agencies of the United States of America (United States Agency for International Development, USAID) and insists on encouraging the creation of student companies and teacher education in secondary schools. **Education for Entrepreneurship**, NARD and Accredited Regional Development Agency (ARDA), provide a range of services to young people and emphasize the importance of regional cooperation. Promoting and encouraging entrepreneurship by organizing various panel discussions, international trades, competitions, the inclusion of women's entrepreneurship, networking informational and educational internet portals. **Women's entrepreneurship** is a special segment of stimulating development through aligning the business requirements of international standards, in particular by providing loans (National Agency for Regional Development, 2014). These activities explain the action of RS regarding the justification of the proposed hypotheses.
2. **Human resources for the competitive SME sector.** In 2012, the government adopted the Strategy for Development of Education in the Republic of Serbia, which covers the period up to 2020 and that should not affect the creation of a positive and responsible atmosphere in relation to entrepreneurship. EBRD provided its assistance in manpower, in terms of training and experts who were sent to perform an advisory function (Vesković & Bakrač, 2015). The Center for Education and Vocational Training of the Serbian Chamber of Commerce, organizes various forms of training, and seminars (National Agency for Regional Development, 2014).
3. **Financing and taxation**, increased activity of granting loans, assistance from the Agency for Export Insurance and Financing (AEIF), followed by adoption of the *Regulation on conditions for the encouragement and development of enterprises within the underdeveloped local governments*; The Serbian government provides grants and mixed support programs; NARD implements the *Support Programme Competitiveness of SMEs* aiming to align business with international standards. The program for enterprise development and innovation of the Western Balkans and USAID are very active in this field as well; The activities of Tax Administrations are greatly improved, particularly by using electronic services, which undoubtedly shows that the RS government is very engaged in improving the professionalism and efficiency of administrative factors, in order to prove the proposed hypotheses (National Agency for Regional Development, 2014).

4. **Competitive advantages of SMEs in export markets. The support of innovation**, which is supported by international institutions, such as the World Bank, the European Union (EUREKA, FP7/HORIZON, CIP/COSME) and the Government of the Republic of Serbia. It encourages cooperation with the European Network of Entrepreneurship. **Export support**, which is largely provided by Serbian Investment & Export Promotion Agency (SIEPA), who organize presentation activities regarding Serbian entrepreneurs around the world, as well as trade fairs, especially within the food, electronic and construction industries. **Support to clusters** operate through NARD and SIEPA. **The standards and technical regulations** are consistent with the European through help of the Institute for Standardization of the RS (National Agency for Regional Development, 2014).
5. **The legal, institutional and business environment** insists on the introduction of discipline within the financial system, which relates to income tax on the terms of settlement and more (National Agency for Regional Development, 2014).

Table 1. The impetus on the development of entrepreneurship in the Republic of Serbia

1.	Promotion and support of entrepreneurship and founding of new companies
2.	Human resources for the competitive SME sector
3.	Financing and taxation
4.	Competitive advantages of SMEs in export markets
5.	The legal, institutional and business environment

3. SUMMARY

The presented results are based on the set hypothesis, which evidently shows that the Republic of Serbia plans, develops and promotes activities related to entrepreneurship and invests in the development and promotion of entrepreneurship. In addition, it was shown that this manner allows for creation of new job opportunities in Serbia, especially for younger staff as well as the female population. This is best seen through the following activities referred to government institutions and agencies: employment subsidies, which were a major impetus to this sector, as well as the support in education; Start-up loans (Development Fund of the Republic of Serbia); Items related to the change and introduction of discipline in the legal, business and institutional environment; Support Programme for SMEs to enhance innovation; Competitiveness Support Programme (NARD) and the program for encouraging competitiveness and internationalization of companies (SIEPA).



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RAZVOJ PREDUZETNIŠTVA U REPUBLICI SRBIJI

Apstrakt:

Cilj ovog rada jeste da detaljnije objasni pojam preduzetništva i mogućnosti za razvoj istog u Republici Srbiji. Kao država koja pokušava da poboljša svoje ekonomsko stanje, Srbija nastoji da na svaki način obezbedi neophodne uslove za razvoj preduzetništva. To se ostvaruje kroz pet ključnih stubova koji su vezani za finansijsku podršku, podršku ljudstvu, finansiranje i oporezivanje, ostvarivanje konkurentske prednosti na izvoznim tržištima kao i za pravno, institucionalno i poslovno okruženje.

Ključne reči:

podstrek,
značaj,
primena,
podška,
konkurentnost.