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ANALYSIS OF THE IMPACT OF MACROECONOMIC ENVIRONMENT ON THE ENTREPRENEURSHIP DEVELOPMENT*

ABSTRACT: In modern business conditions, entrepreneurship is a key factor in innovations, development of new products and services, employment creation of wealth and more efficient use of available resources. The role of entrepreneurship in the economy is extremely significant and has been proven in developed countries. Having in mind the enormous importance of entrepreneurship for economic development, we set the goal of the paper, which is the study of the impact of certain macroeconomic factors on the development of entrepreneurship in the Republic of Serbia. In the paper, we first show importance of entrepreneurship in general and then on the characteristics of the entrepreneurship development in developed countries, developing countries and Republic of Serbia, and then we focus on key macroeconomic factors and their influence on the

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entrepreneurship development in Republic of Serbia. The underlying conclusion is that insufficient employment is a key factor motivation for the entrepreneurship with the goal of self-employment, while favorable gross domestic product and income per capita are stimulating factors for entrepreneurship aimed at the development of innovations and economic and social progress.

Key words: entrepreneurship, development, macroeconomic factors, Serbia.

INTRODUCTION

Governments, state development policies, individuals, businessmen, universities, and professors are showing an increased interest in finding the answers to questions like who is an entrepreneur, or what is the entrepreneurship and entrepreneurial process. Anyone who uses or used the Google Search services, Facebook, LinkedIn, Apple iPhone, iPad, iMac and other devices, services, and products of similar companies had a touch with entrepreneurship. Entrepreneurs who founded these companies have enabled the creation of innovative products and services.

In spite of great interest in the entrepreneurship, there is no single, universal definition of the entrepreneurship. An entrepreneur is someone who recognizes the opportunities for starting a business venture which other people have not noticed and who works in order to realize the identified opportunities. Jeffrey A. Timmons, in his book, the *New Venture Creation: Entrepreneurship for the 21st Century* stated: „A competent entrepreneur can shape and create opportunities where others see little or nothing, or see too early or too late” (Jeffrey, 2015). French word *entrepreneur* stands for the entrepreneurship. In English, it is taken from the French language and literally translated means „one who takes between” or „go between”. Today’s meaning of the entrepreneurship originates from the 17th century. Previously, it was used to describe an individual who started an activity which implies a certain risk – military, legal, political or economic. Today, it indicates an individual who has initiated an idea or an entrepreneurial business with the necessity of accepting the risk.

The function of the entrepreneur is to change or revolutionize the production pattern so that the invention is exploited, or wider, to change still unused technological methods of producing new goods for wide consumption, or the production of old goods in a new way, by opening new sources of input supply or a new production channel by organizing a new

industry (Schumpeter, 1952). The contribution of the entrepreneurship in the economy and economic development is evident from the stated definitions of the entrepreneurship. Entrepreneurship enables the efficient use of available economic resources, making the overall economy more successful. Japan's success after the Second World War is an example of the efficient use of available economic resources.

In our work we pointed out the need to determine the impact of the macroeconomic environment in Serbia on the entrepreneurship development, given that entrepreneurship is of the great importance for the economy, including the importance for the employment, the application of innovations, the efficient use of resources and the support of large companies. In this context, during the conceptualization, we have determined the goal of our work, and this is the study of the impact of certain macroeconomic factors on the entrepreneurship development in Serbia. In the paper, we first point out the importance of entrepreneurship in general, then characteristics of entrepreneurship development in developed, developing countries, and in Serbia, and then we point on key macroeconomic factors as well as their impact on the entrepreneurship development in Serbia.

KEY MACROECONOMIC INDICATORS

In this paper, we focused on macroeconomic factors, as ambient factors for the entrepreneurship development in Serbia. Based on the analysis, it is evident that the entrepreneurship development in Serbia is influenced by the following macroeconomic factors:

- rate of GDP,
- investment activity,
- unemployment,
- public finance deficit.

One of the key indicators of economic activity is the gross domestic product. The decline in gross domestic product leads to the multiplication of negative effects in the form of deepening the crisis, especially in the real sector. Reducing the activity of the real sector while reducing the inflow of foreign capital results in a difficult repayment of foreign debt and depreciation of the national currency. Therefore, it is very important to carry out a structural reform and thereby raise the level of economic competitiveness.

Table 1 presents the standard of the population in the period from 2013 to 2017, expressed in terms of the indicator, the value of GDP per capita had a slight increase from 4,781 to 5,226 euros.

Table 1. – GDP trends in the period from 2013. to 2017.

years	2013.	2014.	2015.	2016.	2017.
Gross domestic product, mil. EUR	34.262,9	33.318,6	33.491,0	34.616,6	36.795,4
Gross domestic product, per capita, in EUR	4.781	4.672	4.720	4.904	5.226
Gross domestic product, real growth, in %	2,6	-1,8	0,8	2,8	1,9

Source: National Bank of Serbia and Nacional Employment Service (2018).

Economic activity from 2013 to 2017, measured by the gross domestic product and expressed in the prices of the previous year, have increased by 2,6%, at the beginning of the observed period, then dropped by 1,8%, and then in the next few years, a slight increase of 0,8% started, then 2,8%, and in the last year growth of 1,9%

The macroeconomics aims are insuring production growth, full employment and stable prices (Ministry of finance of Serbia, 2018). The inflation rate precisely shows of price movements and the provision of conditions for a stable and successful business.

Table 2. – Trends in inflation, foreign exchange reserves and interest rates in the period from 2013 to 2017.

years	2013.	2014.	2015.	2016.	2017.
Trends of consumer prices (inflation rate) in%	2,2	1,7	1,5	1,6	3
Changes in foreign reserves in EUR million	-0,3		-1,6	-2,3	-4,8
Reference interest rate in%	11	8,5	6	4	3,5

Source: National Bank of Serbia (2018).

The inflation rate in the observed (2013–2017.) period was relatively stable with a declining trend, except in the last year when it was 3%. Falling and stagnating of the inflation rate creates favorable conditions for business. The National Bank of Serbia strongly intervened to preserve the exchange rate and managed to reduce reference interest rates from 11% to 3.5 in 2017.

Table 3. – Trends in public revenues, public debt in the period from 2013 to 2017 in % GDP

Fiscal indicators, % GDP	2013.	2014.	2015.	2016.	2017.
Consolidated public revenues	39,7	41,5	41,9	43,9	44,1
Consolidated public expenditures	45,1	48,1	45,6	45,2	43,0
Consolidated deficit / surplus in % of GDP	-5,5	-6,6	-3,7	-1,3	1,2
Public debt in % of GDP	59,6	70,4	74,7	71,9	61,5

Source: Ministry of finance of Serbia (2018).

Table 3 shows the macroeconomic imbalance between public revenues and expenditures. The share of public consumption in GDP in 2013 was 45.1%, and the deficit in the same year amounted to 5.5% of GDP. Imbalance is a consequence of the expansion of public consumption, accelerated growth in real wages that are not accompanied by an increase in labor productivity and the pace of GDP growth. The rapid growth of wages and public consumption results in a high foreign trade deficit and inflation of 2.2%. The deficit in 2014 and 2015 was very high. In the last three years there has been an increase in public revenues and a reduction in public expenditures resulting in a deficit reduction of -3.07% of GDP to -1.2% of GDP. The share of Serbia's external debt in 2013 amounted to 59.6% of GDP and, by 2015 it has grown to 74,7% of GDP. In 2017, this share amounted to 61,5% of GDP. Public debt growth in GDP may have the effect that in the case of a balance of payments crisis, the risk of repayment of borrowed loans will become the burden of taxpayers in Serbia.

It is acceptable to reduce public expenditures, increase public revenues and reduce the budget deficit in order to gain stability and growth of Serbia's economy. The growth of public debt is the result of the increase in foreign borrowing, or the increase in the source of the deficit financing.

Table 4. – Movement of investments and consumption in the period from 2013. to 2017.

Investments and consumption	2013.	2014.	2015.	2016.	2017.
FDI in mil EUR	0,7	1,7	1,7	1,7	1,8
Fixed investment growth rate in %	-2	7	10	10	8
Consumption, growth rate in %	-4,1	1,0	0,2	0,7	0,7

Source: Ministry of finance of Serbia (2018).

The flow of foreign direct investments is of the particular importance for reducing the foreign trade imbalance, primarily Greenfield investments in the area of export-oriented economy, in which labor productivity would increase and consequently export and foreign exchange inflows. (Republic Statistical Office of Serbia, 2018). Table 4 shows that FDI is rising and in the range from 0.7 in 2013. to 1.8 million Euros in 2017.

Table 5. – Movement of unemployment, wages and pensions in the period from 2013. to 2017.

Employment, salaries and pensions	2013.	2014.	2015.	2016.	2017.
Employment rate in %	40	42,9	42,7	45,5	46,3
Unemployment rate in %	22,1	19,2	17,7	15,3	13,5
Net earnings, period average, in EUR	389	380	368	375	384
– real growth rates in %	–1,5	–1,5	–2,1	2,5	0,9
Average pension, average period, in EUR	201	201	194	180	191
– real growth rates in %	–3,5	–2,3	–5,5	0,1	–1,2
Consumer basket in EUR	574	568	580	570	575
Exchange rate according to EUR	114,6 4	120,9 6	121,6 3	123,47	118,47

Source: National Bank of Serbia (2018), Nacional Employment Service (2018), Republic Statistical Office of Serbia (2018), Republic Fund for Pension and Disability Insurance (2018)

Economies can only grow if productivity or employment is increased. As productivity usually grows slowly, employment can be increased with economic measures. In order to increase employment, we need to increase investments. In the case of unemployment, a large part of the workforce remains unused, and unemployed workforce represent the loss of GDP.

The data in Table 5 show that the improvement in the labor market was registered in terms of reducing the unemployment rate from 22.1% in 2013 and 19.2% in 2014 to 13.5 in 2017. The employment rate rose from 40% in 2013 to 46.3% in 2017. In the observed period, there was a slight increase in the real net wage rate in%, in 2016 by 2.5%, and in 2017 only 0.9%, while pensions decreased by –3.5% in 2013 up to –1.2% in 2017.

IMPORTANCE OF ENTREPRENEURSHIP

The beginnings of entrepreneurial development are tied to Marco Polo who has managed to develop trade routes towards the Far East. His activities were in line with the early definition of the word *entrepreneur*, or in accordance with the „go between” and take the risk. As the one who goes between, Marco Polo would sign a contract with a person who had money to sell his goods. Usually, such contract allowed a loan to merchant-adventurist with 22.5% of interest, including insurance. In the end, the profit was shared

and the loss would be covered by a creditor who was an insurer at the same time. While the capitalist was a passive risk carrier, the merchant-entrepreneur took an active role. Such relations were also recorded in the form of *foenus nauticum* in ancient Rome.

Entrepreneurship enables the efficient use of available economic resources, making the overall economy more successful. Japan's success after the Second World War is an example of the efficient use of available economic resources. Without entrepreneurship there would be no innovative products and services. Innovations that enable the development of the production of products and services, provide new jobs, new products and services, more profits and taxes, directly contribute to the improvement of economic growth. The economies of the region lag behind the developed countries precisely because of the lack of the development of entrepreneurship. The key US advantage over Europe as well as rapidly emerging markets such as some developing countries like China, India or Turkey, is exclusively due to the development of entrepreneurship and entrepreneurial orientation. In many countries, thousands of new entrepreneurial organizations are established on a daily and monthly basis. Entrepreneurship is a key „ingredient” that enables not only the advancement of national economies but also their transformation. Depending on the general attitude towards entrepreneurship in some countries, it is more or less developed. The importance of entrepreneurship for the economy and society was first confirmed by the economic theorist Schumpeter in 1934. In his work *Theory of Economic Development*, Schumpeter pointed out that entrepreneurship creates new products and technologies that make the existing ones obsolete. Given that new products and technologies are usually better and stimulate demand, they also stimulate economic activity.

Entrepreneurs, small and medium-sized enterprises have a key role in society as they enable economic growth and the solution of social issues. It is in the interests of the entire nation to support the establishment, survival, and development of entrepreneurs, small and medium-sized enterprises (Caner, 2018). Their role as a healthy and dynamic part of the economy is crucial in the conditions of crises and unemployment since they lead to an increase in employment, the development of innovations, they represent a significant source of tax revenues and the creation of social welfare and social cohesion through the solution of social issues. Besides the national, they also give support to local development and they contribute to the successful work of large companies.

Entrepreneurs, small and medium-sized enterprises contribute to the industrial development. Small and medium-sized enterprises account for about 90% of all enterprises and employ between 50% and 60% of the total workforce in the world. (Hobohm, 2001, str. 1–42) Considering the

experiences of the United Nations Industrial Development Organization Hobohm (Hobohm, 2001, str. 1–42), the following specifics of the contribution of small and medium-sized enterprises to economic development are cited: 1) Small and medium-sized enterprises are working more intensively and promote more even distribution of income than large enterprises. They play an important role in creating employment and consequently reducing poverty, providing jobs with reasonable wages for workers from poor households and women with few alternative sources of income. 2) Small and medium-sized enterprises contribute to a more efficient distribution of resources in developing countries. Since they apply labor-intensive production methods, they more accurately align labor surpluses and shortages of capital. To the extent in which they are engaged in informal markets, the prices of the factors of production and the products they face, better reflect social opportunity costs than the prices that large enterprises are facing. 3) Small and medium-sized enterprises support the creation of systemic production capacities. They help to absorb production resources at all levels of the economy and contribute to the establishment of dynamic and elastic economic systems in which small and medium-sized enterprises are associated with the big one. They also strive to be geographically dispersed in relation to large enterprises, to support the development and diffusion of entrepreneurial spirit and skills and help reduce economic disparities between rural and urban areas.

Entrepreneurs, small and medium-sized enterprises are an important source of job provision and provision of the added value. Long-term economic effects of entrepreneurship, small and medium-sized enterprises are (Caner, 2014): 1) As income on capital increases, the contribution of small and medium-sized enterprises to GDP growth (gross domestic product) and employment is rising. 2) The increase in income on capital also reduces the contribution of the gray economy. 3) Small and medium-sized enterprises, in the white and gray zone, contribute to the creation of about 60% to 70% of GDP on average. 4) With the rise in GDP, the participation of the gray economy is declining. We emphasize that entrepreneurs, small and medium-sized enterprises are the main bearers of commercially implemented innovations such as new products, new services or new approaches to existing and new markets. Also, the realization of the global financial crisis has shown that these economic entities were the bearers of the recovery of endangered economies. Therefore, entrepreneurship has a positive impact on the economy through job creation and innovation, society and large companies.

DEVELOPMENT OF ENTREPRENEURSHIP IN DEVELOPED, DEVELOPING COUNTRIES AND SERBIA

The importance of entrepreneurship in the world is growing every year. Although there are differences in the degree of development between individual countries, entrepreneurship is gaining in importance due to the growth of education levels, the level of business skills and the reduction of job security. While the growth in the number and importance of small and medium-sized enterprises in developed and developing countries has grown due to the relaxation of labor legislation and the growth of incentives in transition countries, including our country, the growth in the number and significance of small and medium-sized enterprises has arisen as a result of the break-up of large enterprises and the privatization of companies in state and social ownership.

In the OECD countries 99% of the total number of enterprises are small and medium-sized enterprises. (SMEs, Entrepreneurship and Innovation, 2010) They employ about one third of the total number of employees and contribute to creating more than half of the total surplus value. The environment for innovations in the OECD countries has changed significantly in past ten years or more. (SMEs, Entrepreneurship and Innovation, 2010) Instead of domination of large enterprises in creating innovations, the continuously growing contribution to the creation of innovations in recent times is given by small and medium-sized enterprises.

In the EU, small and medium-sized enterprises contribute to the creation of around 4 million new jobs each year. On average, at EU level, small and medium-sized enterprises account for 99.8% of the total number of enterprises, employing 66.9% of the total number of employees and, on average, generating 58.1% of the additional value for the economy (Entrepreneurship in the EU and Beyond, 2012). In almost all EU countries, entrepreneurship has great importance. In 2013, more than 3.7 million small and medium-sized enterprises were operating in Italy, employing around 11.5 million workers and generating around 459 billion euros, or creating around 69.5% of GDP (EC, 2014). In Germany, more than 2.2 million small and medium-sized enterprises (99.5% of the total number of enterprises) were operating, employing 16.7 million people and realizing 792 billion euros, or 54.4% of the total economic value (EC, 2014). In France, entrepreneurship was also developed, but to a lesser degree compared to Italy and Germany, as indicated by the fact that in 2013, about 2.6 million small and medium-sized enterprises operated in France, employing around 9.5 million people with the share of 99.8% of the total number of companies (EC, 2014). According to the latest available results, Europeans are less prone to entrepreneurship compared to the fast-growing markets, such as the US, China or Turkey. The

trend has fallen after the crisis. The situation established by the 2012 Eurobarometer indicates that only 37% of EU citizens want to be self-employed. This is significantly less in relation to the US where 51% of citizens tends to self-employment or China where for 56% of citizens, the basic motive for entrepreneurship is self-employment (Entrepreneurship in the EU and Beyond, 2012).

Unlike the countries of Western Europe, in Eastern Europe, including Serbia, entrepreneurship was developed in the period before the Second World War, and in the period of Socialism, it almost did not exist. In Serbia, entrepreneurship existed only in the form of small craftsmen. In the transition period, entrepreneurship developed mainly in the domain of the gray economy. After 2000, entrepreneurship began to develop more significantly in the formal economy, although it has not been sufficiently developed yet. The key form of entrepreneurship developed in Serbia is an entrepreneurship for the purpose of self-employment. Entrepreneurship based on opportunity use is rare, except in certain activities such as information technology.

The limiting conditions for the development of entrepreneurship are also indicated by the Legatum Prosperity Index (The 2014 Legatum Prosperity Index). This index shows that according to the conditions for the entrepreneurship development, Serbia is at 58th place in the world, with the conditions improving compared to the previous two years. The most positive factor is safety and security, and Serbia is in 88th place by economic quality, and on 79th by business environment. Economic quality is an element through which the openness of the economy, the macroeconomic indicators, the basis for growth, the economic possibilities and the efficiency of the financial sector are measured in the Legatum Prosperity Index. The business environment measures the entrepreneurial environment, business infrastructure, barriers to innovation and the flexibility of the labor market. Particularly negative are the social capital according to which Serbia is at 109th and the natural environment according to which Serbia is in 107th place. The social environment measures the power of personal contacts, the support of social networks, social norms and civil participation in society. The natural environment measures the country's performance in three areas: the quality of the natural environment, environmental pressures and efforts to preserve the environment. The number of entrepreneurs in Serbia by years is shown Table 6.

Table 6. – The number of entrepreneurs in Serbia from 2004 to 2016

years	The number of entrepreneurs
2004	216.999
2005	243.002
2006	183.352
2007	206.736
2008	215.756
2009	221.516
2010	222.817
2011	219.156
2012	215.974
2013	212.403
2014	216.129
2015	217.309
2016	243.590

Source: Number of entrepreneurs in the Republic of Serbia (2004–2016)

In 2016, 243,590 entrepreneurs operated in Serbia. Of this total number of entrepreneurs, 66 848 entrepreneurs operated in the Belgrade region – which makes 27.4%, in the Vojvodina Region 62 514 – which makes 25.7%, in the Region of Sumadija and Western Serbia 70 304 – which makes 28.9%, and in the Region of South and East Serbia 43 924 entrepreneurs – accounting for 18% (Entrepreneurs in the Republic of Serbia, 2017). Observed by sectors of activity, at the level of the Republic of Serbia, the largest share in the total number of entrepreneurs had: Wholesale and retail trade; Repair of motor vehicles and motorcycles (25.9%), Manufacturing (15.0%), Professional, scientific, innovation and technical activities (12.3%), Transport and storage (11.8%), Accommodation and food services (8.8%), Other service activities (8.1%), etc. The total number of entrepreneurs by activity is shown in Table no.7.

Table 7. – The number of entrepreneurs in Serbia by activity in 2016

The name of the activity	Republic of Serbia						
	Total	Serbia – north	Serbia – south	Belgrade region	Vojvodina region	Sumadija and Western Serbia	Region of South an East Serbia
Total	243 590	129 363	114 227	66 848	62 514	70 304	43 924
Agriculture, forestry and fishing	2 504	958	1 546	238	720	847	699
Extraction of ore and stone	158	15	143	9	6	101	43
Manufacturing industry	36 497	16 052	20 445	6 816	9 236	13 064	7 380
Electricity, gas, steam and air conditioning supply	36	8	29	8	-	15	13
Water supply; wastewater management, control of the waste removal process and similar activities	430	205	225	47	159	163	62
Construction	16621	7 999	8 622	3 740	4 259	5 069	3 553
Wholesale and retail trade; repair of motor vehicles and motorcycles	63 089	29 181	33 908	13 060	16 121	20 107	13 801
Transport and storage	28 860	17 673	11 186	10 500	7 173	7 276	3 911
Accommodation and food services	21 529	10 499	11 031	4 152	6 347	7 032	3 999
Information and communication	7 324	5 307	2 017	3 472	1 835	1 212	805
Financial and insurance activities	1 755	924	832	473	450	460	372
Real estate	832	575	257	345	230	179	77
Professional, scientific, innovation and technical activities	29 845	19 698	10 146	12 345	7 353	6 190	3 957
Administrative and support service activities	5 786	3 651	2 135	2 071	1 580	1 265	870
State Administration and Defense; mandatory social insurance	-	-	-	-	-	-	-
Education	1 506	1 047	459	625	422	269	191
Health and social care	5 029	3 176	1 853	2 177	999	1 128	726
Art; entertainment and recreation	2 150	1 348	802	869	479	476	327
Other service activities	19 639	11 048	8 591	5 901	5 146	5 452	3 139
Household activity as an employer; the activity of households that produce goods and services for own needs							
Activities of extritorial organizations							

Source: Entrepreneurs in the Republic of Serbia, 2017

In 2016, entrepreneurs in the Republic of Serbia employed 247,775 workers. In the Belgrade region there were 49,041 employees – which makes 19.8%, in the Vojvodina Region 65 820 – which makes 26.6%, in the Sumadija and Western Serbia region 77 518 – which makes 31.3%, and in the Region of South and Eastern Serbia 55 397 workers – which accounts for 22.4% of employees. Observed by sectors of the activity classification (2010), the largest share in the total number of employees in the Republic of Serbia in 2016 had: Wholesale and retail trade; Repair of motor vehicles and motorcycles (34.7%), Manufacturing (24.4%), Accommodation and food services (13.1%), Professional, scientific, innovation and technical activities (6.2%), Other service activities (5.6%), etc. The number of employees employed by entrepreneurs by sectors of activity is shown in Table no.8.

Table 8. – The number of employees employed by entrepreneurs in 2016

The name of the activity	Republic of Serbia						
	Total	Serbia – north	Serbia – south	Belgrade region	Vojvodina region	Sumadija and Western Serbia	Region of South an East Serbia
Total	247 775	114 860	132 915	49 041	65 820	77 518	55 397
Agriculture, forestry and fishing	1 508	779	728	120	659	476	253
Extraction of ore and stone	286	30	256	15	15	174	82
Manufacturing industry	60 524	26012	34 511	8 575	17 437	20 735	13 776
Electricity, gas, steam and air conditioning supply	32	10	23	10	-	14	9
Water supply; wastewater management, control of the waste removal process and similar activities	2 317	1 944	373	399	1 545	215	158
Construction	11 382	4 643	6 739	1 758	2 885	3 179	3 560
Wholesale and retail trade; repair of motor vehicles and motorcycles	85 965	37 559	48 406	15 667	21 892	28 229	20 177
Transport and storage	6 044	2 026	4 018	593	1 434	2 691	1 327
Accommodation and food	32 426	15 106	17 320	7 100	8 006	10 431	6 889

services							
Information and communication	2 232	1 199	1 033	568	631	641	391
Financial and insurance activities	2 616	1 453	1 164	697	755	613	551
Real estate	416	259	157	174	85	93	65
Professional, scientific, innovation and technical activities	15 339	7 958	7 382	3 750	4 207	3 938	3 444
Administrative and support service activities	4 390	1 987	2 403	884	1 104	1 297	1 106
State Administration and Defense; mandatory social insurance	-	-	-				
Education	909	645	265	335	310	123	142
Health and social care	6 731	4 495	2 237	3 040	1 455	1 333	904
Art; entertainment and recreation	732	360	372	212	148	211	161
Other service activities	13 925	8 396	5 529	5 145	3 251	3 127	2 403
Household activity as an employer; the activity of households that produce goods and services for own needs							
Activities of extraterritorial organizations							

Source: Entrepreneurs in the Republic of Serbia, 2017

Entrepreneurs from the Belgrade region participated in 2016 with 28.4% of the GVA, the Region of Vojvodina with 26.5%, the Region of Sumadija and Western Serbia with 27.5%, while the share of entrepreneurs from the Region of South and East Serbia with 17, 6% of the total GVA. Observed by sectors of the activity classification (2010), the most significant share in GVA at the level of the Republic of Serbia was achieved by: Wholesale and retail trade; repair of motor vehicles and motorcycles (26.5%), manufacturing (18.7%), professional, scientific, innovation and technical

activities (12.2%), Accommodation and food services (9.1%), Transport and storage (8.5%), Other service activities (6.9%), etc.

THE IMPACT OF MACROECONOMIC ENVIRONMENT ON THE ENTREPRENEURSHIP DEVELOPMENT

Economic growth positively influences the entrepreneurship development. Dynamic economic growth depends on many factors. Among the most important are the population changes, the quantity and the quality of the labor force, or its educational and age structure. Macroeconomic stability attracts foreign direct investments which are very significant for Serbia. In addition to the above, business competitiveness also affects Serbia's foreign market, export growth and efficient state.

Indicators of macroeconomic environment are: low and stable inflation, a reduction in the budget deficit, an increase in the share of national savings in the gross domestic product. According to Report on the competitiveness, presented at the World Economic Forum in 2018, Serbia has made the greatest progress regarding the macroeconomic environment in the region. Third year in a row, Serbia has increased its competitive position, and it ranks 65th in a group of 140 countries (World Economic Forum, 2018).

In every economy, entrepreneurship (entrepreneurs, small and medium-sized enterprises) has several important functions that manifests in the contribution to increasing employment, diversification of the economic structure, innovative activities and technical progress, realization of wider social goals, and more (Mijačić, V., Paunović, B., 2011).

The contribution of entrepreneurship to the creation of new jobs represents the most common argument in support of the establishment and development of new enterprises and the main subject of attention of the economic policy makers in the developed economies. As a whole, entrepreneurs, small and medium-sized enterprises are a significant source of innovation in every economy. First of all, this is due to the fact that innovations are a natural instrument of entrepreneurship, so many entrepreneurs, small and medium-sized enterprises are emerging as a form of commercialization of innovations, as well as the consequence of greater flexibility, dynamism and sensitivity to changes in the demand in contrast to large enterprises. Entrepreneurship also contributes to the diversification of economic structure. In addition, entrepreneurs, small and medium-sized enterprises also have wider social roles that are expressed in the affirmation of entrepreneurial spirit, work, creativity and all other values fed by entrepreneurial activity.

Entrepreneurs, small and medium enterprises provide the flexibility and adaptability of the economy and are often the most vital and most effective part of every economy. The growth of entrepreneurship expressed in the number of entrepreneurs, small and medium-sized enterprises affects the increase of competitiveness and employment in the economy (The European Charter for Small Enterprises, 2002).

The application of instruments and measures of macroeconomic policy the development of entrepreneurship can be facilitated. Measures to support the development of entrepreneurship include: business infrastructure, support to clusters, GDP growth per se and government backed funding.

Business infrastructure consists of networks of various organizations and institutions specialized in supporting entrepreneurs, small and medium enterprises and institutions, such as: business incubators, industrial zones, parks, regional or local development agencies, organizations and institutions such as: branches of the National Employment Service, offices of the Development Fund of the Republic of Serbia (AP Vojvodina Development Fund), regional chambers, agencies for regional development, etc.

Adjustment of the business environment to the needs of establishment of new and growth and development of existing enterprises is realized through the following activities:

- Adopting the strategy for the development of small and medium-sized enterprises and entrepreneurship with the goal of opening new jobs;
- Encouraging the establishment, operation and development of micro, small and medium enterprises, providing assistance, advice and information, training and consulting services;
- Capacity building for the long-term and sustainable development of the SME sector and entrepreneurship through the creation and realization of projects that can help increase the efficiency of entrepreneurs, small and medium enterprises, increase competitiveness on markets, quality, internationalization and implementation of IT, and raise awareness about the importance of the development of entrepreneurship

CONCLUSION

Entrepreneurship in Serbia is relatively poorly developed in relation to the developed countries of Western Europe but also in relation to many developing countries, such as Turkey, India or China. The reasons for the insufficient development of entrepreneurship in Serbia are numerous. A very significant underdevelopment factor is the absence of entrepreneurship within the socialist socio-economic system in the last few decades. Transition, did

not give significant results in terms of developing entrepreneurship. Today, in the post-transition period, entrepreneurship is mostly developed in trade and crafts, especially in the domain of services. This is due to the fact that such forms of private business engagement existed in the pre-transition period. In addition to the socio-economic system, the development of entrepreneurship has been influenced by a whole range of factors, among which the most important are economic ones.

According to the Legatum Prosperity Index, Serbia ranks 58th in the world, which is an improvement compared to previous years. However, the business environment and economic quality are still very negative for the development of entrepreneurship in Serbia.

The basic problem of the Serbian economy is low economic growth, which is the result of insufficiently stimulating measures of government policies. Period between 2013 and 2017 is characterized by low growth of real gross domestic product (from 2.6, -1.8, 8, 2.8 and 1.9) and the absence of investment activities, which indicates to a slowdown in the development of entrepreneurship in Serbia.

Unemployment rate, in the period from 2013 to 2017 decreased from 22.1% to 13.5%. The low inflation rate of 2.2% to 3% with lower reference interest rates is in favor of prerequisites for the development of entrepreneurship, which should influence the diversification of the economic structure, the growth of innovative activity, technical progress, affirmation of the entrepreneurial spirit, increasing the competitiveness of the economy, production and realization of broader social goals. Entrepreneurship in Serbia is predominantly developed as a self-employment alternative, and not with the aim to exploit market opportunities.

The obtained research is important for government policies which in the coming period should stimulate the support of the development of the domestic economy, large enterprises which would develop entrepreneurship, since it is an indispensable cooperator of large enterprises. Also, research is important for future research which should include a broader range of factors and put them in correlation and regression analysis relation in order to obtain wider results than purely economic presented in the work.

REZIME

ANALIZA UTICAJA MAKROEKONOMSKOG OKRUŽENJA NA RAZVOJ PREDUZETNIŠTVA

Preduzetništvo je u savremenim uslovima poslovanja ključni faktor inovacija, razvoja novih proizvoda i usluga, zapošljavanja, kreiranja bogatstva i efikasnijeg korišćenja raspoloživih resursa. Uloga preduzetništva u ekonomiji

je izrazito značajna i dokazana je u razvijenim zemljama. Imajući u vidu ogroman značaj preduzetništva za ekonomski razvoj, postavili smo cilj rada a to je istraživanje uticaja pojedinih makroekonomskih faktora na razvoj preduzetništva u Srbiji. U radu prvo detaljnije ukazujemo na značaj koji preduzetništvo ima uošte, potom na značaj koji ima i karakteristike razvoja preduzetništva u razvijenim, zemljama u razvoju i Srbiji a potom na ključne makroekonomske činioce kao i njihov uticaj na razvoj preduzetništva u Srbiji. Osnovni zaključak je da nedovoljna zaposlenost predstavlja motiv za razvoj preduzetništva sa ciljem samozapošljavanja, a da povoljni bruto domaći proizvod i dohodak po stanovniku predstavljaju stimulativan faktor preduzetništva, čiji je cilj razvoj inovacija i ekonomski i društveni progres.

Ključne reči: preduzetništvo, razvoj, makroekonomski faktori, Srbija.

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