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LEGAL AND ECONOMIC REGULATION OF ESTABLISHING AN ENTREPRENEUR IN THE MODERN ECONOMY

Abstract:

The subject of this paper is the analysis of entrepreneurship in modern business conditions, with an emphasis on the legal and economic regulation of establishing an entrepreneurial business. Global trade and the exchange of goods have become virtually borderless. The expansion of information technologies—enabling remote work, virtual meetings, online shopping, electronic payments, and social media—has created a wide range of new professions and opened opportunities for many individuals to explore entrepreneurship. Due to a turbulent environment marked by constant change, privatization, deregulation, informatization, and globalization, large corporations have also been compelled to incorporate entrepreneurial thinking into all organizational segments. Centralization has given way to decentralization, and reactive approaches have been replaced by proactive ones. It is no longer sufficient to merely satisfy customer needs in the best possible way—those needs must also be created. Customers increasingly seek partnership-based relationships with sellers. The aim of this paper is to provide all interested parties with an overview of the scientific literature addressing this topic.

Keywords: *entrepreneurship, entrepreneur, legal and economic regulation, modern economy*

ENTREPRENEURIAL ECOSYSTEM

Entrepreneurial ecosystems have emerged as a popular concept for explaining the existence of high-growth entrepreneurship in specific regions, focusing on the combination of environmental factors that influence individuals' willingness and ability to engage in entrepreneurial activities. Startup ecosystems are composed of cultural characteristics, social networks, investment capital, universities, and active economic policies that together create an environment supportive of innovation-based business. Key factors influencing ecosystems include: education and research, human capital, finance and funding, government interventions, business support, and connectivity.¹

1 Ziakis, C., M. Vlachopoulou, and K. Petridis. "Start-up ecosystem (StUpEco): A conceptual framework and empirical research." *Journal of Open Innovation: Technology, Market, and Complexity* 8, no. 1 (2022): 35.

A review of the literature on entrepreneurial ecosystems reveals a wide variety of models, depending on the level of analysis. The elements of an entrepreneurial ecosystem are highly complex, largely because entrepreneurship plays different roles at different stages of development. One of the most well-known and widely accepted models is the Global Entrepreneurship Ecosystem developed by Zoltan Acs. This model, created in collaboration with his colleagues, enabled the development of the Global Entrepreneurship Index, designed to measure the quality of the entrepreneurial process in a given country.

A crucial aspect of entrepreneurial ecosystems is their dependence on geographic location, which provides the context for their growth and development.² The entrepreneurial ecosystem refers to the collective and systemic action of all actors (entrepreneurs, individuals, organizations, and institutions at the national level) aimed at encouraging and developing entrepreneurship.³

In developed countries, universities play a central role in the innovation process by producing knowledge through multidisciplinary processes, applying it commercially, and supporting the development of new businesses through the concept of “entrepreneurial universities.” In addition to universities evolving into entrepreneurial institutions, businesses themselves are increasingly engaging in traditional academic activities, such as establishing R&D departments and offering staff training and professional development.

Education, along with beginner training, is a key factor contributing to business profitability. Selecting the right human resources and ensuring their loyalty is of exceptional importance. Prior work experience helps potential entrepreneurs better recognize and seize market opportunities, giving them an advantage over beginners. Support and collaboration contribute to the success of new products. Innovation involving external partners is a priority for the success of newly established enterprises.⁴

Support institutions within the entrepreneurial ecosystem include incubators and hubs, science and technology parks, and business accelerators. Incubators and hubs represent networks of entrepreneurs connected with business partners, potential customers, investors, financiers, consultants, professionals, and other entities that assist them in the early stages of development. Science and technology parks focus on small and medium-sized enterprises and emphasize the promotion and exchange of knowledge, innovation, and ideas. These parks offer services from various educational and research institutions. Business accelerators support the development of already established startups by providing education, mentorship, and incentives for further growth and investment opportunities.⁵

The most common form of support from incubators is providing office space with appropriate infrastructure at below-market prices. Statistical reports confirm that incubators increase business success rates from 20% to 87%, thanks to affordable rent, shared services, professional business support, training, and access to favorable capital.⁶

2 Raut, J., S. M. Veljković, B. Melović, Đ. Čelić, and D. Nikolić. “Preduzetnički ekosistem kao novi koncept preduzetništva.” In *XXVIII Skup TRENDOVI RAZVOJA: Univerzitetsko obrazovanje za privredu*, Kopaonik, 2022.

3 FON. “FON.” Accessed April 5, 2025. <https://ctm.fon.bg.ac.rs>.

4 Ziakis, Vlachopoulou, and Petridis, “Start-up ecosystem,” 35.

5 FON, “ctm.”

6 Avlijaš, R., and Avlijaš, G. *Preduzetništvo*. 5th ed. Belgrade: Singidunum University, 2021.

Clusters are a form of networking that involves a group of economic activities by business entities and institutions, geographically concentrated at the local or regional level, which have established formal or informal relationships and industrial sector affinity to exchange information, knowledge, and goods for the creation of joint products. Cluster activities are based on cooperation, concentration, and connectivity. Main advantages include better access to employees and suppliers, specialized information, institutions and public goods, improved motivation, easier implementation of measures, and synergy effects.⁷

The entrepreneurial ecosystem in the Republic of Serbia, despite having many participants, remains underdeveloped due to a lack of organization and support. Serbia is characterized as a post-socialist transitional economy with cultural traits that do not favor the development of entrepreneurial awareness. Although it may seem contradictory to promote entrepreneurship in transitional economies—marked by high corruption, limited business financing, distrust in the financial sector, rigid bureaucracy, and other constraints—on the path to a market economy, the importance of entrepreneurship for national economic development and prosperity must be acknowledged.⁸

Some institutions supporting entrepreneurship in Serbia include:

- The Research and Development Center of the Faculty of Organizational Sciences in Belgrade
- The Science and Technology Park Belgrade (a partnership between the Government of Serbia, the City of Belgrade, and the University of Belgrade)
- StartIT (focused on the IT sector)
- ICT HUB (focused on technological entrepreneurship)
- Impact Hub (a global network of local hubs)
- Nova Iskra (the first creative hub in the Balkans)
- BITF (founded by four technical faculties of the University of Belgrade)
- SeVen (a startup and entrepreneurship development association in Serbia and Southeast Europe)
- StartLabs (a U.S.-based fund investing in startups from Southeast Europe)⁹

THE MODERN ENTREPRENEUR

The entrepreneur is viewed as a catalyst for change in modern business.¹⁰ Despite discouraging statistics—similar worldwide and relatively unchanged over the years—

7 Pokrajac, S., and D. Tomić. *Preduzetništvo*. Novi Sad: Alga-graf NS, 2008.

8 Gardašević, J., S. Brkanlić, and J. Kostić. "Entrepreneurship, national culture and the Republic of Serbia." *Ekonomija – teorija i praksa* 13, no. 1, 2020.

9 FON, "ctm."

10 Avlijaš and Avlijaš, *Preduzetništvo*, 48.

indicating that 20% of small businesses fail within the first year, 30% within two years, and as many as 50% within five years, there remains a noticeable enthusiasm for launching new ventures. In recent years, the number of startups and newly established companies has even increased.

Although success rates are still low (9 out of 10 startups fail, mostly due to lack of market demand), other data are encouraging:

- 90% of new billionaires on the Forbes list (from the U.S.) achieved their wealth through their own businesses
- 15 million Americans work full-time in their own businesses
- 62% of adults believe entrepreneurship is a good career choice
- There are currently 582 million entrepreneurs worldwide

Employment is a vital part of life on many levels—from basic survival to family and social development, including acquiring new skills, meeting new people, and advancing socially. What governments cannot always provide, resourceful, inventive, and capable entrepreneurs can—regardless of the size of their business. At the core of every venture is always just one person. Everything else is built upon that foundation.¹¹

Certain personality traits distinguish successful entrepreneurs: risk-taking, independence, internal locus of control, readiness for action and excitement, self-initiative, self-confidence, adaptability, persistence, tolerance for ambiguity, conflict resolution skills, and a broad perspective.

An entrepreneur is a person with a wide range of knowledge, decisiveness, curiosity, and belief in their idea—not only for material gain or profit but also for social recognition and self-fulfillment. It is important to emphasize that an entrepreneur respects not only legal regulations but also generally accepted moral and ethical principles.¹²

Many entrepreneurs and aspiring entrepreneurs often wonder whether they have what it takes to succeed. The exceptional entrepreneur Ewing Marion Kauffman—affectionately known as “Mr. K” by his employees—believed his success stemmed from a philosophy of treating others the way one wishes to be treated.

Sarasvathy described entrepreneurial thinking through five principles:

- **The Bird-in-Hand Principle:** Entrepreneurial action is driven by available means, emphasizing the creation of something new from existing resources.
- **The Affordable Loss Principle:** Entrepreneurs define in advance what they are willing to lose, rather than calculating expected returns.
- **The Crazy-Quilt Principle:** Entrepreneurs form partnerships with any stakeholders willing to commit to the project, without conducting detailed competitive analyses.

11 EU Barometer. “EU Barometer.” 2021. Accessed April 5, 2025. https://www.ey.com/sr_rs/insights/entrepreneurship/ey-preduzetnicki-barometar-2021

12 Pokrajac and Tomić, *Preduzetništvo*, 55.

- **The Lemonade Principle:** Entrepreneurs turn unexpected events into opportunities rather than avoiding or resisting them.
- **The Pilot-in-the-Plane Principle:** Entrepreneurs work with people and leverage the right technological and socio-economic moments.

These principles characterize successful entrepreneurs operating in dynamic and uncertain environments.¹³

An entrepreneur must recognize and foster creativity among collaborators to drive innovation. However, creativity is difficult to measure, as one cannot compare a creative scientist with a creative artist.¹⁴

LEGAL AND ECONOMIC REGULATION OF ESTABLISHING AN ENTREPRENEUR

The Law on the Procedure of Registration with the Business Registers Agency regulates the process of registration, recording, and publication of data and documents that, in accordance with specific laws, are subject to registration, recording, and publication in the registers and records maintained by the Business Registers Agency, as well as other matters relevant to registration.

The process of establishing business entities (entrepreneurs) is conducted through a one-stop registration system, which allows registered entities to simultaneously obtain:

- a registration number assigned by the Statistical Office of the Republic of Serbia,
- a tax identification number (TIN) assigned by the Tax Administration,
- registration for lump-sum taxation or salary payment or VAT,
- confirmation of registration (Form M-A) issued by the Central Registry of Compulsory Social Insurance,
- a health insurance number issued by the Republic Health Insurance Fund.¹⁵

Required documentation for registering an entrepreneur:¹⁶

1. Unified registration application for establishing legal entities and other subjects and entry into the unified register of taxpayers
2. Proof of identity of the entrepreneur (for domestic individuals – copy of ID card; for foreigners – copy of passport or foreign ID card)
3. Proof of payment of the registration fee (fee amount specified by the Agency)

13 Hisrich, R. D., M. P. Peters, and D. A. Shepherd. *Poduzetništvo*. 7th ed. Translated by J. Debeljak and I. Spajić. Zagreb: Mate, 2011.

14 Ožegović, L., and Z. Sajfert. *Preduzetništvo*. Novi Sad: Faculty of Economics and Engineering Management, 2009.

15 Business Registers Agency. "Business Registers Agency." Accessed April 5, 2025. <https://www.apr.gov.rs>.

16 Ibid.

4. License, consent, or other act of the competent authority, if required by special law as a condition for registration

For certain activities, licenses from competent authorities or ministries are required prior to registration (e.g., medical practices or taxi services). Other licenses necessary for operation (e.g., tobacco sales license) are obtained after registration (s-knjigovodstvo.com).¹⁷

Before submitting the registration application, it is necessary to verify address data in the Address Register of the Republic Geodetic Authority or the National Spatial Data Infrastructure—specifically, whether the street name exists in the settlement where the business will be located. The registrar must use address data from the official register. If the street name does not match the official records, the application will be rejected.

It is also important to note that one individual may have only one active entrepreneurial business. If already registered, a new business cannot be opened until the existing one is deleted from the register—even if temporarily suspended and not paying taxes or contributions, it is still considered active. An entrepreneur may change their activity, be employed elsewhere, and be a founder of other companies, but may only have one registered entrepreneurial business.

Business name selection, although seemingly simple, can cause issues. Mandatory elements include: the entrepreneur's full name, the designation "PR" or "entrepreneur," and the location (based on the agency's seat). For example, an entrepreneur may register as "Petar Petrović PR Belgrade" and avoid complications.¹⁸

Opening a bank account is one of the final steps and involves signing a business account agreement with the chosen bank. Required documents include:

- Certificate of registration
- OP form (authorized signatories)
- TIN
- Company stamp
- Copy of ID card

After obtaining a bank account, the entrepreneur submits a tax application.¹⁹

Laws and their practical application are often subject to change. Since entrepreneurs in their first year are primarily focused on acquiring clients and ensuring survival, these legal details are often overlooked. However, registration has significant legal effects and should not be taken lightly. It grants the entrepreneur the right to conduct business.

The Business Registers Agency website provides detailed explanations and video tutorials for every step before and after registration.

17 "S-knjigovodstvo," accessed September 5, 2025, <https://s-knjigovodstvo.com>.

18 "Business Registers Agency."

19 "Vodič za osnivanje preduzetničkog preduzeća," accessed April 5, 2025, <https://uniija.com/sr/kako-osnovati-preduzetnicko-preduzece/>.

On the Paragraf Lex legal database ²⁰, key laws regulating market and non-market business in Serbia can be found, depending on the type of activity, business structure, and territory. These include:

- Law on Business Companies
- Law on Obligations
- Law on Payment Transactions
- Law on Foreign Trade
- Customs Law
- Law on Foreign Exchange Operations

Additional legal and financial guidelines for export-oriented business can be found on the websites of:

- Chamber of Commerce of Serbia – pks.rs²¹
- Chamber of Commerce of Vojvodina – pkv.rs²²
- Regional Chamber of Commerce Novi Sad – pkv.rs²³

Other institutions offering support to entrepreneurs include:

- Development Agency of Serbia – ras.gov.rs²⁴
- Export Credit and Insurance Agency – aofi.rs²⁵

CONCLUSION

Business giants and large corporations with traditional management models are gradually becoming a thing of the past, while small and medium-sized enterprises are gaining increasing market share in the global economy. Although the influence of large companies remains significant, it is diminishing, and they are being forced to adopt entrepreneurial organizational cultures and form alliances and partnerships with smaller firms.

Knowledge as a resource is becoming the greatest wealth, and only those who continuously learn and improve can succeed. Teamwork and innovative thinking must be

20 Paragraf Lex. "Paragraf Lex." Accessed April 5, 2025. <https://www.paragraf.rs>.

21 Chamber of Commerce of Serbia. "Chamber of Commerce of Serbia." Accessed April 5, 2025. <https://pks.rs>.

22 Chamber of Commerce of Vojvodina. "Chamber of Commerce of Vojvodina." Accessed April 5, 2025. <https://pkv.rs>.

23 Regional Chamber of Commerce Novi Sad. "Regional Chamber of Commerce Novi Sad." Accessed April 5, 2025. <https://pkv.rs>.

24 Development Agency of Serbia. "Development Agency of Serbia." Accessed April 5, 2025. <https://ras.gov.rs>.

25 Export Credit and Insurance Agency. "Export Credit and Insurance Agency." Accessed April 5, 2025. <https://www.aofi.rs>.

nurtured. Innovation brings change to all aspects of human life, and it is impossible to survive in a turbulent modern environment without creating change.

The Republic of Serbia, still undergoing a transition process, does not yet have a fully developed system for the advancement of entrepreneurship. Compared to developed countries, Serbia's entrepreneurial ecosystem remains underdeveloped due to a lack of institutional support and organization. However, recent state incentives—especially those aimed at supporting women's entrepreneurship—are a positive sign.

Given that entrepreneurship is an abstract concept and cannot be precisely defined by a mathematical model, there is no exact formula for entrepreneurial success. Education is one of the most important prerequisites, but it does not guarantee success. Persistence, determination, teamwork, attentiveness to others, creativity, innovation, willingness to take risks, action, and continuous improvement are all traits of successful entrepreneurs.

Anyone wishing to engage in entrepreneurship must be prepared to operate in uncertainty, particularly in the financial domain. Although many ventures fail on the first attempt, the positive effects of those that succeed justify the risks. More and more people are seeking new opportunities and turning to entrepreneurship due to dissatisfaction with their current employment.

It is unrealistic to expect everyone to become an entrepreneur, as not all individuals have the inclination or ambition to run their own business. Moreover, human civilization functions in such a way that behind every entrepreneur stands a team. What everyone can adopt, however, is an entrepreneurial mindset—teamwork, accountability, initiative, dedication, active listening, openness to criticism, and constructive feedback. In this way, we can all be “small entrepreneurs” and contribute something valuable to our present and to future generations.



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ПРАВНА И ЕКОНОМСКА РЕГУЛАТИВА ОСНИВАЊА ПРЕДУЗЕТНИКА У САВРЕМЕНОЈ ЕКОНОМИЈИ

Анстракт:

Предмет овог рада је анализа предузетништва у савременим пословним условима, са акцентом на правну и економску регулативу оснивања предузетничког бизниса. Глобална трговина и размена робе постале су практично без граница.

Експанзија информационих технологија – омогућавајући рад на даљину, виртуелне састанке, куповину преко интернета, електронска плаћања и друштвене медије – створила је широк спектар нових професија и отворила могућности многим појединцима да истражују област предузетништва. Због турбулентног окружења обележеног сталним променама, приватизацијом, дерегулацијом, информатизацијом и глобализацијом, и велике корпорације су биле приморане да укључе предузетничко размишљање у све организационе сегменте. Централизација је уступила место децентрализацији, а реактивни приступи су замењени проактивним. Више није довољно само задовољити потребе купаца на најбољи могући начин – те потребе морају бити и створене. Купци све више траже партнерске односе са продавцима. Циљ овог рада је да свим заинтересованим странама пружи преглед научне литературе која се бави овом темом.

Кључне речи: *предузетништво, предузетник, правна и економска регулатива, савремена економија*

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