

Organizational support and institutional environment for entrepreneurship development

Andjelic Slavica ¹, Cukanović Karavidic Marija ², Karavidic Slavko³

Abstract

Enterprise and Entrepreneurship are naturally connected and linked to the man, his individuality and dynamism. A man develops his entrepreneurial skills in the company is organized so that it represents a healthy environment for the development ambitions. The only reliable sources of progress and prosperity are the work and entrepreneurship. It has long been in the world economic literature of special importance in the process of restructuring the economy in economic growth and development of countries in transition is given to the establishment of new enterprises and entrepreneurship development. I do not believe that it is a new form of paradigm, however, the fact remains that a large shift in the literature devoted to the economy of transition. Entrepreneurship means a special kind of work which aims to emphasize the great importance of possessing human creative, organizational and management capacity. The term enterprise wants to emphasize the importance of possessing an exceptional human creative ability. It appears as a combination of dynamic development of ideas, talent, capital, knowledge and risk.

KEY WORDS: entrepreneurship, creativity, managerial ability, knowledge, risk

JEL: F63, L26

UDC: 005.961:005.914.3(497.11)

005.342

COBISS.SR-ID 219512332

¹ Corresponding author, Graduate school of professional studies "Prof. dr Radomir Bojković", Kruševac, Serbia, ostojicslavica@yahoo.com

² Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, e-mail: cukanovickaravidicmarija@gmail.com

³ Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, e-mail: skaravidic@gmail.com

Introduction

Entrepreneurial ability to dans considered the fourth factor of production. Famous authors rightly state that entrepreneurship is a difficult concept to define. We think that this is so for two reasons: one is that entrepreneurship for different people have different values, and the other that it is difficult to distinguish and separate from the management and leadership. However, all differences can be roughly grouped into three definitions, and between entrepreneurship, management and leadership make a difference.

Entrepreneurship is a creative action. It is an enterprise stakeholders (owners, managers) through perception, encouragement, perseverance, dedication and hard work of identifying opportunities for success and finally take the risk. In conditions of uncertainty that exists in developing economies with imperfect markets, entrepreneurs are investigating the hidden market opportunities, obtaining funding and other resources, organize the production and use of market opportunities provided to appropriated extra profit. The competition quickly returned to their extra profits to the normal level, but they are finding other market opportunities, thereby contributing to the rapid growth of the economy. In this sense, entrepreneurial creative ability represents a special production resource or factor of production in a modern society.

Entrepreneurship is the process of creating (planning and creation) of wealth. Engagement of resources (human, material, financial information) is done in order to create return on their engagement.

Entrepreneurship is a factor in the development of any society. This is not a new socio-cultural phenomenon that enables the realization of people's capacities in the economic sphere. Peter Drucker believes that entrepreneurial competition is the main driver of the development of any economy and society.

Entrepreneurship can be defined as capital allocation to specific employment or as a process of introducing new ideas to the market. In both cases, this involves deciding on the choice of ideas, products and programs, choice of technology, location and staff, finding and directing capital, in a word, a combination of factors of production and their optimal location.

There compliance idea of a large number of authors to the economic and industrial development, the critical role of the small and medium enterprises, which on average account for 90% of the total number of enterprises and employ about 50-60% of the total number of workers. Although significant at all levels of development of a country, empirical studies have shown that the role and development of entrepreneurship particularly important in developing countries, where the lower part of the income per capita. Countries with a high share of small and medium-sized enterprises and the development of entrepreneurship in the total number of companies have managed to achieve equitable regional and functional distribuciju income, which is a key contribution to securing the long-term social stability and avoidance of social unrest.

Small businesses are the "hot leju" for the development of entrepreneurship, entrepreneurial behavior, innovation and risk-taking, because their size allows for flexible behavior and quickly adapt to changes.

Serbia's economy is still faced with negative consequences družzvene property which slows down the development of entrepreneurship. Until recently illiquid and unprofitable

enterprises nutrients loans in order to mute social unrest arising from restructuring or bankruptcy. These companies are not able to repay the loans, but they managed to create a chain insolvency of banks and companies. This entrepreneurial environment made it difficult for the reallocation of resources from unsuccessful to successful companies that are performed on the underlying principles of modern management and financial operations.

Significance of organizational support to enterprises for the development of Serbian economy

In the previous period in our country's entrepreneurship was more "tolerated", rather than supported. Statistical data for 2010. show that micro, small and medium-sized enterprises generate turnover in the Republic of Serbia as follows: 16.9% of micro, small and medium-sized 22% 22,1% of the total number of enterprises. The participation of employees in micro enterprises is very uniform at the level of the Republic of Serbia and amounts to 15.4%. Small businesses in the number of employees in the country accounted for 19.5%. In medium-sized enterprises participation of employees by territories is inconsistent and moves to medium enterprises in the Republic of Serbia 23.6%. Gross value added by size of enterprise in the Republic of Serbia for 2010. distributed as follows: 10.8% of micro, small and medium-sized 18.3% to 19.7% (Republic Institute for Statistics,2014)

The economy of Serbia in the year 2010. More than 86.2% of the total number of companies is one of the micro, small 10.6% and 2.5% medium-sized enterprises

According to the total number of micro-enterprises and independent stores in Serbia is 77,989. The primary activities are: trade 30.575, 13.460 manufacturing, transportation 4.035, catering and nutrition 1834, construction of 590, 659 real estate, health care and social protection 61, Agriculture and Fisheries 2872.

The total number of small and medium-sized enterprises in Serbia is 11,871, of which the largest number: 3131 Trade, Industry and Mines of 3593, financial services 63, 1098 construction, agriculture and fisheries 530, 70 education and health and social protection 52 (The Republic Institute for Statistics,2014).

In 2011 the. Serbian economy is still feeling the consequences of the global economic crisis, whose effects are only partially mitigated by measures of economic policy. This resulted in further slowing economic activity of small and medium-sized enterprises and entrepreneurs, which replaced the dynamic growth in the period before the crisis. Compared to 2010., In 2011. reduced the number of newly established, and an increased number of extinct small and medium enterprises and entrepreneurs, while employment declined by 3.5%. There has been a fall in the value of its gross profit by 3.2% and profits by 3.2%.

Despite the negative impact of the economic crisis, it is encouraging that small and medium enterprises and entrepreneurs succeeded in 2011. and achieve positive results and thus proved that represent a very tough and flexible sector of the economy. Companies and entrepreneurs who have overcome the first shock of the crisis, have become more competitive and turned to exports, which was built in 2011. increased 6%, while imports coverage of small and medium enterprises and entrepreneurs for the first time exceeded 50% (Ministry of Finance, Ministry of Regional Development,2011).

Recent studies, available data and insight into the state of things, encouraging the trend to intensify the formation of new businesses in recent years. Have contributed to the improvement of institutional conditions for the development of entrepreneurship. By this is

meant the general improvement of economic conditions for all businesses, and in particular measures of institutional and other support to the Government that are designed and implemented in order to develop entrepreneurship. The new economic policy implies fiscal consolidation, the adoption and amendment of various laws that will on the one hand provide macroeconomic and financial stability, on the other hand allow rapid recovery of the Serbian economy and entrepreneurship. The focus of activities directed towards improving:

- 1) General institutional, organizational and macroeconomic conditions for the development of entrepreneurship,
- 2) The organizational infrastructure for entrepreneurship development at different levels (national, regional, local) through the construction of a network of organizations for non-financial support and the development of non-financial services such as education and consulting, innovative services, promotion of entrepreneurship and cooperation between national employment services. The aim of the activity is self-employment through training through various programs, the establishment of training centers and vocational education in the Serbian Chamber of Commerce, as well as an incubator centers at regional and local level, the establishment of the Agency for Foreign Investments and Export Promotion, and, finally, building institutions for financial support (development Fund, Guarantee Fund and other regional and local institutions),
- 3) Legal requirements (in accordance with the recommendations of the OECD, has introduced a new system of analysis of normative projects; passed the Law on Commercial Companies, which regulates the legal status of business entities, compliant with world standards, corporate regulation, which is a modern, liberal and harmonized with EU directives and European legislation, then, bankruptcy law; the law on electronic signature, etc.),
- 4) Tax, investment policy and financing system (stimulating fiscal and financial institutional support while sharpening of financial discipline, which led to the legalization of entrepreneurial activity from the gray zone),
- 5) Training of Entrepreneurs (raising the level of knowledge and skills)
- 6) Comprehensive information system; statistical monitoring and research of entrepreneurship development by establishing a network of business cooperation in Serbia; then cheaper and faster non-financial (projects of establishing business incubators) and financial support for start-up,
- 7) Establishment of cooperation with the private sector through online access (electronic communication between SMEs and entrepreneurs and public institutions is significantly improved; ministries, agencies, funds with the responsibility of measures to encourage entrepreneurship are able to develop a continuous two-way electronic communication, which is of great importance for the functioning and improving the business climate for entrepreneurs)
- 8) Establishing cooperation with civil society (cooperation with non-governmental organizations is directed towards projects faster reintegration of refugees into the local community. The development of entrepreneurship and self-employment is the most effective tool in the transition from welfare to development assistance for interested and capable persons (Backović, 2000, p. 298-299).

Building organizational support for entrepreneurship development, it is still not enough incentive for a more dynamic and efficient development of the sector. This is also reflected in the size of these entities.

In the field of entrepreneurship it is expected that any new creation of the company will result in the creation of new forms of cooperation among employees (Krouse, 2012, p. 28).

It is a small entities, and the question whether the only such business entities to be satisfactory basis for future development, especially if of privatization does not contain sufficient growth potential. Despite the dominance of the total number of businesses and total employment, entrepreneurs still have about 1/3 of the total capital of the economy, which points to the fact that entrepreneurship began serious development in the economy of Serbia.

It is difficult to assume that entrepreneurship without built-systemic economic and institutional environment, be able to maintain vigorous growth. Only the presence of foreign strategic investments can help, but is not likely to expect their increased presence without providing a stable and supportive environment (Backović, 2000).

Efforts to develop the capacity for stimulation of entrepreneurship are different shapes, and the process is still in development. A new economic policy of Serbia should provide equal conditions for the development of large, Maliza, medium-sized enterprises and entrepreneurship, and this includes:

- taking measures to reduce the monopoly power of large companies,
- equal treatment of small businesses in the state deliveries,
- pojednastavljanje administrative procedures for small businesses,
- providing assistance to small and medium enterprises and entrepreneurs in securing market, technological and other information (Djuric,2005).

Instruments of economic and financial policy should support entrepreneurship in order to develop. Support should be referred to the opening of advisory, financial and educational institutions that assist entrepreneurs, but also to other forms of assistance. Entrepreneurship Development Policy in Serbia is mainly concentrated in the direction of the priority sectors capable of generating economic growth, increase employment and foreign exchange inflow: processing of agricultural products, industrial production, tourism and electronic commerce. The development of entrepreneurship in Serbia means increasing institutional support, business support services and representing the interests of entrepreneurs at all levels; implementation of civil service reform: reducing bureaucratic barriers to entrepreneurship development; konkretnih adoption of measures to facilitate access to sources of financing for entrepreneurs; fostering the competitiveness of entrepreneurship development programs by establishing a system of quality and innovation; strengthening the links between education and research system and entrepreneurship; the removal of legal and regulatory barriers; encouraging the development of entrepreneurship through a system of tax incentives for the establishment of new businesses; encouraging the sale of products and services in the domestic market; preparation of the Republic of Serbia for the digital age; reducing the size of the informal economy; improvement of statistical monitoring of entrepreneurship development; promotional campaigns; providing financial and technical assistance to foreign companies (Statistical Office of the Republic of Serbia).

After all the parameters, the development of entrepreneurship in Serbia is conducted in accordance with the prevailing trends in the countries of Central and Eastern Europe. Entrepreneurship development mainly focused on the service sector, ie activities which are necessary investments and risks are lower, and the capital turnover faster. Financial results of the largest owned enterprises in trade, agriculture, fisheries, hospitality, tourism, trade, finance, and so on. The development of entrepreneurship has a small stake in forestry, water, transport and mining.

Institutional environment for entrepreneurship development

Applications countries with a long tradition, and fostering the development of entrepreneurship are very important for development and contribution to the economy as a whole. Programs include informational, organizational and financial help and support the development of business activities of enterprises. Taking into account the experience of countries in fostering the development of entrepreneurship, it is observed that the basis of network programming policy consists of three groups of organizations and institutions:

- 1) specialized government agencies,
- 2) a network of regional and local centers for the provision of advisory, organizational and other services for the development of entrepreneurship,
- 3) network of private organizations specialized in financing entrepreneurship.

Specialized government agencies to support the development and financing of entrepreneurship are: National Agency for Regional Development and the Development Fund of the Republic of Serbia.

National Agency for Regional Development performs tasks related to: providing technical support to entrepreneurs conducting activity consulting and management services for the needs of their development; participation in the preparation and implementation of development documents and monitoring their implementation; implementation of measures and implementation of development projects to improve the infrastructure for entrepreneurship development; preparation and implementation of training programs instructors and consultants for the development of entrepreneurship and other activities.

Development Fund of the Republic of Serbia is a specialized fund for financial support for the development of entrepreneurship. Through this fund, makes the concentration of capital of all available resources in order to provide investment funding for programs and projects for development of entrepreneurship. The Fund directly or indirectly contributes to reducing the cost of financing entrepreneurship through broad group lending entrepreneurship, subsidizing the cost of financing and credit insurance and loan guarantees.

The network of regional and local centers for the provision of advisory, technical, organizational and other services provided by the various advisory, technical, organizational and other services to entrepreneurs. This network consists of public, private and civil sectors: centers for entrepreneurship, authorized consulting firms, business incubators, associations and clubs entrepreneurs.

Private financial institutions specialized in the development of entrepreneurship, are investment companies and funds "bold capital '(venture capital funds). In addition to these financial institutions whose funding should enable and support, our economy needs to create conditions for the establishment of local development and credit companies (Ostojic, 2010, p. 40-43).

Conclusion

Underdeveloped financial institutional infrastructure and capital markets represent a major constraint on faster development of entrepreneurship. Lacks strong support of an extensive network of organizations to support the development of entrepreneurship such as start-up funds, micro-credit institutions, investment funds, leasing, factoring companies, organizations and institutions to support the development of clusters and enterprise networks at national and local level. In addition to the underdeveloped network of organizations to support the development of entrepreneurship, a great obstacle is incomplete and institutional, that is. lack of laws.

The development of entrepreneurship in our country is the core of an economy that is market-oriented. Many countries stimulate the development of entrepreneurship and a variety of specific measures of economic policy. The new economic policy should provide entrepreneurship development in Serbia. New laws have reduced the number of days spent on the administrative procedures required for setting up businesses. The basic rule for entrepreneurs to us as follows: Begin this adventure in time, but it is worth to you and pockets full of money.

References

- [1] Backović, N.(2000). Marketing in the function of internationalization business activities of enterprises, Faculty of Economics, Pristina
- [2] Djuric, Z. (2005). Establishment of new enterprises, Belgrade: Belgrade business School
- [3] Djuric, Z. (2005).Management of Small and Medium Enterprises, Belgrade: Belgrade Business School
- [4] Krouse, H. (2012). Organizational culture and entrepreneurship, International Review (No. 3-4), Faculty of Business Economics and Entrepreneurship, Belgrade,Serbia,
- [5] Ostojic, S., (2010). Working capital in small business, Belgrade: Megatrend University
- [6] The Ministry of Finance (2011). Report on Small and Medium Enterprises and Entrepreneurship for 2011.
- [7] The Ministry of Regional Development (2011). Report on Small and medium-sized enterprises and entrepreneurship for 2011.
- [8] The Republic Institute for Statistics (2014). Annual indicator of business enterprises

Article history:

- Received 15 July 2015
- Accepted 20 October 2015