

THE POSSIBILITIES AND LIMITATIONS OF ENTREPRENEURSHIP DEVELOPMENT IN AGRICULTURE IN SERBIA

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Summary

The Republic of Serbia is very convenient for agricultural production: large, high-quality arable land, favourable climate conditions for all agricultural cultures, rich flora and fauna, rich tradition and developed scientific institutions are the priceless treasure of Serbian agriculture. However, the results of numerous research show that Serbian agriculture competitiveness is based on cheap production factors compared to other countries (soil, workforce, other inputs). One of the ways of solving this situation is larger application of entrepreneurial type of production in agribusiness, for which there are great possibilities in Serbia. This paper analyses the position of agriculture at the moment, and points out the importance and the need for faster and wider development of an entrepreneurial orientation in this sector. Serbia is in the EU accession process, and therefore the imperative of approaching the European model of doing business and the need for companies and family economies in agribusiness to build and protect their competitive advantages. In order to achieve this goal, traditional weaknesses should be overcome, so education and introduction of entrepreneurship into the school system are a good basis for farmers to have a stronger influence on the economic policy carriers as well as the adequate treatment of agricultural sector at the macroeconomic level.

Key words: *agriculture, entrepreneurship, agricultural policy, competitiveness*

JEL: *Q13, Q17*

Introduction

Agricultural producers in Serbia are nowadays faced with the changed conditions of doing business, reflected in much bigger competition in the domestic market on one hand, and the

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open possibilities of exit into the large international markets of the EU, Russia and others on the other. The exit into foreign markets is possible if the products are competitive compared to the foreign producers. That competitiveness must not be based on the low cost of input alone, but also the application of modern knowledge and innovations, that is, the synergy effect of all the competition factors. Knowledge is the key factor of competition in the modern global economy, so that knowledge acquisition and application can successfully substitute the limitations of certain resources and enable reaching better effects with less input.

Positive experiences of the developed countries show that entrepreneurship is an important factor in the complete economic development, and therefore agribusiness as well. With the age of growing uncertainty at the global level, and a large number of countries entering the processes of social and economic transition business activities have reduced so entrepreneurship has become the main catalyst for the economic development. Entrepreneurship is the ability of undertaking activities with the aim of achieving the desired goal, considering the readiness to fight against obstacles, uncertainty and risks. Population, employment, the battle against poverty and environmental protection with the condition of productivity increase and business efficiency are in the focus of entrepreneurship.

Although many strategic documents point out a great importance of agriculture and rural areas, the state and local governments have still not created sufficiently incentive social and economic environment for rural and agricultural development, especially in certain regions and areas of the Republic of Serbia. There are many weaknesses present; unfavourable age structure, old-fashioned mechanisation, unregulated market of agricultural products and uncertain placement, insufficient melioration, undeveloped rural infrastructure, mechanisation, price disparity, etc. SMEs and entrepreneurship in agriculture development can largely reduce the above mentioned weak points and turn them into development chances of our country. This is true, especially considering the trends of growing demand for (organic) agriculture products, rural tourism development, European integrations, as well as the announced greater support of the state for the development of this sector.

The aim of this paper is to point out the low level of entrepreneurship development in Serbia in general, especially in agriculture. Numerous examples of the developed countries show the results that can be achieved by entrepreneurship development in rural areas, such as: local economy competition increase, employment, population life quality improvement, etc. Serbia can turn its comparative advantages in agriculture into competition advantages through entrepreneurship development, considerably contribute to public debt and unemployment decrease, foreign trade balance improvement and prevent unfavourable demographic movement of the population.

Methodology

This paper is based on qualitative and quantitative analysis. The qualitative analysis of the focus has rich theoretical examination. Represented by and analysis of relevant literature related to entrepreneurship, agriculture and the link with agriculture. Points of consideration are based on settings by means of descriptive of entrepreneurship in general. According to

deduction principle we our research pointed to agricultural production, i.e. towards enterprise orientation in this area.

We analyse quantitatively global index of entrepreneurship. We also performed a comparative analysis of this index with countries in the region. Further quantitative research based on official statistical data had the function to show the place and importance of agriculture in participation of GDP, employment, foreign trade, etc. On the basis of all of the settings and their relationships are given recommendations and conclusions on the promotion of entrepreneurship in agricultural production of the Republic of Serbia. This is especially important because on the basis of this study, the authors espouse the thesis that entrepreneurial orientation improves the competitiveness of agricultural production.

Entrepreneurship and innovation importance for economic development

When it comes to entrepreneurship, there is no unique definition accepted in the scientific literature. Entrepreneurship is most often considered as the activities focused on making profit in the market, based on the constant changes and readiness to take risks. According to Bobera (2010) entrepreneurs are known as pragmatic, flexible and adaptable people trying to harmonise their business with the changeable environment. The entrepreneur is trying to satisfy the identified needs of the market on one hand, using the resources available on the other hand, with the aim of adapting to the environment changes. Entrepreneurship is the central factor of the economic growth because it introduces new products and services into the market, opens new destinations for technology and innovation commercialisation, but before all else, it creates new values in the economy. Entrepreneurs see uncertainty as a challenge, a chance for success and a condition taking them towards better plans and more complex business ventures (Grozđanić et al., 2015).

Scott and Venkataraman (2000) see entrepreneurship as a space within which an individual uses his research efforts for chance and possibility identification, with the aim of creating a new product or service according to the demands and needs of the consumers. Such a product can be profitably exploited with a wide range of effects it contributes to. Entrepreneurship can be defined as a process of creating value through gathering the resources available with the aim of exploiting the profitable chances (Stevenson et al., 1989). Some authors consider entrepreneurship as a unity of three elements: innovation, taking risks and proactivity (Covin and Slevin, 1989; Zahra, 1993). Kirzner (1997) points out the role of the entrepreneur as a finder of the favourable market conditions stating that in every real life economy every participant is always an entrepreneur. Autio and Acs (2007) include variables at the level of national economies recognised as the key ones for entrepreneurial venture growth, and they are national tax policy and intellectual property protection.

According to Shumpeter (1961) entrepreneurship is the ability which assumes initiative, authority, prediction and leadership completely independent from capital ownership. The innovative efforts of entrepreneurs are the main catalyst of the economic growth, despite the fact that in the process, they destroy the value of the existing companies which had a certain level of monopoly. Shumpeter put an entrepreneur at the heart of capitalism, as a

moving force in the market, competitive, innovative, dynamic economy that creates wealth. He thought that financial and banking sector should serve the entrepreneurial economy, not dominate it.

Drucker (1991), in his famous book “Innovations and entrepreneurship“, described a tectonic change whose formation he had noticed even at an early stage – the transfer from the society of employed people into entrepreneurial society. This change is started by the forces that cannot be stopped, such as demographic changes, globalisation, as well as advance in information and communication technologies, with the constantly accelerating intensity. Drucker pointed out four specific entrepreneurial strategies:

1. To be the first, and the best at the same time,
2. To hit where they do not expect,
3. To find and acquire specialised „ecological niches“ and
4. To change economic characteristics of products, market or branch.

Dynamic development of entrepreneurship is a generator of the economic growth and competitiveness. Entrepreneurship develops in the most dynamic way in the developed market economies that recognised its developing potential with all the positive effects for the development of the country. A completed system of institutional infrastructure and incentive measures influences total affirmation of entrepreneurship, and growing focus of the state policies towards discovery and application of specialised incentive measures meant for fast growing, dynamic enterprises (Jakopin, 2015).

Dynamic enterprises use their resources most efficiently in market environment, continually increasing employment, react to market signals fast and make their business decisions quickly. According to Birch (1987), less than 5% of companies create at least 85% of the economic growth, income and new workplaces. According to Roure (1999), company growth develops under the influence of the following factors: 1) external and internal environment of the company, 2) entrepreneur himself and his entrepreneurial team, 3) innovation and change conduct, 4) growth and strategic approach, 5) business model and management system, 6) human resources and 7) finance growth. Because of the above mentioned, it is very important to determine the level of development of the entrepreneurial sector in Serbia in comparison to the environment, to point out the basic problems in creating encouraging entrepreneurial environment and directions of work for the economic policy creators with the aim of creating sustainable economic development.

In a large number of European research papers there is a proof of the connection between the success of the European ”gazelle“ and the economic growth through the research of the set of incentive measures: financial, fiscal, legal and other benefits in starting a business, attitude towards entrepreneurship, business failure tolerance, readiness to take risks, general entrepreneurial atmosphere, encouraging legal conditions in the function of company growth.

Positive experiences of the developed countries show that entrepreneurship is an important factor of the complete economic development, and agribusiness as well (Pejanović, Njegovan, 2010). After the 1970s, there is a trend of entrepreneurship growth and the beginning of its development – abandoning the concept of using the former economy as the main catalyst force in the economic development. With the beginning of the age of growing uncertainty at the global level, a lot of countries entering the processes of social and economic transition, reducing business activities and restructuring of large companies all led to the recognition of entrepreneurship as the catalyst of development.

Rural entrepreneurship, as Cvijanović et al (2011) calls it, stimulates the development of the rural areas. This type of entrepreneurship offers a chance for employment increase in rural population who generally get workplaces with more difficulties. Rural entrepreneurship can be valorised in the following fields of work: fruit and vegetable processing, animal husbandry and dairy production, olericulture, pomology, fungi growth and processing, forest fruit gathering, etc. Besides, it is possible to indirectly encourage the business connected to agritourism. The new approach that has been developed in the last decade is linked to the “bottom-up” rural development. This approach is based on the importance of the development of a community aided by local entrepreneurial initiatives and a clearly set goal to ensure a balanced technological development of rural regions (Radović-Marković, 2010).

Entrepreneurship has a special importance in modern development concepts, and the concept of rural development is one of those. In this concept, which is partially territorial, the other part is developing, and the third one sustainable concept, the role of the development based on people’s knowledge and skills is especially emphasized at the beginning of the twenty-first century. Such approach gives a whole new dimension to entrepreneurship, with regards to flexibility and adaptation ability, as well as a chance to develop and gain dynamics on the completely new basis. Considering it from the etymological point of view, entrepreneurship is the ability to start certain actions, undertake activities with the aim of achieving the desired aim, taking into account readiness to fight against obstacles, uncertainty and risk (Njegovan, Pejanović, 2009). Population, employment, the battle against poverty and environmental protection with the condition of productivity and business efficiency increase are all at the centre of this concept.

Productions entrepreneurship can be the key carrier of the desired changes in our society, such as: work productivity growth, production and service quality increase, competition strengthening, better usage of the capacities available, export growth, higher employment, public and foreign debt decrease. Only entrepreneurship can bring so much desired dynamics into our economic life, regain self-esteem of our citizens, stop the migration abroad, increase population life quality and set new standards of social stratification based on knowledge and productivity (Pokrajac et al., 2011). The function of entrepreneurship unites the abilities of prediction (especially technology and market changes), acceptance of investment risks (turning personal or other capital into realistic factors of production), innovation and learning because of adaptation.

The development of modern agriculture demands knowledge and innovation in the following areas (Asenso-Okyere, Davis, 2009):

- technology (climate changes demand new research in order to develop the varieties resistant to drought or flood, and shorten the cycle from sowing to harvest);
- institutions (the system of rules constituting the environment where innovations begin, then the legislative, tradition, norms, beliefs);
- policies (adequate, relevant and timely public interventions necessary for knowledge and innovation creation, spreading and application promotion and improvement);
- organisations (public and private groups and companies that have to innovate in order to become more efficient and effective in services they offer).

Intensive inclusion of Serbia in international integration processes additionally imposes the need for the companies and other subjects in the agricultural economy to create and perform the transfer of knowledge with the aim to build, keep and strengthen the competitive advantage. Knowledge as a source of innovation and successful adaptation to change in demands by increasingly demanding consumers represents the key determinant in successful facing the competition, preserving the existing and acquiring new markets (Vasiljević, Savić, 2014).

In the conditions of trade liberalisation domestic producers will succeed in taking the competition challenges successfully only if they have adequate knowledge to fight domestic and foreign competition, which certainly awaits them due to duty and other foreign trade protection measures abolishment. On the other hand, without necessary knowledge, there is no penetration of the domestic companies into the picky foreign markets.

The results of numerous research show that Serbian agriculture competitiveness is based on the fact that the production factors are relatively cheap compared to the other countries (soil, workforce, other inputs), and it causes price competitiveness for the agricultural and food products. However, the current situation with the factor prices is more a result of insufficiently developed and inefficient domestic market, as well as inadequate economic environment. In other words, permanent sources of the competitive advantage must be found in other areas, knowledge and innovation first of all. Knowledge is the key factor of competition in the modern global economy, so that knowledge adoption and the application can successfully replace the limitations of certain resources and enable to achieve much more with less input.

The company success depends on the level of knowledge available, ways of applying that knowledge and speed of new knowledge acquisition. Traditional factors of production in agriculture (soil, workforce, capital) have secondary importance. The aim of knowledge management is to transfer information and intellectual property into sustainable value. The efficient system of knowledge management in agriculture provides outputs in forms of technology, software, trained professionals, information and other elements necessary

for continuous development in agriculture. All participants are the source and users of knowledge and information at the same time. Agricultural producers cannot rely on their experience and technical knowledge alone because the knowledge from other areas has growing importance to their successful businesses (Engel, 1990).

The function of knowledge and innovation systems include the following (Standing Committee on Agricultural Research, 2012): 1) knowledge development and diffusion; 2) research and chance identification; 3) entrepreneurial experiments, risk and uncertainty management; 4) market formation; 5) resource mobilisation; 6) legitimacy acquisition and 7) positive externalities development.

The process of entrepreneurship development in Serbia has accelerated in the recent years, but the structure of the activity is not in accord with the situation in the developed countries. Due to the uncontrolled company foundation, without systematic orientation towards specific activities, entrepreneurs opt for less capital-intensive activities, trade above all else, much less for production.

However, although there is a widely proclaimed support for entrepreneurship, Serbia is not so successful in new business and new workplace creation compared to the other countries in transition. Entrepreneurship is still, as well as at the beginning of the transitional period, facing a large number of problems such as (Unija poslodavaca Srbije, 2012):

- lack of favourable financing sources for SMEs sector development;
- high expenses (fiscal and parafiscal) which reduce goods and services competitiveness in foreign markets;
- complicated administrative procedures and corruption, as an obstacle in the development of various sectors (construction, trade, etc.);
- lack of good quality managers, as a result of the gap between the education system and the needs of the business market;
- low purchasing power of the population;
- insufficient support for production development on behalf of the state;
- high level of economy in GDP.

From the data in Table 1 we can see that in terms of global index of entrepreneurship development Serbia takes a much lower position than some of the countries in the environment (Slovenia, Hungary, Romania, Bulgaria, Croatia), but before Albania and Bosnia and Herzegovina. This result points to unfavourable entrepreneurial climate, slow recovery of the economy and insufficient social support for entrepreneurial activities. The sub index of the entrepreneurial activities is especially low – ABT – which points to the dominance of entrepreneurs who had started new business in order to provide existence, not because they spotted a business opportunity. Also, it is the proof of the low level of education of the new entrepreneurs and engaged workforce training, with the low level of competition in the market.

Table 1. Global index of entrepreneurship in the countries in the environment

GEI rank	State	Entrepreneurial attitude (ATT)	Entrepreneurs activities (ABT)	Entrepreneurial intentions (ASP)
31	Slovenia	47.6	49.8	53.9
41	Hungary	43.4	45.3	46.7
42	Romania	38.2	40.8	55.9
46	Bulgaria	41.8	34.7	48.5
51	Croatia	35.9	35.3	48.4
74	Serbia	39.0	23.3	30.4
76	Albania	30.7	31.5	27.8
82	Bosnia and Herzegovina	27.8	28.6	29.5

The source: GEI 2016

The place and role of agriculture in the economic development of Serbia

Although many strategic documents point to the great importance of agriculture and rural areas, the state and local governments have still not created social and economic environment incentive enough for agriculture and rural development, especially in certain regions and areas of the Republic of Serbia (Ristić, 2013). We cannot be satisfied with the achieved level of agricultural sector development, possibilities for integral long-term development of agriculture and rural areas, their contribution to the local economy and society development. The possibilities for wider local community influence on agriculture development are not used, or for the creation of a more favourable social and economic environment for agriculture and rural development in the future.

Primary agricultural production cannot develop separately in modern conditions, without functional connections to other sectors, but it should be directed integrally, within the concept of local economy rural development and wider than that. Also, the integral rural development includes a group of mutually connected economic sectors and other activities in the rural areas. Apart from the primary agriculture, it includes manufacturing industry, water power engineering, fishing industry, forestry, trade, tourism, education, health, environment protection, input industry, etc. It is beyond doubt that the development of agricultural sector in rural areas can significantly contribute to local economy competitiveness increase and local population life quality improvement.

Serbia has a number of advantages for agriculture development, such as: favourable climate conditions, natural resources, fertile arable land, tradition in agriculture and the villages, land configuration suitable for various types of agricultural production, etc. On the other hand, there are many weaknesses, to start with unfavourable age structure, out dated mechanisation, non-regulated agricultural products market and unsafe placement, insufficient irrigation, undeveloped rural infrastructure, price disparity, etc. SMEs and entrepreneurship in agriculture development can largely reduce the above mentioned weaknesses and turn them into the

development chances of our country. This is true, especially with the trends of growing demand for (organic) agriculture products, rural tourism development, European integrations as well as the announcement of a greater support of the state for this sector development.

During the period of transition in the Republic of Serbia there was no significant change in the economic structure. Since the beginning of the twenty-first century the contribution of agriculture to GDP has decreased, primarily as a result of the faster increase of the activities in non-production sectors. The share of the agricultural sector is still much higher than the EU average, which can be contributed to the rich natural resources and favourable climate conditions for agricultural production, and also to the halt in the reforms of the rest of the economy (Table 2).

Table 2. The contribution of agriculture to gross value added of the Republic of Serbia for the period 2010-2015*

	2010	2011	2012	2013	2014	2015
Total GVA (current prices, millions of dinars)	2,557,364	2,869,319	3,004,571	3,263,518	3,257,177	3,346,183
GVA of agriculture, forestry and fishing industry (millions of dinars)	261,510	306,607	269,999	305,519	302,226	273,858
GVA agriculture's share (%)	10.2	10.7	9.0	9.4	9.3	8.2
Employment in agriculture, forestry and fishing industry (in 000 of people)	533,0	478,1	467,1	492,0	508,1	499,6

*no data for Kosovo and Metohija autonomous region

The source: Statistical Office of the Republic of Serbia

According to the data in Table 2, we can see that the share of the employed in agriculture was about 500 000 people, which is a significant number compared to the high rate of unemployment during the whole period of transition. The share in foreign trade exchange was around cca 23% in export (Table 3), although during the period observed the import of this sector also increased and it was around 8% of the total import, the whole 11.9% in 2015. On the export side there are great opportunities of export structure improvement in terms of final processing products higher share with higher added value in comparison to other primary products. The characteristics of import is that suspicious quality and lower price products are often imported, although there is a surplus of production in the domestic market (meat, milk, certain olericulture products, etc.).

Table 3. Foreign trade goods exchange of agricultural and food products in the period from 2010 to 2015

	2010	2011	2012	2013	2014	2015
Agricultural export (millions of euros)	1,688	1,937	2,106	2,104	2,315	2,819
The share of agriculture in the total export (%)	22.8	22.9	24.9	19.1	20.8	23.4
The import of agricultural and food products (millions of euros)	903	1,010	1,163	1,227	1,310	1,950
The share in the total import (%)	7.3	7.1	8.2	7.9	8.5	11.9
Trade balance of agricultural and food products (millions of euros)	785	927	943	877	1,005	869
Import coverage with export (%)	186.9	191.8	181.1	171.5	176.6	144.5

The source: Statistical Office of the Republic of Serbia, 2016

According to the data in the Strategy for agriculture and rural development of the Republic of Serbia from 2014 to 2024 issued by the government of Serbia, total area of agricultural land is 5.06 million of hectare., where 71% is used in an intensive way (as arable land, orchards and vineyards), and 29% are natural meadows. According to evaluations, as much as 200 to 350 thousand of arable land and meadows are not farmed every year, while the number is much higher when it comes to fields. When we consider the scope and structure of the agricultural areas available, Serbia stands among the European countries with favourable land resources because it has 0.7 ha agricultural land available per person, that is, 0.46 arable land.

According to the population census data in 2012, there is a decrease in rural population in comparison to 2002 for 10.9%, and even 18.7% in the region of Southern and eastern Serbia. Unfavourable demographic trends are caused by a number of factors, such as: undeveloped infrastructure, lack of good-quality social life in rural areas, inability of population to get proper education, low level of health services, dominant primary agricultural production, inability for the placement of agricultural products, etc. The result of these population migrations is extremely unfavourable age structure, where one in five residents in the rural areas is over 65, and one in four in Southern and Eastern Serbia.

According to the agricultural census in 2012 (Republički zavod za statistiku (2013), there are 631552 agricultural homesteads in Serbia without Kosovo and Metohija, and among those there are 628552 (99.5%) family homesteads, while physical entity and entrepreneurs' economies only 3000(0.5%), and only 479 entrepreneurs. From the total number of homesteads cca 54% belongs to mixed economies that deal with both crop and livestock production. This structure dominates in Belgrade, Sumadija and Western Serbia regions, as

well as Southern and Eastern Serbia, while the specialised economies are the characteristics of Vojvodina region with the largest share of tillage. Certainly, the large share of mixed homesteads influences their lower profitability because their orientation to both livestock and crop production influences poorer results in both segments.

Development of agriculture in rural areas can prevent and change the unfavourable demographic picture in these areas. The data in Table 4 show that only 34% of the total population are employed people, and that there is the same percent of supported people, with 24% of retired people. Population growth in 2013 was recorded in only 7 towns and 3 municipalities, while 107 municipalities recorded more than 10% decrease. The most threatened are the areas in Eastern and Southern Serbia, which are among the poorest regions in Europe.

Table 4. Demographic and economic disbalance in Serbia in 2014

Total population	employed	unemployed	retired	supported
7,131,787 (100%)*	34 %	8%	24 %	34 %

*The evaluation of the Statistical Office of the Republic of Serbia

The source: Ministarstvo poljoprivrede (2015) Izveštaj o ekonomskom razvoju Srbije u 2014. godini

Irrigation has been one of the biggest problems in agriculture in Serbia for a number of years. Beside abundant water – rivers, lakes, as well as large systems built, such as Dunav-Tisa-Dunav canal, very little land is irrigated and it causes lower yield but also other segments connected to agriculture. According to the 2012 census, 99 773 ha are irrigated, which is only 2.9% of the total agricultural land. This fact speaks for itself about huge opportunities for yield increase and total sector efficiency through the increase of the irrigated areas.

Demographic migrations influence the decrease in the share of the most educated people within the rural population in all regions. Such a situation has an unfavourable influence on the total capacity and competitiveness of the workforce from the rural areas. Workforce low quality can be considered as one of the factors which make the economic development of rural areas more difficult, since it is the reason for low entrepreneurial potential among the rural population, as well as less economic interest of foreign investors. This type of environment incites further migrations of highly educated population because it is difficult to keep educated workforce in the areas without workplaces suitable to their education and ambitions.

Many developed countries in Europe are examples that successful agricultural development can be the carrier of the complete development. Disregarding the economic theory which explains that higher export share of agricultural and food products in the total export of a country points to its lower level of economic development as a rule, it is a very important item in the foreign trade balance of many countries in the world (Holland, Denmark, France, Canada, Australia). Agriculture can be the carrier of the economic development, it can enlarge gross domestic product and be the framework of

the economic stability. Agriculture should not be a sign of poverty, but the wealth of the country because natural, human and processing capacities can be maximally valorised through agriculture.

Entrepreneurship orientation in the function of agricultural production competitiveness

The level of agricultural development achieved in Serbia is the result of the inherited conditions from the postwar period and the agricultural policy conducted in the transitional period. The development of agriculture was based mainly on public sector, through agricultural cooperatives and large agricultural and industrial holdings. The agriculture was neglected during the whole postwar period in comparison to industry and other areas of the economy, especially through price disparities damaging to agriculture, and kept even nowadays. Slower agriculture growth is the result of inconsistency in the development concept formulation and application, and neglect from the private sector in the economic policy. Regardless of that situation, we should especially underline the importance of agriculture in the foreign trade balance of Serbia and in the total employment, considering the problems of the country's debts as well as high rate of unemployment (Aničić et al., 2016).

There are great opportunities for entrepreneurship and SMEs in agribusiness development within agriculture. The economic policy of the country should provide a favourable macroeconomic frame for dynamic entrepreneurship development in agriculture. The future entrepreneurs should bear in mind that food production is profitable and has a fine perspective. For sustainable development of entrepreneurs and SMEs it is necessary to create a chain leading from the producer (the one farming the land), through institution and industry, to international market, that is, cluster development around national agricultural products programmes with a lot of knowledge (Devetaković et al., 2009). A good way to do this is to connect research and development sectors of industry, "wrap it up" in an innovation package from idea to market realisation for competition increase of their own products.

Serbia is in the EU accession process, so there is an imposed imperative of getting closer to the European model of doing business, which has a characteristic of especially complex relations in agricultural plans. Because of the extreme importance of economic stability and sustainable development, the adjustment of domestic policies and legislation to the Common agricultural policy (CAP) of the EU is of essential importance, considering that it can potentially provide a number of advantages for the agricultural sector in Serbia. The main goal of this common agricultural policy of the EU countries is the support of the farmers' income, in order to provide a certain level of the annual income, but also to encourage these farmers to improve the quality of their production and invest into new development trends. There are four priorities of the CAP: provision of product quality and safety, environment and animal protection, EU farmers competitiveness increase, rural community preservation and strengthening of their inner dynamics and self-sustainability.

It is beyond doubt that the above mentioned CAP priorities represent the basis of the agricultural policy of Serbia in the future. Thus, in the Strategy of agriculture and rural development from 2014-2024 the Government of Serbia envisaged a number of measures and instruments which should contribute to more efficient agricultural sector development and rural population standard increase. The strategy envisages long-term, stable and efficient policy, ready to react timely to the environmental challenges. The new concept of agricultural policy should react, especially to outside challenges such as:

1. The need to reduce the lag in technological development after the competition countries and enable more efficient facing of the agricultural sector with the climate change effects;
2. The necessity to increase food chain efficiency and agricultural and food sector competitiveness;
3. The provision of the stable income and business environment for farmers and other entrepreneurs;
4. The achievement of economic, ecological and social goals of sustainable development, where multifunctional agriculture and rural development have a special place.

The new concept of agricultural policy will be realised much easier if market and entrepreneurial behaviour principles are accepted in the agricultural sector as well, by both SMEs in this sector and agricultural economies. This is surely going to be a long-term process because our society, its structure and orientation are still unfavourable for entrepreneurship development. There are still ideas from the time of socialist self-management, the psychology of „sticking to the public job“, contrary to entrepreneurial culture development. Such ideas will neither be rooted out easily nor quickly, and they will act as a limiting factor when it comes to entrepreneurship development. The question is how much people who are used for government and administrative body support will be able to change the orientation to productive ventures turned towards technology and production increase. Also, the fact that most of the young prefer a public sector job to the start of their own is a defeat.

Entrepreneurship development in Serbia in general as well as in agriculture is far below the opportunities and needs of the total development at the moment. The biggest part of their economic initiative and entrepreneurial energy business people directed far more towards overcoming administrative obstacles and building good relations with the state than new technology development, new market acquisition and work productivity increase. Small enterprises in agriculture are a great chance for our policy of relying upon their own strength. It is the way of working with small amounts of capital, with a high work productivity, good quality product, service and profit acquisition. This is the way of connecting economic, social, spatial, technological and other factors of work and achieving development goals through strictly specialised and complementary small enterprise entrepreneurship development.

Sustainable business in agriculture must be subjected to the analysis of pay ability or justification whether it is a development of a new product, the improvement of the existing

one, business scope widening or narrowing, start of a new business or marketing strategy change. In the justification analysis of an entrepreneurial idea it is necessary to define: in the first group of goals – what is the business expected to achieve in a certain time period, and in the second group – the minimum of acceptable criteria which must exist in order to realise the project. Therefore, entrepreneurship is a business that understands production for the market, not only for yourself and your family. It means a shift from the concept of how to feed to the market concept, that is, the business of opportunities in agriculture.

The transfer to an entrepreneurial way of thinking and doing business implies removing a number of limitations, especially present in family economies in the area of agriculture. Farmers are faced with a sharp market competition taking on a global character. On the other hand, agriculture is a specific activity which shows a characteristic of a time gap between investment and repayment. That is why the need for market procurement and market sale analysis is imposed. The inputs for agricultural production are mainly paid for at procurement, while the situation is quite different on the side of sale. The mediators have the dominant position here – domestic trade chains, as large buyers of products, and exporters, warehouse and cold storage owners as the ones with no production.

The specific features in Serbia are also very often missed chances of obtaining money under favourable conditions from the international monetary institutions due to non-existent projects or delays in their creation. A classic example is the credit awarded to Serbia by the World Bank to build irrigation systems, although only one percent of arable land is irrigated in Serbia. Also, the agricultural land in public property should be sold to the local farmers as soon as possible (to be paid in money or agricultural products for export). It would have multiple positive effects: the land would be used in a more efficient way, the young would stay in the villages, the pressure of cheap workforce in big cities would be lower, etc.

In the family economies, apart from the unfavourable age structure, there are numerous subjective weaknesses present, such as no wish for education and asking specialists for help, keeping the traditional production methods, etc. There is a very poor geographical origin protection, undeveloped cooperatives or other systems of cooperation. Export is often impossible because there is no stable offer in terms of quantities and qualities. There is also a big problem of undefined jurisdiction of local and republic institutions, which is often intertwined with the damage for producers. All these things result in poor political influence of farmers on the economic policy carriers and inadequate treatment of the agricultural sector.

Because of these facts, it is necessary to introduce entrepreneurship into the school system, which will recruit a larger number of successful entrepreneurs and make it easier for them to manage the development of their own business. Entrepreneurial education has short-term and long-term effects for the society (Arasti et al., 2011), and high education significantly increases the odds to enter entrepreneurship for business chances and ideas, rather than economic need (Grbović et al., 2013). According to the study of employment of the young and migrations in Serbia (Vladislavljević et al., 2010), entrepreneurship is more often considered as a result of the push effect, that is, the need to survive, and less as a result of the pull effect or the recognition of business

opportunities and chances in the market.

The basis of the economically successful agricultural production is the equipment and machines, and their full usage. High prices of agricultural machines and equipment, with the fall of agricultural product prices, demand intensive usage on behalf of the farmers in order to use them in their full capacity. Otherwise, high fixed expenses have a negative influence on profit and cause losses. Temporary position of most of the agricultural economies does not enable fast redirection to market production exclusively. The basic problem and limitation factor in the agricultural mechanisation application are high costs of machinery and equipment procurement, and too low level of usage in small production areas.

A possible solution to the above mentioned problem is a joint procurement of the expensive equipment by several homesteads or usage of other parties' services. Thus, for example, Pihtrager and Wagner (2002) point out that association of agricultural economies can achieve more rational usage of agricultural machinery and equipment, and become more competitive in the market. Machine rings represent a self-organised form of cooperation among neighbours which cover a larger territory and has clear principles for work payment according to the well-known prices agreed in advance. Their organisation started in Germany 40 years ago, and later they spread across most of the countries in West, Central and North Europe.

The development of SMEs in agribusiness should be based, apart from their own sources, on the investment of significant funds through various forms of credit. Farmers and agricultural SMEs have the least access to the funds in comparison to all other sectors in Serbia, which offers a narrow scope of credits to the sector of agriculture. The existing mechanisms for agriculture financing are inadequate and the changes should be made in the approach itself. It can be provided through the institutional support and share capital from the banks, credit associations and leasing companies (Bogavac-Cvetković et al., 2010). High interest rates, credit costs, mortgage obligations and other types of credit insurance often represent obstacles which they cannot overcome, especially family homesteads.

In order to achieve the goal of further successful agriculture development, an active policy of price parity establishing is necessary, incentive mechanisms of tax, credit and other policies with the simultaneous change of the social status, work and life conditions for the farmers, that is, their alignment with non-agricultural and urban population. The strategy of agriculture development must be a part of the united development strategy of the complete economy and society. This is the only way to create the basis for the application of the long-term economic policy in accordance with other development policies, and to create the basis for their harmonised action.

Conclusion

In the modern conditions of doing business the success of the company in all the sectors of the economy depends on the level of knowledge available, the ways of the knowledge application and the speed of new knowledge acquisition. The traditional factors of production in agriculture (soil, workforce, capital) often have secondary importance. The efficient

system of knowledge management in agriculture provides the outputs in terms of technology, software, trained professionals, information and other elements necessary for the continuous development of agriculture. All the participants in this process are at the same time both the source and the users of the knowledge and information. Agriculture should not represent a symbol of poverty, but the wealth of the country, because natural, human and processing resources of the economy can be maximally valorised through agriculture.

Entrepreneurship development in Serbia in general, as well as in agriculture, is far below the opportunities and needs of the complete development at the moment. There is not enough awareness about the development of agriculture, especially in rural areas, which can significantly contribute to local economy competition increase and life quality improvement for the population. In Serbia, entrepreneurs who started a new business to provide existence, not because of the spotted business opportunity, are dominant. Therefore, it is necessary to introduce entrepreneurship into the school system which will recruit a larger number of successful entrepreneurs and enable their management in developing their own business.

The new concept of agricultural policy will be realised more easily if the principles of market and entrepreneurial behaviour are accepted in the area of agriculture as well, by both SMEs in the sector and agricultural economies. This process will surely be a long-term one because our society, its structure and orientation are still unfavourable for entrepreneurship development. There are still some ideas from the period of self-management socialism, the psychology of "remaining in the public job" as opposite to entrepreneurial culture development. The strategy of agriculture development should be based on the long-term, stable and efficient policy, prepared to react to the challenges in the environment with a good timing and be a part of the united strategy of development of the complete economy and society.

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MOGUĆNOSTI I OGRANIČENJA RAZVOJA PREDUZETNIŠTVA U POLJOPRIVREDI SRBIJE

Jugoslav Aničić⁴, Svetlana Vukotić⁵, Goran Maksimović⁶

Rezime

Republika Srbija je veoma pogodna za poljoprivrednu proizvodnju: velike i kvalitetne obradive površine, povoljni klimatski uslovi za sve poljoprivredne kulture, bogatstvo biljnog i životinjskog sveta, bogata tradicija i razvijene naučne institucije su neprocenjivo blago srpskog agrara. Međutim, rezultati brojnih istraživanja pokazuju da se konkurentnost srpske poljoprivrede zasniva na jeftinim faktorima proizvodnje u odnosu na druge države (zemljište, radna snaga, drugi inputi). Jedan od načina prevazilaženja takve situacije je što veća primena preduzetničkog načina proizvodnje u agrobiznisu za koji u Srbiji postoje velike mogućnosti. U radu se analizira trenutni položaj sektora poljoprivrede i ukazuje na značaj i potrebe što bržeg i šireg razvoja preduzetničke orijentacije u ovoj delatnosti. Srbija se nalazi u procesu pridruživanja EU, pa se kao imperativ nameće približavanje evropskom modelu privređivanja i potreba da preduzeća i porodična gazdinstva iz agrobiznisa izgrade i očuvaju svoje konkurentske prednosti. U tom cilju, moraju da prevaziđu tradicionalne slabosti, a edukacija i uvođenje preduzetništva u školski sistem su dobra osnova za jači uticaj poljoprivrednika na nosioce ekonomske politike i adekvatan tretman sektora poljoprivrede na makroekonomskom nivou.

Ključne reči: poljoprivreda, preduzetništvo, agrarna politika, konkurentnost

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