

ENTREPRENEURSHIP 475

ANALYSIS OF STAGES IN THE LIFE CYCLE OF FAMILY SMEs IN THE REPUBLIC OF SERBIA	476
Mihic Marko, Arsic Sinisa, Arsic Milos	
ARGUMENTS FOR DESIGNING PROGRAMMES FOR ENCOURAGING THE YOUTH IN SERBIA TOWARDS ENTREPRENEURSHIP	484
Omerbegović-Bijelović Jasmina, Mirković Predrag, Rakićević Zoran	
COMPANY'S GROWTH AS A RESULT OF ENTREPRENEUR'S CREATIVE ABILITIES	495
Peljko Žiga, Jeraj Mitja, Marič Miha	
FEMALE ENTREPRENEURSHIP: MAIN CHALLENGES AND THE IMPACT OF GENDER GAP	504
Kokotović Dunja, Rakić, Bogdan Kokotović Tijana	
ORGANIZATION SPECIFICS OF SMALL AND MEDIUM ENTERPRISES WITH A SPECIAL OVERVIEW OF MARKETING FUNCTION	513
Vukmirović Valentina, Vukmirović Nikola	
WOMEN'S ENTREPRENEURSHIP - A GLOBAL PERSPECTIVE AND CURRENT STATE IN SERBIA	522
Vrbanac Maja, Milovanović Marina, Perišić Jasmina	

ENTREPRENEURSHIP

ANALYSIS OF STAGES IN THE LIFE CYCLE OF FAMILY SMES IN THE REPUBLIC OF SERBIA

Marko Mihic^{*1}, Sinisa Arsic¹, Milos Arsic²

¹Faculty of organizational sciences, University of Belgrade, Belgrade, Serbia

² Faculty for Traffic, Communications and Logistics, Berane, Montenegro

*Corresponding author, e-mail: mihicm@fon.rs

Abstract: *This paper aims to analyze the operating life cycle of small and medium-sized enterprises (SMEs) in Serbia, with a special focus on family businesses. After an empirical research, it was concluded that the problem stems from the uniqueness of different stages in the life cycle of family-owned SMEs in Serbia. The main presumption of this analysis is that most (newly-founded) family firms are currently facing a decline stage in their life cycles, as well as that the most common strategy for exiting this phase seems to center around layoffs or other drastic measures. After examining the results of the study, the authors analyzed typical strategies used by owners of family businesses in order to reinforce their firms and encourage growth. The main conclusions of this study are presented with the fact that the majority of family businesses in Serbia are currently in the decline stage of their life cycle.*

Keywords: *life cycle, family business, entrepreneurship, strategy*

1. INTRODUCTION

The entire operational life cycle of an SME is influenced by the owner, across five stages: from starting the business venture, through growth, professionalization and integration, to the consolidation of operations. The sixth stage, i.e. decline or stagnation, is the least desirable stage for any owner, but once it starts, it is necessary to create an adequate business revitalization strategy immediately, i.e. the owner must devise a plan that would lead the business to a new expansion (Smithson, 2004).

This paper focuses on family-owned SMEs in Serbia. Its aim is to analyze the stages of their life cycle, both those they have passed and those they are currently facing. The main challenge in front of the authors was to identify the features of the six abovementioned stages in business life cycle. The task was performed in two stages: through a theoretical overview of available literature, as well as through the identification of questions relevant for Serbian family SME sector and adequate for empirical evaluation. In Literature Review, the authors will present the first (theoretical) part of the analysis using a synthesis of survey questions. The questions that were identified as vital and relevant for this research will be examined in the Empirical Research chapter. Previously to this, the authors will define the research problem in a separate chapter, as it is insufficiently presented in the existing literature and studies. This theoretical gap will be studied using an adequate representative sample. The Discussion on the results of this research offers authors' opinions relating to the conclusions they adopted, as well as to available strategies aimed at helping SMEs overcome the decline/stagnation stage. This section of the paper also presents conclusions from other similar studies, and explains identified literature gaps, which this study aims to fill. The limitation of this study is the relatively small number of surveyed companies, but that limitation was compensated for by selecting companies evenly distributed throughout the territory of Serbia, in order to provide the best possible territorial representativeness of the sample.

2. LITERATURE OVERVIEW

In the initial stage of a company's life cycle, the firm's structure is still not completely defined, responsibilities are not properly established and distributed, and there is no coherency in following the initial plan, since these firms tend to implement temporary and simple solutions. (Abdessalam, Bonnet & Le Pape, 2004). In this stage, companies are extremely vulnerable; many of them never overcome this phase and simply disappear. Therefore, it is necessary to detect and analyze problems that prevent a business from developing and continuing into the next stage of its life cycle.

The next stage, if the firm gets to it, is the one where employees and the owner create a base the firm will rely on in the future and foster important prerequisites for succeeding on today's competitive market. In this stage, business operations are at their very beginning; the owner is performing most of the tasks and has,

sometimes, a few employees to help him. The main problems and tasks revolve around attracting new customers and delivering products and services. Some companies never enter the expansion stage because the owner, lacking ambition, decides to keep the operations at the same level, further implementing the stages of professionalization and integration (Sharma & Salvato, 2011). Nevertheless, the companies that strive towards expansion will start to glance outwards, looking for new possibilities and business ventures. Still, these prospects only represent the extension of the already existing activities and not the search for completely new activities and cooperation with third parties. The company's structure will begin to take form, relying on the already existing base it can return to at any moment (Barbero, Casillas & Feldman, 2011). It is necessary to establish whether the owners of family SMEs mainly opt for expanding their product or service range (outside of Serbian borders, if possible), or for remaining at their current business operations level, implementing professionalization and integration, hoping to achieve success on the market.

The professionalization and integration stage is analogue to the growth and development of a human between adolescence and maturity. The ideas advocated by the firm in this stage are indisputable, even stubbornly defended, although they change in frequent intervals. One of the greatest dangers in this stage is the success of one employee, most often the owner, who controls the entire structure. The company is financially stable with average or above-the-average profits; an opportunity arises to hire functional managers who will take over certain activities previously performed by the owner. If the company does not adjust to the changes, it can shut down or return to the previous stage (the expansion stage). As long as the owner is there in person, he brings revenue and everything works fine. When he is gone, there is a danger of creating a vacuum, generated by the lack of a true leader in the organization (Peiser & Wooten, 1997). Professionalization and, later, integration are very important for a company because relations between employees can create a challenging environment for understanding and maintaining everyday business operations. The expansion of a company has to precede professionalization, since professionalization is there to support the new, changed structure. The entire business operations system has to be systematic; this process is achieved through integration. Managers now need another level of management and professionalization process is there to establish a clear structure for responsibilities, delegation of tasks, establishing of roles, etc. (Jovanovic, Petrovic, Mihic & Obradovic, 2012). New experts are joining the firm, and the organization starts to prepare for consolidation, i.e. stabilization of current operations. The owner now needs experts for managing finances in order to deal with debtors, creditors and bank managers. Every small firm, striving to become a medium-sized company, i.e. big company at some point, has to make this leap in order to ensure long-term development. In this stage, the owner invests cash and borrowed assets aiming to invest in the company's further development (Johnsen & McMahon, 2005; Muhlbacher, Nettekoven & Kovac, 2011). Strategic management is becoming critical and the owner is involved in every stage. At this point, any failure can push the company back into the stagnation or survival stage to such an extent that it can even be sold.

Consolidation stage further determines operational directions from a safe point. Nevertheless, it is only up to the owner and his plans whether his business will enter the next downhill stage, i.e. whether the business will expand even further. A consolidated company offers security and sense of determination to its employees, encouraging them to achieve their goals. The company that overcomes this stage knows what to expect from its employees, and they know what is expected of them. Among other things, this is a result of increasingly formal relations in the company, something less consolidated companies do not have. In this stage, there is a danger of turning formalities into burdening bureaucracy, smothering all good effects in excessive paperwork and formal procedures. The best possible way in which an owner and a team of managers can protect their business is to constantly train and develop their staff. This strategy should be aimed at developing creative employees who do not perform their tasks always in the same manner and repetitively every day. In this way, they make positive contribution to the system with their results and always look for new solutions and approach in order to prevent stagnation and delays caused by rules and procedures. Lucky companies, the ones that are successful in the long run, reach consolidation and remain in that stage as long as they exist (Dodge & Robbins, 1992; La Rocca, La Rocca & Cariola, 2011; Barbero & Casillas, 2011).

From this point, the company usually slides into decline or stagnation stage. The key problem is how to finance growth and whether the owner is ready to delegate responsibilities to others. If the efforts made during this stage fail, the company closes or returns to a previous stage. In most cases, such company will lay off employees and lose projects, until the owner decides to close it or sell it to someone. Stagnation can last for years, due to the false conviction that not all is lost yet. However, in the end, such sequence of events always leads to closing the company (Smithson, 2004; Rutherford, Muse & Oswald, 2006). Therefore, we first need to establish what percentage of companies is in the decline or stagnation stage, and then to determine what is the cause of such state, i.e. whether it is a consequence of failure to expand the range of products/services or failure to export to foreign markets. Another critical issue analyzed by the authors of this paper is the owners' plan for exiting the crisis – either by shutting down production or by other means.

With all the above mentioned, it can be said that since the founding of a company, during its development and in its maturity stage, it undergoes a diversification of business operations, expanding its client portfolio and activities, while the downward trend during the last stage of a company's life cycle reduces the number of its business activities and clients, leaving the company to operate only in a limited number of areas. The same rule applies to labor force – up until a company reaches maturity stage, it takes in more non-professionals, while after this stage, more and more of these employees leave the company. (Graafland, van de Ven & Stoffele, 2003; Masurel & van Montfort, 2006; Muhlbacher et al., 2011). In addition, the productivity of employees increases until the maturity stage, and experiences a downward trend as the company enters the final stage of its life cycle. According to (Headd & Kirchhoff, 2009; Herbane, 2010; Sharma & Salvato, 2011), the most common causes of closing a business in the decline stage are managerial incompetency (inexperienced managers found startups without a proper background and training), limitation of business operations to a single market (failure to offer new products in the market), inadequate control (losing the perspective and control processes focus), and insufficient capital (company debt is enlarged due to new loans).

Unfortunately, there are much fewer reasons why a company will succeed. According to (Walker & Brown, 2004; Johnsen & McMahon, 2005; Scritchfield, 2006; Brinckmann, Grichnik & Kapsa, 2010), some of the more prominent reasons why new companies succeed are hard work and dedication, pursuit of market demand for products and services, as well as adequate business planning (better forecast of yields, performance and business results).

During the decline stage, a company is provided with an opportunity to test its plans and strategies relating to cushioning crisis effects and assessing the time left to new expansion stage. Nevertheless, not many companies are able to launch themselves into a new expansion stage. According to (Cooper & Edgett 2010), cooperative strategies represent a very powerful tool for a company's development/expansion. According to this principle, several companies join forces in order to achieve a common goal. Companies work together in order to create a bigger value which, in turn, will lead to lower operating expenses than when a company is isolated on the market. Strategic alliance is a type of cooperative strategy where companies combine their resources and know-how in order to achieve competitive advantage, these alliances are very common when it comes to certain companies' limitations in terms of size, market share, and annual capital turnover or profits (Sharma, Chrisman & Chua, 1997; Walters, Priem & Shook, 2005). Sometimes, companies join forces in order to achieve greater success in risk management and avoid unwanted outcomes. This strategy is implemented in order to defend companies from risks and uncertainties as much as possible. SMEs implement such strategies when entering new markets or launching new products (Marino, Lohrke, Hill, Weaman & Tambunan, 2008).

3. DEFINITION OF RESEARCH PROBLEM

The existing literature overview does not offer answers to many questions concerning the life cycle of family SMEs. Therefore, the authors identified several issues that might represent the definition of the problems to be examined and subjected to empirical analysis:

- Main problems when founding a company,
- Obstacles for labor force professionalization and promotion of organizational structure,
- Main challenges in the process of professionalization and organizational integration,
- Main factors for expansion in founding stage and expansion stage,
- Analysis of a company's slide into decline/stagnation stage,
- Analysis of strategies and plans for fighting crisis.

Having in mind these issues, it is possible to define survey questions aimed at examining the accuracy of hypotheses presented in this paper. The main hypothesis in this paper, which can help us provide answers for the previously performed analysis of current state in family SME sector in Serbia, is:

"Most family companies in Serbia are in the decline stage of the life cycle, which results in layoffs".

It is possible to extract three auxiliary hypotheses, whose empirical confirmation would also prove the accuracy of the main hypothesis. They are defined in the following way:

H1.1 – Most companies in the decline stage of life cycle are newly-founded family firms (founded less than five years ago);

H1.2 – The most common strategy for exiting crisis (decline or stagnation stage in the life cycle) is laying off a certain number of employees;

H1.3 – A company's failure to initiate export, added to inability to launch new products and services, results in that company's entering the decline stage of the life cycle – and staying there.
The authors of this paper will use a sample in order to prove (in)accuracy of the main and auxiliary hypotheses.

4. EMPIRICAL RESEARCH

The authors of this paper designed a survey consisting of 20 questions aimed at helping them analyze the identified problem and examine all properties of the stages in family SMEs' life cycle. The survey contained closed-ended questions (where respondents had to opt for only one of the answers), as well as questions based on Likert scale (1-the least important, 5-the most important). The five introductory questions related to basic sample features, presented in Table 2. The respondents were contacted in three ways: via e-mail - by sending them an online questionnaire, via telephone and personal contacts (contacts provided by the Serbian Chamber of Commerce), who have later been provided with the survey, between February 2014 and April 2014. The overall potential number of respondents was 4.000. The sample contained excellent distribution throughout the territory of Serbia (reason for this kind of distribution is a large scale of economic differences between four regions of Serbia), with a satisfactory number of family firms (see Table 1).

Table 1: Regional distribution of enterprises

Region	Overall number of enterprises	%	Overall number of family enterprises	Sample used in this research
Belgrade region	38.093	44,0	30.475	584
Vojvodina region	23.487	25,2	21.180	256
Sumadija and West Serbia region	17.152	19,0	15.426	220
South and East Serbia region	8.871	11,8	8.327	94
Republic of Serbia	87.603	100,0	77.608	1.154

Source: Authors' data and statistical yearbook of the Republic of Serbia 2013

The number of respondents who successfully completed the survey was 1,154 (29% of the overall number of contacted companies).

5. RESULTS OF THE RESEARCH

Basic characteristics of the sample are presented in table 2. Most companies from the sample are micro businesses (up to 9 employees), while only 1,1% of surveyed companies have between 51 and 100 employees. The majority companies in the sample are service companies (58,7%), while others have production (13,5%), or combine services and production (27,8%). The owner of the company, in most cases (99%), is also its general manager.

Table 2: Basic characteristics of surveyed enterprises

Number of employees	<i>answer</i>	1-9	10-20	21-50	51-100	101-250
	percentage [%]	65,9	17,5	13,5	0,8	2,4
Annual income	<i>answer</i>	<i>less than 500.000 EUR</i>	<i>btw. 500.000 and 2mn EUR</i>	<i>btw. 2mn and 5mn EUR</i>	<i>btw. 5mn and 27mn EUR</i>	<i>no response</i>
	percentage [%]	42,1	17,5	16,7	9,5	14,3
Annual turnover	<i>answer</i>	<i>less than 1mn EUR</i>	<i>btw. 1mn and 5mn EUR</i>	<i>btw. 5mn and 27mn EUR</i>	<i>more than 27mn EUR</i>	<i>no response</i>
	percentage [%]	39,7	21,4	15,1	13,5	10,3

Main survey questions, as well as answers, are displayed in table 3.

Table 3: Research questions, answers and statistics

Question	Answer	Result (1-5; 0-100%)
what were the biggest problems during the establishment of the firm	identification of target audience for the company's products/services	2,92
	improvement of existing products/services in the company	2,88
After overcoming initial problems, what were the following experiences	A slight increase in the number of employees occurred	3,38
	A moderate increase in sales of goods/services occurred	2,79
Did the owners experience resistance to change	Yes, regarding professionalization and promotion of organizational culture	32,3%
What do the owners perceive as the way to decrease resistance to change	Improvements in organizational culture	52,3%
Did you fail to internationalize your operations after entering the decline stage	Yes	90%
What was the direct cause for your firm to enter the decline stage	Failure to expand goods/services portfolio	100% (H1.3)
After entering the decline stage, did you manage to further develop firm operations	No, failed	51%
How did you foster further development	By yielding a new cycle in production/services portfolio	43,7%
	By opening new job positions	26,2%
What had the biggest influence on your company's operations	Generation of new products/services	1,6%
	We never expanded our company goods/services portfolio	28%
What was your main strategy to combat business crisis	Lay- offs	41%
What was your vision for overcoming business crisis/decline stage (contingency plans) (multiple answers)	Lay-offs	48% (H1.2)
	Reengineering of production/services processes	50%
	By initiating new cycle of production	20%

Cross referencing of data, regarding decline phase and company period of functioning has been presented in table 4. It can be seen that most companies in the decline stage of life cycle are newly-founded family firms (founded less than five years ago), which directly confirms the first hypothesis **(H1.1)**;

Table 4: Question about decline/stagnation phase

		Company exists:			
Decline stage:		Less than 5 years	Between 6-9 years	Between 10-20 years	Over 20 years
Yes	81,5%	65,8%	15,3%	13,07%	5%
No	18,5%	34,2%	84,7%	86,9%	95%

All three hypotheses have been verified using available statistical methods, as presented in table 5.

Table 5: Testing of three auxiliary hypotheses

Test Hypothesis		H1.1	H1.2	H1.3
<i>Chi-square test</i>	<i>Pearson Chi-Square</i>	12,792	111,123	35,797
	<i>Likelihood Ratio</i>	14,030	121,773	48,867
	<i>ANOVA (standard mean error)</i>	0,041	0,742	0,064
	<i>Pearson Kendall-tau b coefficient</i>	,080	-,505	-,501
	<i>Gamma coefficient</i>	,133	-,619	-1,000

Source: Authors' data

The tests confirmed that hypotheses were correctly set, i.e. that their definition is an accurate reflection of surveyed state of family SMEs in Serbia. Chi-square tests examined the correlations between questions used to prove the hypotheses. T-test successfully examined sample deviations relating to probability of error in standard deviation, while coefficients (Pearson-Kendall and Gamma) tested the correlation between answers.

6. DISCUSSION ON RESEARCH RESULTS

In 2008, the global economic downturn caused potential investors to give up on Serbia; the country's export to CEFTA region, the EU and other markets dropped significantly. The main problem was the fact that the state failed to stop negative trends during 2009/2010. This downward trend had a devastating influence on the SME sector, since it represents 95% of all companies in Serbia. The lack of preparations for the crisis influenced Serbian economy and export – it is astounding to hear that more than 50% of surveyed companies (GfK survey encompassing 400 small and medium-sized enterprises in Serbia) haven't made any investments in their business during 2012, while 60% do not have investment plans for this year either. In 2013, the European Investment Bank (EIB) earmarked a EUR 318mn loan aimed at helping the Serbian SME sector.

One of the reasons for failing to diversify the range of products and services to a multinational level, can be the fact that family firms have no connections to big systems that can offer new markets and salvation to SMEs. This could be achieved if a small family business was to be a part of a big company's supply chain. According to data from Doing Business (issued by the World Bank), Serbia's rise on the list of world economies was very slow since the beginning of the global crisis (91st place in 2008, 90th place in 2009, 90th place in 2010, 89th place in 2011, 95th place in 2012, 87th place in 2013, 93rd place in 2014, 59th place in 2015). Since it was established that mostly small companies experienced the decline stage, the research clearly shows their strategies for combating the crisis. As much as 90% of surveyed managers in micro companies believe that letting go extra workforce is the best strategy. Another addition to the generally weakened state of the SME sector in Serbia is the fact that only 3% of surveyed companies have been implementing innovations in order to get to the diffusion stage. According to (Radonjic Petrovic, Jakopin & Ezdenci, 2009), only 9% of companies in Serbia have an innovation plan involving cooperation with other companies. Only 25% of companies is implementing innovation activities, while 30% of them introduced innovations in products/services or technological processes. As far as management's reaction to a company's entering the decline/stagnation stage is concerned, the paper examines strategies involving layoffs, whose goal is to restructure operations and reorganize the company. Reorganization, as a strategy for exiting crisis, can be performed by hiring new employees. Nevertheless, in this surveyed sample, only a small percentage of companies opted for this strategy. In addition, two strategies, also presented in this study, which can help companies survive the downward trend, are changes in market orientation, as well as changes in production/service provision. Other authors (Walters et al., 2005; Beaver, 2007) have also been examining these strategies and wrote about differentiation of products/services (new markets and approaches), as well as the strategy of cost effectiveness (reorganization of business operations). Nevertheless, contrary to the abovementioned authors (as well as authors of this paper), there are other interpretations regarding the strategies that should be dominantly used for mitigating the effects of the decline stage in a company's life cycle. One such example is a study written by (Verreynne & Meyer, 2010), that mentions a different approach to the creation of a business strategy for an SME. The uniqueness of this approach is the fact that there is no specific strategy for every stage in the life cycle – the company's management is in charge of securing participation in decision making, as well as encouraging the ability to adapt to external changes. This approach aims to decrease business risks and prevent the company from ever facing any problems. This study pointed to the possible causes (certainly not the only causes) for a company's slide into the decline/stagnation stage. In this phase the company is usually recording

unfavorable business results and/or has a lower production volume. The identified causes are: company's failure to cross national borders, as well as its inability to expand the range of products or services in order to avoid bad results caused by the declining sales of a single product/service. These conclusions are an excellent addition to the research performed by (Marino et al., 2008). According to them, the main causes of a company's bad business results are the lack of resources necessary to "combat" the environment, as well as failure to join forces with other similar companies in order to have better chances in the market game.

The authors have performed a series of tests on all three auxiliary hypotheses in order to confirm the validity and diversity of sample. Having in mind the limited reach of the study (family-owned businesses in Serbia), in case of positive reviews, the authors would be inclined to expand the research to all SMEs in Serbia; this research would, of course, imply a bigger sample and a wider analysis of life cycle factors.

7. CONCLUSION

This paper presents the characteristics of the decline stage in family businesses, as well as strategies for combating crisis and improving business activities. It also presents a good addition to existing studies, such as a research paper from (Mihic et al., 2015), where the authors conducted a family business research in Serbian SME sector, dealing with different impacts on business success. The main hypothesis of this paper has been successfully confirmed, on three auxiliary hypotheses that define it, i.e. hypotheses with a closer connection to the survey from this study. A future research, that could represent a quality addition to the present one, would involve observation and monitoring of surveyed companies over a period of several years in order to get a trend of indicators pointing to properties of certain life cycle stages. This would enable the evaluation of adopted strategies and generation of plans for exiting the decline/stagnation stage of the life cycle.

Acknowledgments

This paper is a result of the project no. 179081 founded by Ministry of education and science of the Republic of Serbia: Researching contemporary tendencies of strategic management using specialized management disciplines in function of competitiveness of Serbian economy.

REFERENCES

- Abdesselam, R., Bonnet, J., & Le Pape, N. (2004). An explanation of the life span of new French firms. *Small Business Economics*, 23(3), 237-254.
- Barbero, J.L., Casillas, J.C., & Feldman, H.D. (2011). Managerial capabilities and paths to growth as determinants of high-growth small and medium-sized enterprises, *International Small Business Journal*, 29(6), 671-694.
- Beaver, G. (2007). The strategy payoff for smaller enterprises, *Journal of Business Strategy*, 28(1), 11-17.
- Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms, *Journal of Business Venturing*, 25(1), 24-40.
- Cooper, R., & Edgett, S. (2010). Developing a product innovation and technology strategy for your business, *Research-Technology Management*, 53(3), 33-40.
- Dodge, H.R., & Robbins, J.E. (1992). An empirical investigation of the organizational life cycle model for small business development and survival, *Journal of Small Business Management*, 30(1), 27-37.
- Franks, J., Mayer, C., & Volpin, P. (2011). The Life Cycle of Family Ownership: International Evidence, *Journal of Financial Studies*.
- Graafland, J., van de Ven, B., & Stoffele, N. (2003). Strategies and Instruments for Organizing CSR by Small and Large Businesses in the Netherlands, *Journal of Business Ethics*, 47(1), 45-60.
- Headd, B., & Kirchhoff, B. (2009). The Growth, Decline and Survival of Small Businesses: An Exploratory Study of Life Cycles, *Journal of Small Business Management*, 47(4), 531-550.
- Herbane, B. (2010). Small business research. Time for a crisis-based view. *International Small Business Journal*, 28(1), 43-64.
- Johnsen, G.J., & McMahon, R.G.P. (2005). Owner-manager Gender, Financial Performance and Business Growth amongst SMEs from Australia's Business Longitudinal Survey, *International Small Business Journal*, 23(2), 115-142.
- Jovanovic, P., Petrovic, D., Mihic, M., & Obradovic, V. (2012). Necessary Skills of Managers in Transition Countries – The Case of Serbia, *TTEM*, 7(2), 631-637.
- La Rocca, M., La Rocca, T., & Cariola, A. (2011). Capital structure decisions during a firm's life cycle, *Small Business Economics*, 37(1), 107-130.

- Marino, L.D., Lohrke, F.T., Hill, J.S., Weaver, K.M., & Tambunan, T. (2008). Environmental Shocks and SME Alliance Formation Intentions in an Emerging Economy: Evidence from the Asian Financial Crisis in Indonesia, *Entrepreneurship Theory and Practice*, 32(1), 157-183.
- Masurel, E., & van Montfort, K. (2006). Life Cycle Characteristics of Small Professional Service Firms, *Journal of Small Business Management*, 44(3), 461-473.
- Mihic, M., Arsic, S., & Arsic, M. (2015). Impacts of entrepreneurs' stress and family members on SMEs' business success in Serbian family-owned firms, *Journal of East European Management Studies*, 20(4), 452-483.
- Muhlbacher, J., Nettekoven, M., & Kovac, J. (2011). Competency management in Slovenia. Paradoxes between development trends and drivers of change, *Journal of East European Management Studies*, 16(1), 75-90.
- Peiser, R.B., & Wooten, L.M. (1997). Life cycle changes in small family businesses, *Business Horizons*, 26(3), 58-65.
- Radonjic Petrovic, D., Jakopin, E., & Ezdenci, I. (2009). MSP report, Retrieved from [http. // www.merr.gov.rs](http://www.merr.gov.rs).
- Rutherford, M.W., Muse, L.A., & Oswald, S.L. (2006). A New Perspective on the Developmental Model for Family Business, *Family Business Review*, 19(4), 317-333.
- Scratchfield, R.L. (2006). Life cycle planning for the small business owner, *Life & Health Financial Services*, 110(34), 20-22.
- Sharma, P., Chrisman, J.J., & Chua, J.H. (1997). Strategic Management of the Family Business, Past Research and Future Challenges, *Family Business Review*, 10(1), 1-35.
- Sharma, P., & Salvato, C. (2011). Commentary: Exploiting and Exploring New Opportunities Over Life Cycle Stages of Family Firms, *Entrepreneurship Theory and Practice*, 35(6), 1199-1205.
- Smithson, J. (2004). *Role of the Non-Executive Director in the Small to Medium Sized Businesses* (1st ed.). Gordonsville: Palgrave Macmillan, 1-203.
- Verreynne, M.L., & Meyer, D. (2010). Small business strategy and the industry life cycle, *Small Business Economics*, 35(4), 399-416.
- Walker, E., & Brown, A. (2004). What success factors are important to small business owners, *International Small Business Journal*, 22(6), 577-594.
- Walters, B.A., Priem, R.L., & Shook, C.L. (2005). Small business scanning stages and the dominant logic of the business level strategy, *Journal of Small Business Strategy*, 15(2), 19-32.

ARGUMENTS FOR DESIGNING PROGRAMMES FOR ENCOURAGING THE YOUTH IN SERBIA TOWARDS ENTREPRENEURSHIP

Jasmina Omerbegović-Bijelović^{*1}, Predrag Mirković¹, Zoran Rakićević¹

¹Faculty of Organisational Sciences, University of Belgrade

^{*}Corresponding author, e-mail: omeja@fon.bg.ac.rs

Abstract: *This paper points out a way to help with solving the high levels of unemployment amongst the young in Serbia – by designing and realising programs which would allow their inclusion in the entrepreneurial waters - either self-employment and/or employment of others. The idea is to identify and recommend to stakeholders competencies and motives driving the young entrepreneurs nowadays – as models for enabling and motivating unemployed youths to engage with the entrepreneurial world. On the basis of facts obtained by research – which pinpoint the competencies - both practical and theoretical - and the motives of the young entrepreneurs in Serbia, as well as on the basis of their beliefs/attitudes about the same aspects of starting and undertaking entrepreneurial projects, some recommendations have been generated for designing programs to encourage those young people to join the ranks of entrepreneurs. That which remains is for the relevant authorities - in the legal and even family settings, i.e. all those who can recognise some self-interest, to get started and dedicate themselves to the young and their entry into the world of entrepreneurship. The contribution of this paper is in the packages of suggestions for the different types of stakeholders which would help them design programs to bring the young generations into the entrepreneurial sphere. We also consider useful even the very fact of pointing out the different roles of the various social subjects/stakeholders in bringing the young in Serbia into the world of entrepreneurship, as a form of care for the young generations.*

Keywords: *young of Serbia, competencies for entrepreneurship, motives for entrepreneurship, programmes for encouraging the young towards entrepreneurship*

1. INTRODUCTION

From the second half of the 20th C there is an increased “piling up” of young people in the unemployed category. The sudden world population growth (and therefore the numbers of young people too) as well as the growth of better equipped and more automated workplaces, ICT and standardisation, have brought about a relative decrease in the number of available work places (especially in the area of production) – measured in percentages (as seen against the overall number of people in the world). The migration of capital (especially to Asia) has caused, especially in the highly developed parts of the world, the “extinction” of big parts of industries (like the automotive industry of USA, for example). Although the service sector has been developing quickly, it has not proven capable of absorbing the entire excess of the workforce so that, for decades now, the period of waiting for one’s first job is extended and there is a growing “unemployed army”.

Serbia is also a part of this “trend” where the young, for decades now, increasingly have to wait to find a job and their numbers (those unemployed) in the employment centres just keeps – growing; that can be seen both in absolute terms and in relation to the overall population numbers. Unemployment rate in Serbia 2013 was 22.1%, according to World Bank Indicator; in 2014 was 18.9% (Labour Force Survey, 2014).

It is for that reason that the theme of this paper is connected to the idea of solving the problem of youth unemployment in Serbia: 49.4% for total labour force ages 15-24, according to World Bank Indicator (2013). The idea is to encourage the youth to greater inclusion in the world of work and business – through entrepreneurship – both by self-employment and the employment of others. Namely, although it may be possible to solve the above stated problem in other ways, it may be worth bearing in mind that 2016 was voted the *Year of entrepreneurship in Serbia*. We attempt to contribute to the solving of youth unemployment problem through the use of “entrepreneurial climate support”. As the climate on its own is not enough, we point out in this paper that anyone who is truly interested (stakeholders) in solving the youth unemployment problem must begin with a serious, systemic and systematic, work to address the problem.

Entrepreneurship can be defined as the process by which individuals follow opportunities without regard to resources they currently control, and as “art of turning an idea into a business” (Barringer & Ireland, 2010, p. 30). Entrepreneurs recognize opportunities (i.e. discover market needs as opportunities) and turn them into

successful businesses (launch new firms to meet those needs) (Hsieh et al., 2007; Moore et al., 2008, p. 6). According to Omerbegović-Bijelović (2010, p. 234), entrepreneurship can be defined as “a social function of creating new values through the creative combination of business resources”. Zampetakis et al. (2013) claim too that entrepreneurship is linked with the value creation, and has a significant impact on economic growth and employment. Due to the fact that entrepreneurial activity is a key engine of economic growth, promoting youth entrepreneurship has become a priority for policymakers throughout the world (Sobel & King, 2008). Kasim et al. (2014) review global trends and practices from past research on regenerating youth development through entrepreneurship, listed existing youth empowerment programs, marked major stakeholders for this issue, and give some interesting prepositions. Sobel & King (2008) found positive influence of school voucher programs (government funds for school tuition and expenses) on a rate of youth entrepreneurship.

In solving the problem of youth unemployment in Serbia there are the following “interested parties” (stakeholders): the State and the ministries (above all: Ministry of Education, science and technological development, Ministry of commerce, Ministry of work, Ministry of youth and sport, Ministry of culture), Local communities, Businesses and institutions (at least national ones), Family businesses (owners and their progeny), Media, Other stakeholders (Banks, Youth organisations, Employment centres...). All of them could give support by desisting with the “firing strategy” and instead started the “strengthening internal/corporative entrepreneurship” (with the understanding that they have a lack of ideas and not an excess of employees) and “everything that is not a core competency should be outsourced” strategy (which would in turn create a “business satellites orbit” for “excess”/experienced workers, as well as for young entrepreneurs/employees).

Every one of them could generate a package of their own strategies for helping with the unemployment problem (including youth unemployment which is the main focus of this paper) in which there would unfailingly be different ways of support for future youth entrepreneurs. In that way, for example, every stakeholder in the employment of the young through entrepreneurship could create their own “package of recommendations”, i.e. The Programme for encouraging the young (in Serbia) to take up entrepreneurship. (It would be especially good if their activities could be coordinated – which would avoid one-sidedness in allowing the young generations to truly utilise all their potential.)

In designing such programmes, every stakeholder, as a good manager, ought to start with establishing the current status in the area of youth entrepreneurship: the number of young entrepreneurs, their competencies and motives etc. One should also bear in mind the circumstances for that particular entrepreneurial branch: the structure of needs, opportunities for including the young and their companies, availability of resources to those youths and their companies, available and needed support to young entrepreneurs... Also, it would be useful to tie in projections of the social/state development with roles of young entrepreneurs.

The idea is to create the basis of programmes (meta-programme) to support youth entrepreneurship - in Serbia and elsewhere. It - the basis - could be seen as a meta-programme for creating programmes to support youth entrepreneurship, applicable everywhere - in every country and for every stakeholder. The other aspect of this idea has to deal with the uniqueness of stakeholders, especially bearing in mind national characteristics; they should be offered examples/suggestions of stakeholder's programmes or, at the very least, some ideas for their content - to stimulate youth entrepreneurship.

This idea is intended for "the group of stakeholders who support (would like) some change in the entrepreneurial spirit": the State and its ministries (of: education, commerce, youth, as well as the culture ministry and others!), local and organisational communities (supply/value chains and networks, business incubators/hubs and parks, clusters etc.), companies and institutions, family businesses (especially the owners and their heirs!), media and other stakeholders (banks, youth organisations, job seeking institutions).

The intention is for the stakeholders to be inspired to design their own programmes for encouraging the young to entrepreneurial efforts (including through cooperation with a specific stakeholder). For that they need a meta-programme, examples and/or ideas for the design of the Programme as well as their own decision (if they can recognise their self-interest). Through the observed stakeholders it would be possible to obtain some sort of national consensus for the fight against youth unemployment and for their introduction to entrepreneurship and the world of work, i.e. it would be possible to promote and spread the entrepreneurial spirit/culture further.

2. THE IMPORTANCE OF INCLUDING THE YOUTH IN SERBIA IN ENTREPRENEURSHIP

Long term benefits of promoting entrepreneurship among young in Serbia are presented in (Hutchinson et al. 2012): Creating employment opportunities for young entrepreneur and they future employees; Involvement of youth marginalized groups into economic flow; Helping youth develop new skills, knowledge and experiences that can be applied to various challenges in life; Promoting the recovery of the local community especially those that are rural; Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

Apart from the stakeholder side of solving unemployment, it is also important to become aware of the interests of the young. They, in the here and now, choose long term career plans, but also to make families (and the number of children in the future), to deal with their housing situation (and to enter into a long term debt for it!), to "look after their parents" in their old age, as well as to further educate themselves, to name just a few.

For that reason it is important to understand what keeps them here - in Serbia - and what they find discouraging (i.e. regarding jobs and entrepreneurship). It is important to understand how to best help them in making their dreams a reality, as well as to work out how to bring the societal needs for implementing the latest scientific findings into the field of vision of the young, in order to encourage those young for entrepreneurship in those -creative, promising and profitable industries/fields. (In closest connection with that we find the educational-development perspective of the young generations and therefore some new demands ahead of the educational system itself - in which it is important to create curious, flexible, wise yet enterprising workers, entrepreneurs and managers).

The young should be made to feel closer to the work culture as well that of entrepreneurship. If we could alter the view of Work as something that is compulsory, that must be done ("a fight against Nature", if you will) to a view of Work as the normal state of healthy people - who work with and coexist with the Nature, it would increase the understanding of the need for adjusting work circumstances, it would strengthen the desire and readiness to "play" different roles in business systems and also for life long personal (and collective) development. Such a community would surely "dream" of changes, improvement, development... It is to be expected earnings that such a culture and such relationships could ensure a value system which would guarantee a permanent survival.

It is for that reason that it is important, right now, for all subsystems of the State to start to work on their own, publically announced and transparent promotion of the value system and on their own contributions to that very system. Entrepreneurial young people are, even as we speak, keenly following what goes on in their surroundings, where it all leads to and where there is a place for them; they are surely willing to share their observations with their environment and contribute to its promotion.

3. RESEARCHING THE COMPETENCIES AND MOTIVES OF YOUNG ENTREPRENEURS OF SERBIA

Motives for starting business and entrepreneurship might be influenced by many factors. Papulová & Papula (2015) have been summarized motives into four groups. 1) Motives that are connected to profit - entrepreneurs interests in gaining an economic effect on the basis of their work; 2) Professional self-realization and emotional motives (non-motivated by profit directly) - people that are professionals in certain area which want to gain a full satisfaction without managers limitations. Also these motives can be linked with emotions and effort to achieve something. 3) Social motives – in passive economic regions entrepreneurs can be motivated to create jobs for others, family, relatives, friends. 4) Motives which are result of external stimulations - through funding programs of local authorities, states, European Union, business agency. Besides motives for entrepreneurship, Robles & Zárraga-Rodríguez (2015) explore with Delphi method the next key individual competencies of entrepreneurs: risk assumption, initiative, responsibility, dynamism, troubleshooting, search and analysis of information, results orientation, change management and quality of work.

In order to solve the problem of youth unemployment (of Serbia), we suggest they be guided towards entrepreneurship. Youth entrepreneurship is a practical application of entrepreneurial characteristics of young people, such as initiative, innovation, creativity and risk taking in a working environment (either self-employment or work in small enterprises), using appropriate skills (Delgado, 2004, p. 99).

According to Nabi et al. (2010), higher education reduces the likelihood of entrepreneurship. Opposite to this,

Zhang et al. (2013) state that relationship between high education and entrepreneurship is positive. Solesvik et al. (2013) showed that there is positive relation between entrepreneurship education and entrepreneurial intention. Farashah (2013) differ three types of entrepreneurial education: learn to understand entrepreneurship, learn to act in an entrepreneurial way and learn to become an entrepreneur. Vilcov and Dimitrescu (2015) analysed entrepreneurship education and the development of entrepreneurial competencies of young people in Romania. They concluded that entrepreneurial education leads students to understand daily life problems, helping them identify and assess the consequences of personal decisions. From the research presented in Roberts (2008), the most common sources of different forms of support for young entrepreneurs comes from entrepreneur's close environment. Primarily, family of young entrepreneurs is the main source of support (71% of support comes from the family). After that, 20% comes from close friends. Unfortunately, modest share came from banks, the state and other organisations.

Into creating a favourable entrepreneurial environment, for growing the spirit of entrepreneurship, the already mentioned stakeholders are required (the State and its ministries, companies, institutions etc.). The idea is that they could create their own programmes for encouraging the young to enter the world of entrepreneurship - bearing in mind their own interests too. Those programmes should be in accordance with the missions (and the visions) of stakeholders and be relevant to including the young into the waters of entrepreneurship.

Bearing in mind the publically proclaimed and available missions of all categories of viewed stakeholders, what remains is to ask the young about their idea(s) of entrepreneurship. Following on from that, it should be possible to start generating recommendations for programme designing - and for generating the meta-basis for programme creation and the specifics for stakeholder programmes to encourage youth entrepreneurship.

3.1 Research methodology

In the aim of checking the idea about the possibility of designing set of stakeholders' programmes for encouraging youth entrepreneurship, in addition to an overview of theoretical achievements, circumstances related to making the idea come true and the specific missions of individual stakeholder categories (which all is not within the purview of this paper), it is also important to become acquainted with the experiences and views/motives of today's young entrepreneurs. They need to show and evaluate their own experiences and motives, pointing out the acceptable and unacceptable aspects of behaviour towards young entrepreneurs they have themselves experienced.

For this purpose we have generated the basic/general hypothesis H(0): It is possible from young entrepreneurs in Serbia to find out about the competencies (knowledge/theory and experience/practise) and the motivation which the youth of Serbia requires for self-employment (being included in entrepreneurship). From this, we have deduced two specific hypotheses:

- The specific hypothesis H(1): It is possible from young entrepreneurs in Serbia, to find out about the competencies for the youths (in Serbia) which would make self-employment possible (and becoming entrepreneurs in the process).

This specific hypothesis further divides into two individual hypotheses:

- H(1;1): It is possible from young entrepreneurs in Serbia, to find out about knowledge/theory for the youths which would make self-employment possible (and becoming entrepreneurs in the process).
- H(1;2): It is possible from young entrepreneurs in Serbia, to find out about experience/practice for the youths which would make self-employment possible (and becoming entrepreneurs in the process).
- The specific hypothesis H(2): It is possible from young entrepreneurs in Serbia, to find out about motives which direct and drive the youths (in Serbia) towards entrepreneurship.

Therefore, the basic hypothesis H(0) was deconstructed into three individual ones (as in Figure 1): H(1;1), H(1;2) and H(2). All three will be tested through field research, using questionnaires - with between 8-32 research based questions per individual hypothesis. The special hypothesis H(1) and the basic/general one H(0) will be induced – from the lower hypotheses.

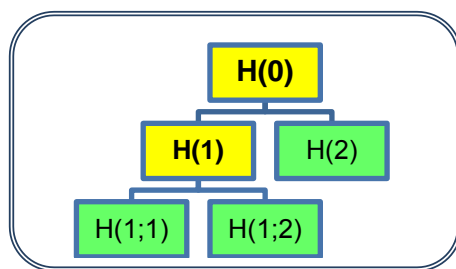


Figure 1: The hypotheses structure

For this occasion we made a considerable questionnaire about the competencies (theoretical knowledge and experience from practice) as well as the motivation for embarking into the world of entrepreneurship. The questions were grouped by areas: about the subject (16 questions), the subject's company (9 questions), experience with learning about and becoming enabled for entrepreneurship (32), attitudes in learning about entrepreneurship (11), experience in becoming motivated for entrepreneurship (9) and attitudes for becoming motivated for entrepreneurship (8 questions). The questionnaire contained altogether 85 questions.

The sample group participants who filled out the questionnaire consisted of 35 young entrepreneurs in Serbia. The research was conducted 2016 in Serbia. Filling out the questionnaire was done electronically.

3.2. Research results and discussion

The basic data on the (mostly young) entrepreneurs of Serbia (Table 1) prevail men (58% of the sample), highly educated (86.2%), the founders of the companies (50%), with experience in entrepreneurship (80%), with no formal education for entrepreneurship (38.8+25=63.8%) - or with a permanent (or non-formal) education (for entrepreneurship and management), a former high school students (58.3%), with the entrepreneurial tradition in the family (63.9%) and with entrepreneurs in the region (88.9%) . They are (Table 2) aged of 28.31 years (Mean (M)=28.31; Std. Deviation (SD)=5.89), with 0.75 based companies, average (M=0.75; SD=0.69).

Table 1: The attributes structure of the survey sample with frequencies of categorical variables (Part 1)

N°	Categorical variables about respondents	Percentage	
1	<i>Respondent's gender</i>	Male	58.0 %
		Female	48.0 %
2	<i>Respondent's education</i>	Bachelor degree	55.6 %
		Master degree & PhD degree	30.6 %
3	<i>Position in company</i>	Founder	50.0 %
		Successor	36.1 %
		Employee	13.9 %
4	<i>Entrepreneurial experience</i>	Yes	80.0 %
5	<i>Entrepreneurial education</i>	Without education	38.8 %
		Courses and seminars	25.0 %
6	<i>Finished secondary school</i>	Grammar school	58.3 %
		Schools of economics	13.9 %
7	<i>Family tradition for entrepreneurship</i>	Yes	63.9 %
8	<i>Any entrepreneur in your surrounding?</i>	Yes	88.9 %
9	<i>Do you continually educate while employed (for entrepreneurship and/or for management)?</i>	Formally	42.4 %
		Informally	51.5 %
		Both	6.1 %

Table 2: The attributes structure of the survey sample with frequencies of categorical variables (Part 2)

	Scale variables	Mean (M)	Std. Deviation (SD)
1	<i>Respondent's age</i>	28.31	5.89
2	<i>The number of established enterprises</i>	0.75	0.69

Information about companies in which respondents work (Table 3) show that 91.7% of respondents work in their own or in a family business (other more "apprenticeship" in other people's businesses), and 66.7% of these enterprises are in Belgrade; the most common type is "Ltd" (58.3%) and mainly is engaged in the provision of services (13.9+36.1=50%). The majority (77.7%) are micro-enterprises - including

entrepreneurial shops, agencies and the others, with average of 11.34 employees (M=11.34; SD=8.15). They are mainly (Table 4) older than 1 year (83.3%), with 52.8% in the phase of ascent/rising (Table 3).

Table 3: The attributes structure of the survey respondents' enterprises

N°	Categorical variables about respondents' enterprises	Percentage
1	<i>Business owner</i>	Respondent
		Respondent's parents
2	<i>Location</i>	Belgrade
3	<i>Enterprise type</i>	Limited liability company
4	<i>Activity</i>	Services
		Mostly services
5	<i>Enterprise size</i>	Micro enterprise
		Entrepreneur
6	<i>Enterprise life cycle</i>	Climbing phase

Table 4: Statistical data about the number of employees in the enterprise

Scale variables	Mean (M)	Std. Deviation (SD)
<i>The number of enterprise employees</i>	11.34	18.15

The experiences and recommendations on theoretical knowledge of entrepreneurial ventures and the establishment of enterprises, according to the sample of young entrepreneurs of Serbia, are given in Table 5. It can be seen that, since high school, they got and they expect that other young people should also be taught discipline and work habits – which is, as one of the three most important areas of high school education, from comprehensive list of authorities, elected by 39% respondents. The following are general knowledge/culture (25%), ICT (25%), and then the knowledge of the business and others; that indicates further that of the (compulsory) high school practices they get exploring business (18%) and manufacturing/service process (15%), learning about the proper attitude toward customers/clients (13%) and others. Young people are recommended a gradual entry into professional life - through the general living and scientific knowledge and through practice that introduces them to the basic flow - when it comes to high school education.

Table 5: Relevant entrepreneurial knowledge types and practice

N°	Frequencies of respondents' answers	Percentage
1	<i>Important secondary school knowledge for entrepreneurship</i>	Discipline and work habits
		General Knowledge (from general culture)
		Information and communication technology
2	<i>The most useful knowledge from Secondary school practice</i>	Exploring business process
		Exploring of production / service process
		Exploring customer/buyer relationship
3	<i>Important academic knowledge for entrepreneurship</i>	Marketing and sales
		Finance and Accounting
4	<i>The most useful knowledge from faculty practice</i>	Verification of theoretical knowledge
		Exploring the own preferences
		Exploring the business process
5	<i>The most important entrepreneurial knowledge and skills after starting business phase</i>	Operations management (operations and resources in manufacturing and service delivery)
		Human resources

From University institutions, in the start-up phase of entrepreneurial ventures, mostly appreciate and expect from youth (Table 5), training (theoretical knowledge) to engage in marketing (27%) and finance (24%), while from the practice in Universities, as most important, they recognize and expect for young people: the verification of theoretical knowledge (21%), Introduction to their own preferences/interests (12%) and Introduction to business processes (12%). When a company exists, young entrepreneurs realize that the competitiveness of the work depends on the knowledge and skills in all positions, but expect the competence to manage the operational function, operations management and resources management in producing and servicing (64%), followed by the Human Resource Management (50%), and by the other functions.

Table 6: Respondent opinions about knowledge of entrepreneurship

N°	Frequencies of respondents' answers	Percentage
1	<i>Entrepreneurship in teaching programs of primary and secondary schools</i>	Yes 91.2 %
2	<i>Method of education for entrepreneurship</i>	School + Practice School + Practice + Media+ Different informal ways of education + Entrepreneurial culture in society 22.9 % 37.1 %
3	<i>The most important entrepreneurial knowledge and skills in starting a business</i>	Identifying business opportunities Creating a business plan Recognition / generate business ideas Determining market potential of entrepreneurial ideas (planning and price range) Providing money for the founding costs Planning of providing staff 64% 50% 42% 42% 33% 31%
4	<i>Is there a need for training of future entrepreneurs?</i>	Yes No 94.4% 5.6%
5	<i>The cooperation with young entrepreneurs will be useful for future entrepreneurs</i>	Yes No 97.2% 2.8%

The idea of introducing the subject Entrepreneurship in primary and high schools (Table 6), respondents support (91.2%), where as a method of education for entrepreneurship they choose combination of "School+Practice+Media+Various informal methods of education" (37.1%); the first variant is the next "School+Practice" (22.9%). When they were asked about the most important entrepreneurial knowledge and skills for starting to work, they choose (Table 6): Business opportunities identification (64%), Preparation of the business plan (or, at least, Co-operation in preparation...) (50%), Recognition/generating entrepreneurial ideas (42%), Determination of market potential of entrepreneurial ideas (42%), Providing money for the founding costs (33%), Planning security staff (31%) and the other - in descending order. For the family support in preparing future entrepreneurs "voted" 94.4% of respondents, and that the help of young entrepreneurs for future entrepreneurs is welcome agreed 97.2% of respondents.

Table 7: The attributes structure of the survey sample about motives for entrepreneurship

N°	Categorical variables about motives for entrepreneurship	Percentage
1	<i>Motives for entering entrepreneurship</i>	Realization / Approving own ideas Inheritance (preservation of family tradition) Self-employment Earnings / Money 44% 31% 28% 19%
2	<i>Do you have any role models while you are engaging in entrepreneurship?</i>	Yes Successful entrepreneurs Family members 82.4% 47% 39%
3	<i>How entrepreneur in your surrounding motivates you</i>	Motivated me to start discovering business opportunities and ways to use them Aroused my interest in business, economic activities, practice 50% 33,3%
4	<i>Do you think that young people should be involved in entrepreneurship?</i>	Yes No 97.2% 2.8 %
5	<i>If the previous answer is YES, tell the right time for it?</i>	During studies (20-25 years) During high school (16-20 years) After studies (25-30 years) 33.2% 27.1% 21.3%
6	<i>Do you think that young people should be motivated to entrepreneurship?</i>	Yes 100 %
7	<i>If the previous answer is YES, tell the right time for it?</i>	During high school (16-20 years) During his studies (20-25 years) 52.9% 32.3%
8	<i>What can motivate young people for entrepreneurship?</i>	Independence (in work and / or living by their own Earning (money) Gaining experience / Skills / Competencies Companionship (expanding circle of acquaintances, enrichment intelligence ...) 53% 50% 36% 36%
9	<i>What do you consider as the reasons for their entrepreneur dissatisfaction of their enterprise / company?</i>	Lack of support / help Low profits Lack of preparedness / capability 30% 25% 25%

Talking about their own experiences/characteristics, respondents from the sample represent the status of youth entrepreneurship in Serbia; their attitudes provides arguments for the design of educational programs (and theoretical and in practice) for the introduction of entrepreneurship into the new generation of young people (not only Serbia). The possible use of information about the experiences and attitudes of the respondents (the theoretical training and on the practice) is to generate/design programs prepare young people for the introduction of the entrepreneurship confirms individual hypotheses H(1;1) - the theoretical knowledge and H(1;2) - Education through practice. This might suggest that it is certified by the hypothesis H(1) – the possibility of obtaining data for future programs for preparing youth to enter entrepreneurship.

In order to test the H(2) - the young entrepreneurs from Serbia we can get arguments about the motives and motivation for entrepreneurship, useful in planning/designing programs to prepare young people - future entrepreneurs, some questions were asked and some answers were received - shown in Table 7. From there, we can see that young people are mostly motivated to achieve/prove their own ideas (44%), and (in Serbia in 2016!) to preserve the family tradition (31%) and more. They have "entrepreneurial idols" (82.4%), and most often successful entrepreneurs (47%) and family members (39%). The environment motivates the discovery of business opportunities and ways to take advantage of those (50%) and arouses interest in jobs, economic activities and practices (33.3%). They find that young people should be involved in entrepreneurship (97.2%) during the study (33.3%) high school (27.1%) and business doing (21.3%). Everybody (100%) agrees that young people should be motivated for Entrepreneurship: During high school (52.9%), during the studies (32.3%), but also in other age groups. The most successful "tools for motivating" consider: autonomy (53%), earnings/cash (50%), gaining experience/knowledge/competence (36%) and socializing (26%). They warn to the danger of discouraging (the reasons for their dissatisfaction entrepreneur's venture/enterprise), which stand out: lack of support/assistance (30%), lack of preparedness/capability (25%) for entrepreneurship (and management - in the later stages of the development of entrepreneurial ventures) and low profit (25%).

Based on the results (Table 7), it is possible to recognize and use the arguments for designing programs to encourage young people to get involved in entrepreneurship - in terms of their motivation in ways that they consider most suitable or the most appropriate. In this regard, the hypothesis H(2) can be considered as proven.

As hypotheses H(1) and H(2) are established, the general hypothesis H(0) can be regarded as proven.

4. ARGUMENTS FOR DESIGNING A PROGRAMME FOR ENCOURAGING THE YOUNG TOWARDS EMBARKING ON THE ENTREPRENEURIAL PATH

Concluding on the basis of the provided answers (to the research questionnaire described in the above text), the general hypothesis H(0) was proven. However, as only Practise can be considered the highest form of criterion when it comes to truth, we point out some examples of the application of the developed arguments from the given research for designing and constructing the Programme for encouraging the young (in Serbia) towards entrepreneurship; this, in a practical sense, proves the hypothesis H(0).

As was claimed, it is possible to quote (only some of) the facts and recommendations for the Programme (meta-programme):

1. The young should be enabled entry into the world of entrepreneurship through the development of their competencies (knowledge and skills);
2. Entrepreneurial knowledge to be transferred using both theory and practise (through developing skills and gaining experience);
3. Family and the environment play a significant role in the fostering of and enabling one for the entrepreneurial approach;
4. The young expect the entire society (the State, enterprise, media) to be supportive of entrepreneurship...

In addition to this, every one of the stakeholders could specify their own elements of his Programme. Below are given some examples of the programme elements they might generate:

The State: on the level of the State it would be possible to (as expressed by the entrepreneurs who completed the questionnaire):

1. Create a National programme for the creation of the "entrepreneurial climate" (promotion and support of entrepreneurship);

2. Ensure a well planned-out, affordable support for SMEs, lasting the entire life cycle and support for entrepreneurs;
3. Use the media at the State level (public media, Internet, distance learning tools etc.) for affordable dissemination of new and relevant knowledge to the SME and Entrepreneur sectors (SMEE);
4. Create a network of local centers for the support of SMEE – in which they could meet and exchange experiences;
5. Create opportunities for young entrepreneurs to work with potential entrepreneurs (“peer support”)(Table 6, Point 4: “Yes” was the response by 97.2% of the questionnaire participants!), creating opportunities for work and success;
6. Create and make publically available the long term plans (and strategic) development of the State – as an orientation guide for entrepreneurs;
7. All the participants agree that the youth need to be motivated towards entrepreneurship (T7, P6)...

The Ministry of Culture: Since culture is, according to the “Metamanagement” concept (Omerbegović-Bijelović, 1998), seen as the highest form of management, it is hereby given some very important tasks:

1. The promotion of the entrepreneurial culture, of work and the responsibility for one’s own position in society (T7, P2);
2. The awakening of the interest of the young for work, commerce and practise... (T7, P3);
3. To show entrepreneurship in the context of becoming self reliant, freedom of choice, gaining competencies (experience and knowledge), socialising (meeting others, enriching one’s intelligence...) – according to (T7, P8);
4. To inform the young about the latest scientific findings and their implementation (T7, P3)...

The Ministry of Education: Since this ministry is in charge, together with the Ministry of youth and sports, of solving the problems of the youths, there are numerous possibilities for them to be involved with the promotion and support of entrepreneurship:

1. In the educational programmes – include curriculum for entrepreneurship – for all ages (from kindergarten to post doctoral studies) – according to (T6, P1), (T6, P5), (T5, Ps1,3,5...);
2. The theoretical education programmes for entrepreneurship should be made relevant to the age of the students, the overall climate, local communities, culture... (which can be seen in several Tables: 1, 5, 6, 7);
3. Entrepreneurship is also learned through school practise (dual education) with the proviso that it should be planned out (with a clear task for the student and with mentors in both the institution doing the teaching and the insitution in which the pratical experience takes place) – on which there is more information in both the tables and the original data;
4. From the exhibited tables it can be seen that there are different areas of knowledge which needs to be taught to the young – depending on their age and life cycle phase of their company (it is interesting that, after the very first steps in entrepreneurship, the educational needs tend to focus on specific work related functions: operations (64%), human resources management (50%) etc. (T5, P5);
5. In the knowledge of entrepreneurship different themes have a different level of importance (hence “recognising the business opportunity” was seen as paramount by 64% of the participants, according to T6, Ps2-9...

Media: They could (if they are at all entrepreneurial themselves and able to recognise a business opportunity) to aid greatly the promoting of entrepreneurship nad entrepreneurial culture, either on their own or networked with other stakeholders of encouraging the young towards entrepreneurship in many ways:

1. By developing entrepreneurship induction programmes (for primary and secondary school pupils, for students and for already proven entrepreneurs), by following entrepreneurial undertakings... (T6, P6);
2. Together with the ministries of education, work, commerce and culture, they could help the spread of the entrepreneurial culture (and every other culture worth promoting) as well as pointing out the successful examples and lessons to be learnt from entrepreneurs who were less so, as well as spreading the knowledge and the drive to learn and work;
3. They could accept and maintain programmes (of life-long) long distance learning in the area of entrepreneurship – thus ensuring their own relevance, interactivity and availability...

Parents: The owners of the companies can also draw conclusions from the conducted reasearch and the available take, which would enable them to:

1. Prepare their own successors (in family run businesses), especially bearing in mind the fact that the young in Serbia care deeply about family tradition (Tab. 7, P 1,2);

2. Define the contents and the ways of preparing the young through a combination of environment programmes and “family programmes”;
3. Ensure the survival of the family business by directing the creativity and enthusiasms of their heirs and successors towards the areas which are of significance to the family business;
4. Find areas of entrepreneurship which are compatible with the personality of the (future) family business heirs...

The remaining stakeholders in encouraging the young towards entrepreneurship have their own (and/or common) “packages of specific programme recommendations, which are deliberately left out here (for space and scope reasons).

The above examples, again – in practise, confirm the general hypothesis H(0).

5. CONCLUSION

This paper has pointed out the possibility of solving the problem of youth unemployment (not only in Serbia!) by way of encouraging those youths towards entrepreneurship. It has been shown that today's young entrepreneurs (with their experience and their views) can contribute towards a better understanding of the needs of the young for entrepreneurial competencies (for theory/knowledge and experience/skills), as well as towards better understanding the motivation which drives the young towards entrepreneurship in the first place. We have also shown the dynamic of the above needs (eg. According to the life cycle phases of the entrepreneurial undertakings, but also according to the age of the „entrepreneurial candidate”).

We have also pointed out the different stakeholders of entrepreneurship culture spread, as well as the possibility for them to apply a Programme (a meta-programme) for encouraging the young to become entrepreneurs; we also make a suggestion that in the proces they further complete it by generating their own, specific, stakeholder requirement programmes – according to their own interests and circumstances. On the examples of some of the arguments for creating stakeholder programmes, it was shown that the experience and views of the young entrepreneurs (participants in the reasearch conducted) are useful in defining the programmes and encouraging the young (in Serbia) towards entrepreneurship, by which the general hypothesis H(0) was confirmed in practise.

Naturally, the research resulted in many more and a much wider number of insights (applicable in practise), outside the purview of this paper, of which – for the sake of illustration – only a choice was presented (the authors hope: enough to be understood and perhaps even adopted). (The remaining data and ideas - will have to wait for another opportunity).

Decades of experience warn that this paper could, despite all its usability (and possibly even significance and modern day relevance), end up as merely „letters on a page”. Those of us who – in Serbia – dwell in academia and research, still yearn for an environment where every kernel of knowledge will be greeted with enthusiasm (if only because it has been discovered marginally earlier than one's competition) and an eagerness to be put into practise, to enable even a small increase in competativeness, of life, of progress. It is beatiful, and also sad at times, to be a scientist – if there is no-one to understand and apply that science.

REFERENCES

- Barringer, B. R., & Ireland, R. D. (2010). *Entrepreneurship: Successfully launching new ventures*. 3th edition, Pearson Education, Upper Saddle River, New Jersey, ISBN: 978-0-13-8155808-8.
- Delgado, M. (2004). *Social youth entrepreneurship: The potential for youth and community transformation*. Greenwood Publishing Group.
- Farashah, A. D. (2013). The process of impact of entrepreneurship education and training on entrepreneurship perception and intention: Study of educational system of Iran. *Education+ Training*, 55(8/9), 868-885.
- Hutchinson, J., Guttentag, M., Chen, Y., Mo, K. (2012). *Youth Entrepreneurship in Serbia: Constraints and Opportunities*, The George Washington University.
- Hsieh, C., Nickerson, J. A., & Zenger, T. R. (2007). Opportunity discovery, problem solving and a theory of the entrepreneurial firm. *Journal of Management Studies*, 44(7), 1255-1277.
- Kasim, R. S. R., Zulkharnain, A., Hashim, Z., Ibrahim, W. N. W., & Yusof, S. E. (2014). Regenerating Youth Development through Entrepreneurship. *Procedia-Social and Behavioral Sciences*, 129, 322-327.
- Labour Force Survey. (2014). Statistical Office of the Republic of Serbia. Link: http://webzrs.stat.gov.rs/WebSite/repository/documents/00/01/71/71/SB-593-bilten_ARS_2014.pdf (Accessed: April 15, 2016)
- Moore, C.V., Petty, J.W., Palich, L.E., & Longenecker, J.G. (2008). *Managing Small Business: An Entrepreneurial Emphasis*, International Edition, 14th Edition, Cengage Learning.

- Nabi, G., Holden, R., & Walmsley, A. (2010). Entrepreneurial intentions among students: towards a re-focused research agenda. *Journal of Small Business and Enterprise Development*, 17(4), 537-551.
- Omerbegovic-Bijelovic, J. (1998). Metamanagement and quality of management (in Serbian: Metaupravljanje i kvalitet upravljanja), Andrejevic Foundation, Belgrade (Serbia).
- Omerbegović-Bijelović, J. (2010). Basics of Operations management. University of Belgrade - Faculty of Organizational Sciences.
- Papulová, Z., & Papula, J. (2015). Entrepreneurship in the Eyes of the Young Generation. *Procedia Economics and Finance*, 34, 514-520.
- Roberts, K. (2008). The Young Self-Employed in East-Central Europe, p. 81, Chapter in Book: Blokker, P., & Dallago, B. (Eds.). (2008).
- Robles, L., & Zárraga-Rodríguez, M. (2015). Key Competencies for Entrepreneurship. *Procedia Economics and Finance*, 23, 828-832.
- Sobel, R. S., & King, K. A. (2008). Does school choice increase the rate of youth entrepreneurship?. *Economics of Education Review*, 27(4), 429-438.
- Solesvik, M., Westhead, P., Matlay, H., & Parsyak, V. N. (2013). Entrepreneurial assets and mind-sets: benefit from university entrepreneurship education investment. *Education + Training*, 55(8/9), 748-762.
- Vilcov, N., & Dimitrescu, M. (2015). Management of Entrepreneurship Education: A Challenge for a Performant Educational System in Romania. *Procedia-Social and Behavioral Sciences*, 203, 173-179.
- World Bank Indicator (2013). Unemployment rate, unemployment youth total. Link: <http://data.worldbank.org/indicator> (Accessed April 15, 2016)
- Zampetakis, L. A., Kafetsios, K., & Moustakis, V. (2013). The role of students' anticipated emotions in entrepreneurial intentions, IX Symposium of business and academics – SPIN 2013, 5-6 November, Belgrade, Serbia, 179-188.
- Zhang, Y., Duijsters, G., & Cloodt, M. (2013). The role of entrepreneurship education as a predictor of university students' entrepreneurial intention. *International Entrepreneurship and Management Journal*. DOI: 10.1007/s11365-012-0246-z.

COMPANY'S GROWTH AS A RESULT OF ENTREPRENEUR'S CREATIVE ABILITIES

Žiga Peljko¹, Mitja Jeraj², Miha Marič^{*3}

¹KD Group d.d.

²GEA College, Faculty of Entrepreneurship Ljubljana

³University of Maribor, Faculty of Organizational Sciences

*Corresponding author, e-mail: miha.maric@fov.uni-mb.si

Abstract: Key research objectives of the study were to empirically test how the independent constructs representing entrepreneur's creative abilities are connected to the construct of company's growth and to develop and empirically test a structural model linking these constructs. A two-country survey was made on a sample of entrepreneurs from Slovenia and USA. Findings showed that the entrepreneur's creative abilities are positively related to company's growth. Results of this study can be used both for further research and in practice.

Keywords: creativity, company growth, HRM, SEM, entrepreneurship.

1. INTRODUCTION

Entrepreneurs are creative at work because they are expected or required to be (Unsworth, Wall and Carter, 2005; Antonio, Lanawati, Wiriana, & Christina, 2014). Bai, Lin and Ping Li (2016) define deliberate creativity as a proactive approach toward the production of novel and useful ideas that address a predicament or opportunity. Since creativity is a highly complex concept, one approach that has proven effective models creativity as a process (Chen, Chang and Lo, 2015). Entrepreneurs are role models for creativity and then continue to orchestrate opportunities (Albort-Morant, & Oghazi, 2016) for novel and unexpected behaviours (Jaussi and Dionne, 2003), which makes them successful (Tee Suan Chin, Raman, Ai Yeow, & Cyril Ezea, 2012). Entrepreneurs are a driving force (Ismail, 2014) by creating possibilities (Hjorth, & Holt, 2016), which gives them a leading role in economic development worldwide (De Vitaa, Mari, & Poggesi, 2014).

Our approach builds on the Basadur approach (2004) of creative problem solving and recognizes entrepreneur's creativity as a continuous, circular process, beginning with problem finding, followed by problem conceptualization, problem solving, and solution implementation, which is especially present when it comes to entrepreneurs (Baron, & Tang, 2011). The creative process is a creative cognitive processing of problems which consists of analysing and articulating the exact nature of the problem to be solved, preparing to solve the problem by gathering information and improving required skills, generating ideas for solving the problem, testing the chosen solution, and communicating the solution to others (Amabile and Mueller, 2008). Byrege and Tang (2015) even propose creativity training.

Creativity can be seen as generation of new ideas and innovation as commercialization of new ideas (Harris, 2009, Basadur, 2004), which fosters an entrepreneurial culture (Edwards-Schachter, García-Granero, Sánchez-Barrioluengo, Quesada-Pineda, & Amara, 2015) and therefore we can expect, that it leads to company's growth. For the purpose of this paper, we use the definition of creativity as a process (Basadur, 2004) that involves continuously finding and solving problems and implementing new solutions.

2. THEORETICAL REVIEW

2.1. Entrepreneur's creative abilities

Entrepreneurs are confronted with high uncertainty, which means more ill-defined and ambiguous problems that are characterized by multiple possible goals and multiple ways of solving the problem; also in the function of intermediation (Peng, Lee, & Hong, 2014). Creativity involves the generation of novel and useful ideas (Sarooghi, Libaers, & Burkemper, 2015) and entrepreneurial minds for continuous improvement (Kabukcu, 2015). The creative problem solver first constructs the problem to be solved, therefore, problem finding (Basadur, 2004) or problem construction or problem definition is the first step in the creative process (Basadur, Runco and Vega, 2000; Lubart, 2001). The way the problem is constructed has an impact on solution generation (Adelman, Gualtieri and Stanford, 1995) and is related to the quality and originality of

solutions to real-life problems (Reiter-Palmon, Mumford and Threlfall, 1998). Cognitive processes associated with creativity are central to the generation of creative output (Reiter-Palmon and Illies, 2004). Problem finding activity is intended to enable people to think in innovative ways, since discovered problems are more likely to be solved creatively than presented problems, and problem discovery itself is an important part of creativity.

After problem-finding activities are finished, a diverse and large amount of information has to be gathered and integrated. Problem solving integrates the thinking and behaviour we engage in to obtain the desired outcome we seek (Treffinger, Selby and Isaksen, 2008). Two main processes are used in problem solving activity: (1) search and collection of existing concepts and (2) the creation of new concepts through the connection and modification of existing concepts (Reiter-Palmon and Illies, 2004).

The utility of convergent and divergent thinking styles (Ashton-James and Chartrand, 2009) varies with social demands. Convergent thinking facilitates collaboration and coordination (Bahar and Hansell, 2000) while divergent thinking facilitates improvisation and innovation (Nemeth and Goncalo, 2005). Butler and Scherer (1997) found that the largest number of solutions are generated when goals are presented sequentially, one at a time to the problem solver and the highest quality solutions are generated when two conflicting goals are presented simultaneously to the problem solver.

Processes involved at the last phases have gained less attention than processes involved early in the creative cycle (Mumford, 2001). Solution implementation activity involves mainly persuasion and social skills (Reiter-Pulmon and Illies, 2004) and is subject to criticism, which involves fear of failure and the unknown. Creative solution implementation is supported by domain-relevant skills (knowledge and expertise), creativity-relevant skills and task motivation (Amabile, 1997). Elements of the work environment affect individual creativity by influencing expertise, task motivation, and creative skills (Amabile, 1997). Some (Chen, Chang, & Lee, 2015) even use the term creative entrepreneurs.

2.2. Company's growth

Since Lee (2010) argued that recently the study of the patterns and determinants of company's growth has re-emerged as one of the key research topics on firm dynamics in industrial economics (Sleuwaegen, & Boiardi, 2014) and management strategy this paper focused on the relations between the entrepreneur's creative abilities and company's growth. There exists also a term growth companies for those companies that generate significant positive flows, which increase faster than the overall economy (Growth Company Definition | Investopedia, 2016) and other companies.

When analysing company's growth, a common starting point is to specify a company's growth model that considers the impact of the size and age of the firm (Cucculelli & Ermini, 2012). Current study extends this area of research with following variables: average annual growth in number of employees in last three years; average annual growth in sales in last three years; and growth in market share in last three years. Companies must achieve sustainable growth (Sidik, 2012).

3. RESEARCH METHODOLOGY

3.1. Hypothesis

Creativity is a significant determinant of growth in modern economies (Sokol, Gozdek, Figurska, & Blaskova, 2015); based on this and on written above, we formulated three hypotheses to determine relations between the proposed constructs in the proposed model.

H1: Problem finding activity is positively related to company's growth.

H2: Problem solving activity is positively related to company's growth.

H3: Solution implementation activity is positively related to company's growth.

At the beginning of the next chapter, we present the data gathering process and the sample properties and thereafter continue with the results of current study, which we later on discuss and interpret.

3.2. Research setting and participants

For the purpose of this research the surveys were made available to entrepreneurs (i.e. founders or owners who participated in the start-up process of their company) from Slovenia and the USA. For the Slovenian

sample, the survey was administered in the Slovenian language, for the USA sample the survey was administered in English. The primary form of the questionnaire was in English language and translated for the Slovenian sample.

Emails with a link to the survey and a specific token for each respondent were sent to 4,000 entrepreneurs in Slovenia and to 5,000 entrepreneurs in the USA. Email addresses and addresses were selected randomly from public registers in both countries. Before completing surveys, entrepreneurs were assured that all answers provided would be kept anonymous. The survey included measures of entrepreneur's creative abilities and company's growth. Of the 331 questionnaires that were returned online, all were fulfilled fully because entrepreneurs could not continue on the next site of online survey if not all questions have been answered. At the beginning of the survey entrepreneurs had to select their gender, age and the country they reside in. The sample consisted of 237 (71.6%) male and 93 (28.1%) female respondents (one person did not declare about gender, as it was possible not to provide an answer in that particular question). The average age of the respondents was 46.51 years. 158(47.73%) of the respondents came from Slovenia and 173 (52.27%) from the USA. Entrepreneurs' level of education is presented in Table 1.

Table 1: Sample structure by level of education

	Frequency	Percent
High school	4	1,2
High school graduate	9	2,7
College	33	10,0
Associate's degree	71	21,5
Bachelor's degree	60	18,1
Master's degree	59	17,8
Doctoral degree	33	10,0
Professional degree	48	14,5
Other	14	4,2
Total	331	100,0

In addition, entrepreneurs also had to indicate if they are the founder or co-founder (Table 2) of the firm to where the survey had been sent, and if they own such a firm (Table 3).

Table 2: Is the respondent a founder or co-founder of the company where the survey was sent?

	Frequency	Percent
Yes	231	69,8
No	100	30,2
Total	331	100,0

Table 3: Is the respondent owner in the company where the survey was sent?

	Frequency	Percent
Yes	254	76,7
No	77	23,3
Total	331	100,0

Further on we present the sample structure in regard to the respondents' companies by sector (Table 4).

Table 4: Sample structure in regard to the respondents' companies by sector

	Frequency	Percent
Banking, investment, insurance	29	8,8
Manufacturing industrial goods	31	9,4
Retail or wholesale trade	36	10,9
Construction	38	11,5
Engineering, research and development	17	5,1
Transportation or public utilities	9	2,7
Consumer services	25	7,6
Mining, extraction, oil	7	2,1
Tourism	21	6,3
Manufacturing consumer goods	12	3,6
Management consulting & business services	41	12,4
Other	65	19,6
Total	331	100,0

4. RESULTS

Combined analysis was performed for Slovenia and USA, because Slovenia and USA are relatively developed countries, with relatively high GDP, relatively low unemployment rate, with developed infrastructure, free market, peaceful development over decades, and high added value per employee.

The statistics for the variables included was conducted for both, the Slovenian sample and the US sample together and is presented in Table 5. The variables were divided into four researched constructs: problem finding, problem solving, implementing new solutions and company's growth.

Table 5: Statistics for the variables included in research (Slovenia and USA)

	Variable name	Mean	Median	Mode	Std. Dev.
Problem finding activity					
I can say that I like to "jump" into a new problem, without any previous analysing.	Q6a	3,31	3,00	4	,987
I am very fond of in circumstances where it is always full of changes.	Q6b	3,52	4,00	4	,871
Problem solving activity					
The best solutions come when I am working with others or when we talk about solutions.	Q6c	3,68	4,00	4	,941
I solve more tasks, if I work in a team.	Q6d	3,61	4,00	4	,989
Solution implementation activity					
My proposals for the solution of work problems are routinely translated into action.	Q6g	3,62	4,00	4	,809
I like to carry out experiments in practice - in the real world, i.e. the "business world".	Q6h	3,74	4,00	4	,831
In my work, I devote a lot of my time to improving work practices.	Q6i	3,66	4,00	4	,870

Company's Growth					
Average annual growth in number of employees in last three years	Q14	2,50	2,00	2	1,400
Average annual growth in sales in last three years	Q15	2,53	2,00	1	1,436
Growth in market share in last three years	Q16	2,75	3,00	2	1,147

In continuation, we present a method to test the model by applying structural equation modelling. That operation was made by building a model in Lisrel Student Edition 9.20, which is an analytical statistics program. For Slovenia and USA, the standardized solutions of the model are presented in Figure 1 and the T-test values in Figure 2.

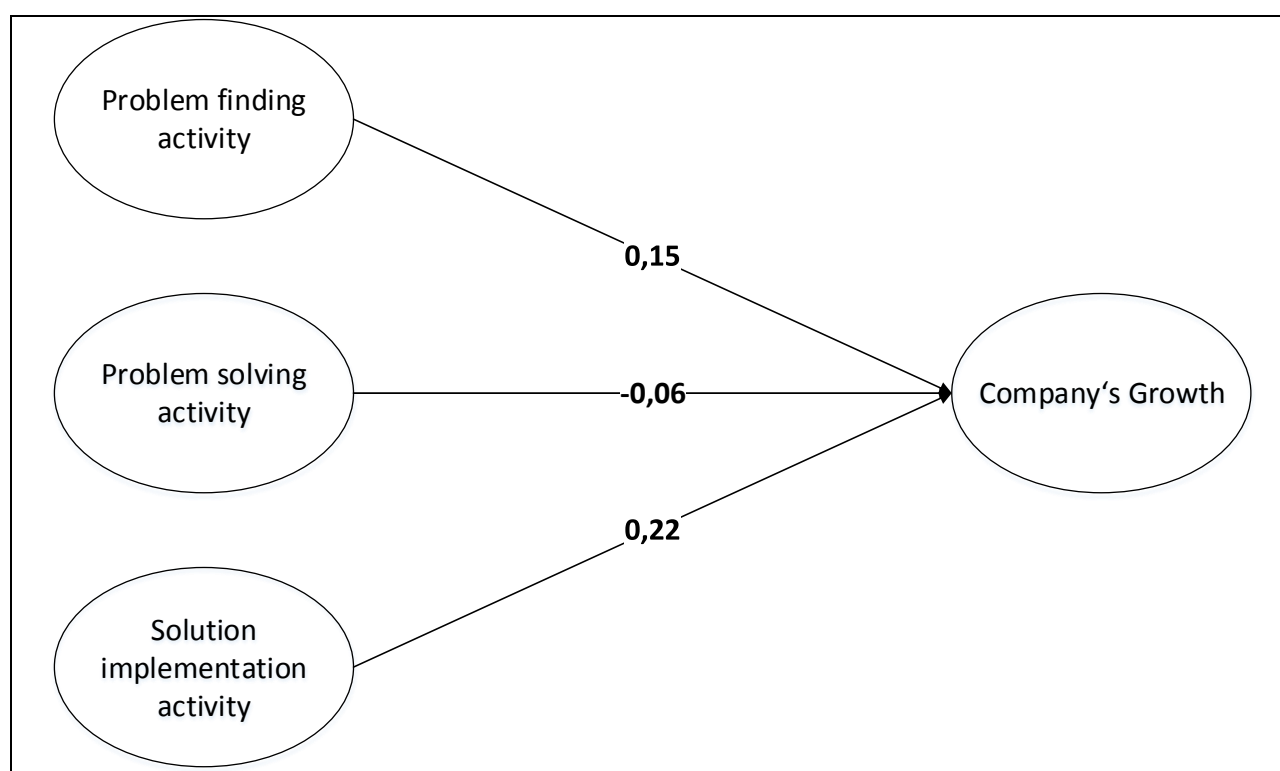


Figure 1: Standardized solution of the tested model (Slovenia and USA)

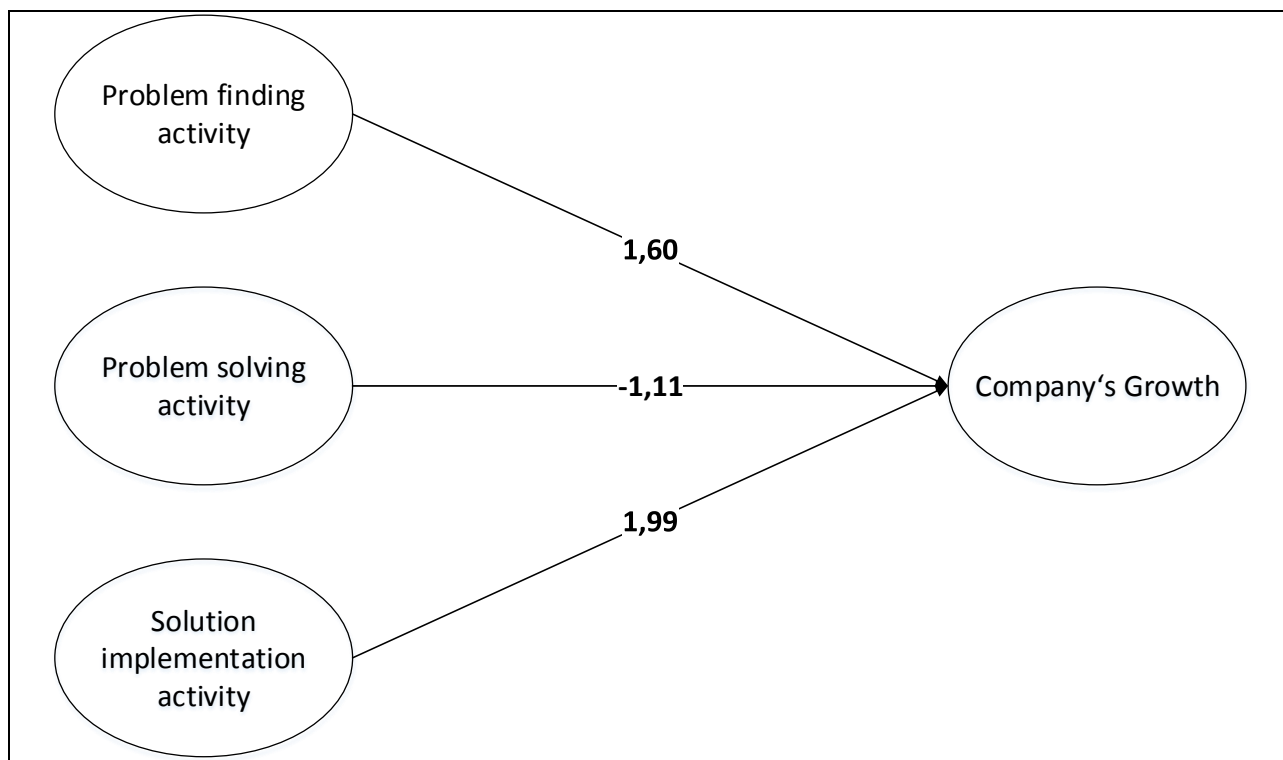


Figure 2: T-values for the tested model (Slovenia and USA)

5. DISCUSSION

Our research intended to test the structural relations between entrepreneur's creative abilities and company's growth from the viewpoint of entrepreneurs. Our main aim was to test three hypotheses. Therefore, we launched the diagrams and presented the course of the research model, which tested these relations (Figure 1). The standardized coefficient values are presented in Figure 1, and the t-test values in Figure 2. We used a combination of exploratory and confirmatory methods with the goal to develop a model, which complemented theoretical predisposition and fit the data.

The fit indices of the structural model (Figure 1) present a good model fit for developed countries (Slovenia and USA), which is indicated by the values of $\chi^2/df = 2.602$ and $RMSEA=0.070$, $NFI = 0.900$, $CFI = 0.935$, $SRMR = 0.0689$, $GFI = 0.957$. With defined hypotheses we wanted to test the relations between the constructs in this model; one of three shows a statistical significance according to the t-test values whereas the whole model shows statistical significance of $P\text{-value}=0.00001$.

As seen from Figure 1 in developed countries (Slovenia and USA) higher level of entrepreneur's creative abilities is positively related to company's growth, whereas we cannot confirm that with statistical significance regarding the relations between the problem finding activity and company's growth (H1) and problem solving activity and company's growth (H2) and we can confirm with statistical significance the positive relation between the solution implementation activity and company's growth (H3); the influence is low to moderate (0.22), positive and statistically significant ($t=1.99$).

6. CONCLUSION

Entrepreneurs that are more creative (Bredvold, &Skålén, 2016) are also more capable of evaluating solutions and identifying the most creative solutions (Basadur, Runco and Vega, 2000). Company's growth is what all companies strive for. Entrepreneur's creative abilities are therefore important determinants of company growth; as shown, entrepreneur's creative abilities lead to company's growth (Groza, Locander, & Howlett, 2016), which is why we must enrich entrepreneur's creative processes (Sigala, & Chalkiti, 2015). Creativity is simply a requirement in today's competitive market (Sönmez, 2013). According to this research, entrepreneur's creative abilities are definitely a promising research field and it needs to be taken into consideration. The question that comes to mind instantly is on how entrepreneurs can implement these results in practice. Combining the different but intertwined constructs gives us better insights and enables

practitioners to further improve their efficiency, effectiveness and their chances for success in the real world and tough world of entrepreneurial ventures.

There is an increasing tendency for government policy to promote entrepreneurship for its apparent economic benefit (O'Connor, 2013; Marič, Jeraj and Pavlin, 2009); development of entrepreneurship can present possible model for decreasing unemployment rate (Čudanov, Jaško and Săvoiu, 2012). Based on that knowledge, the same effort should be invest to the scientific research related to this field. Entrepreneurship should be presented not only as an alternative but also mainly as the first choice of professional engagement in order to make it more accessible and rewarding.

Several limitations of this study need to be considered before interpretations of the results can be explored. First; the discussed findings and implications were obtained from a single study; generalizing the results should be done with caution. The fact that the research was conducted in USA and Slovenia where economy is based mostly on private ownership and freedom of entrepreneurial initiative. In these two countries, the main restraint for entrepreneurial activity is financial capital beside the entrepreneurial inspiration. Second; the whole research was focused mostly on how entrepreneurs creative abilities influence company's growth, whereas other determinants were not considered. As mentioned entrepreneur's creative abilities are not the only determinants of company's growth, therefore we can only propose that entrepreneur's creative abilities in part affect company's growth whereas there are also other factors involved in the process of success. It also does not mean that creative entrepreneurs succeed with their ideas (Gicheva, & Link, 2015).

For further research, we suggest investigating the effects of the determinants omitted or to put in other words not included in our study. These determinants could be divided into those influencing company's growth besides entrepreneur's creative abilities such as situational and other attributive determinants.

REFERENCES

- Adelman, L., Gualtieri, I., & Stanford, S. (1995). Examining the effect of casual focus on the option generation process: An experiment using protocol analysis. *Organizational Behavior and Human Decision processes*, 61(1), 54-66. doi:10.1006/obhd.1995.1005
- Albort-Morant, G., & Oghazi, P. (2016). How useful are incubators for new entrepreneurs? *Journal of Business Research*, 69(6), 2125-2129. doi:10.1016/j.jbusres.2015.12.019
- Amabile, T.M. (1997). Motivating creativity in organizations: On doing what you love and loving what you do. *California Management Review*, 40, 39-58.
- Amabile, T.M., & Mueller, J.S. (2008). Studying Creativity, Its Processes, and Its Antecedents: An Exploration of the Componential Theory of Creativity, in: Zhou, J., Shalley, C. E. (eds): *Handbook of organizational creativity*, Lawrence Erlbaum Associates, New York, 33-64.
- Antonio, T., Lanawati, S., Wiriana, T. A., & Christina, L. (2014). Correlations Creativity, Intelligence, Personality, and Entrepreneurship Achievement. *Procedia - Social and Behavioral Sciences*, 115, 251-257. doi:10.1016/j.sbspro.2014.02.433
- Ashton-James, C.E., & Chartrand, T.L. (2009). Social cues for creativity: The impact of behavioral mimicry on convergent and divergent thinking. *Journal of Experimental Social Psychology*, 45, 1036-1040. doi:10.1016/j.jesp.2009.04.030
- Bahar, M., & Hansell, M.H. (2000). The relationship between some psychological factors and their effect on the performance of grid questions and word association tests. *Educational Psychology*, 20 (3), 349-364. doi:10.1080/713663739
- Bai, Y., Lin, L., & Ping Li, P. (2016). How to enable employee creativity in a team context: A cross-level mediating process of transformational leadership. *Journal of Business Research*, In Press. doi:10.1016/j.jbusres.2016.02.025
- Baron, R. A., & Tang, J. (2011). The role of entrepreneurs in firm-level innovation: Joint effects of positive affect, creativity, and environmental dynamism. *Journal of Business Venturing*, 26(1), 49-60. doi:10.1016/j.jbusvent.2009.06.002
- Basadur, M. (2004). Leading others to think innovatively together: Creative leadership. *The Leadership Quarterly*, Elsevier, 15, 103-121. doi:10.1016/j.leaqua.2003.12.007
- Basadur, M., Runco, M.A., & Vega, L.A. (2000). Understanding how creative thinking skills, attitudes and behaviors work together: A casual process model. *Journal of Creative Behavior*, 34 (2), 77-100. doi:10.1002/j.2162-6057.2000.tb01203.x
- Bredvold, R., & Skálén, P. (2016). Lifestyle entrepreneurs and their identity construction: A study of the tourism industry. *Tourism Management*, 56, 96-105. doi:10.1016/j.tourman.2016.03.023
- Brygle, C., & Tang, C. (2015). Embodied creativity training: Effects on creative self-efficacy and creative production. *Thinking Skills and Creativity*, 16, 51-61. doi:10.1016/j.tsc.2015.01.002

- Butler, A.B., & Scherer, L.L. (1997). The effects of elicitation aids, knowledge, and problem content on option quantity and quality. *Organizational Behavior and Human Decision Processes*, 72, 184–202.
- Chen, M.-H., Chang, Y.-Y., & Lee, C.-Y. (2015). Creative entrepreneurs' guanxi networks and success: Information and resource. *Journal of Business Research*, 68(4), 900–905. doi:10.1016/j.jbusres.2014.11.049
- Chen, M.-H., Chang, Y.-Y., & Lo, Y.-H. (2015). Creativity cognitive style, conflict, and career success for creative entrepreneurs. *Journal of Business Research*, 68(4), 906–910. doi:10.1016/j.jbusres.2014.11.050
- Čudanov, M., Jaško O. & Săvoiu G. (2012). Public and Public Utility Enterprises Restructuring: Statistical and Quantitative Aid for Ensuring Human Resource Sustainability. *Amfiteatru Economic Journal*, 32, 307–322. Retrieved from http://www.amfiteatruconomic.ro/temp/Article_1126.pdf
- De Vita, L., Mari, M., & Poggesi, S. (2014). Women entrepreneurs in and from developing countries: Evidences from the literature. *European Management Journal*, 32(3), 451–460. doi:10.1016/j.emj.2013.07.009
- Edwards-Schachter, M., García-Granero, A., Sánchez-Barrioluengo, M., Quesada-Pineda, H., & Amara, N. (2015). Disentangling competences: Interrelationships on creativity, innovation and entrepreneurship. *Thinking Skills and Creativity*, 16, 27–39. doi:10.1016/j.tsc.2014.11.006
- Gicheva, D., & Link, A. L. (2015). On the economic performance of nascent entrepreneurs. *European Economic Review*, In Press. doi:10.1016/j.euroecorev.2015.07.018
- Growth Company Definition | Investopedia. (2016). Retrieved from <http://www.investopedia.com/terms/g/growthcompany.asp>
- Groza, M. D., Locander, D. A., & Howlett, C. H. (2016). Linking thinking styles to sales performance: The importance of creativity and subjective knowledge. *Journal of Business Research*, In Press. doi:10.1016/j.jbusres.2016.03.006
- Harris, A. (2009). Creative leadership: Developing future leaders. *Management in Education*, 23(1), 9–11. doi: 10.1177/0892020608099076
- Hjorth, D., & Holt, R. (2016). It's entrepreneurship, not enterprise: Ai Weiwei as entrepreneur. *Journal of Business Venturing Insights*, 5, 50–54. doi:10.1016/j.jbvi.2016.03.001
- Ismail, V. Y. (2014). The Comparison of Entrepreneurial Competency in Woman Micro-, Small-, and Medium-scale Entrepreneurs. *Procedia - Social and Behavioral Sciences*, 115, 175–187. doi:10.1016/j.sbspro.2014.02.426
- Jaussi, K.S., & Dionne, S. D. (2003). Leading for creativity: The role of unconventional leader behavior. *The Leadership Quarterly*, 14 (4-5), 475–498. doi:10.1016/S1048-9843(03)00048-1
- Kabukcu, E. (2015). Creativity Process in Innovation Oriented Entrepreneurship: The case of Vakko. *Procedia - Social and Behavioral Sciences*, 195, 1321–1329. doi:10.1016/j.sbspro.2015.06.307
- Lee, C.-Y. (2010). A theory of company's growth: Learning capability, knowledge threshold, and patterns of growth. *Research Policy*, 39(2), 278–289. doi: 10.1016/j.respol.2009.12.008
- Lubart, T.I. (2001). Models of the creative process: Past, present and future. *Creativity Research Journal*, 13(3-4), 295–308. doi:10.1207/S15326934CRJ1334_07
- Marič, M., Jeraj, M., & Pavlin, J. (2009). Entrepreneurship as a solution to the unemployment problem. Paper presented at the *Poslovno okruženje u Srbiji i svetska ekonomska kriza*.
- Mumford, M.D. (2001). Something old, something new: Revisiting Guilford's conception of creative problem solving. *Creativity Research Journal*, 13(3), 267–276. doi: 10.1207/S15326934CRJ1334_04
- Nemeth, C.J., & Goncalo, J. A. (2005). Creative collaborations from afar: The benefits of independent authors. *Creativity Research Journal*, 17(1), 1–8. doi: 10.1207/s15326934crj1701_1
- O'Connor, A. (2013). A conceptual framework for entrepreneurship education policy: Meeting government and economic purposes. *Journal of Business Venturing*, 28(4), 546–563. doi: 10.1016/j.jbusvent.2012.07.003
- Peng, M. W., Lee, S.-H., & Hong, S. J. (2014). Entrepreneurs as intermediaries. *Journal of World Business*, 49(1), 21–31. doi:10.1016/j.jwb.2013.04.003
- Reiter-Palmon, R., & Illies, J.J. (2004). Leadership and creativity: Understanding leadership from a creative problem solving perspective. *The Leadership Quarterly*, 15(1), 55–77. doi:10.1016/j.leaqua.2003.12.005
- Reiter-Palmon, R., Mumford, M.D., & Threlfall, K.V. (1998). Solving everyday problems creatively: The role of problem construction and personality type. *Creativity Research Journal*, 11(3), 187–197. doi: 10.1207/s15326934crj1103_1
- Sarooghi, H., Libaers, D., & Burkemper, A. (2015). Examining the relationship between creativity and innovation: A meta-analysis of organizational, cultural, and environmental factors. *Journal of Business Venturing*, 30(5), 714–731. doi:10.1016/j.jbusvent.2014.12.003
- Sidik, I. G. (2012). Conceptual Framework of Factors Affecting SME Development: Mediating Factors on the Relationship of Entrepreneur Traits and SME Performance. *Procedia Economics and Finance*, 4, 373–383. doi:10.1016/S2212-5671(12)00351-6

- Sigala, M., & Chalkiti, K. (2015). Knowledge management, social media and employee creativity. *International Journal of Hospitality Management*, 45, 44–58. doi:10.1016/j.ijhm.2014.11.003
- Sleuwaegen, L., & Boiardi, P. (2014). Creativity and regional innovation: Evidence from EU regions. *Research Policy*, 43(9), 1508–1522. doi:10.1016/j.respol.2014.03.014
- Sokol, A., Gozdek, A., Figurska, I., & Blaskova, M. (2015). Organizational Climate of Higher Education Institutions and its Implications for the Development of Creativity. *Procedia - Social and Behavioral Sciences*, 182, 279–288. doi:10.1016/j.sbspro.2015.04.767
- Sönmez, M. (2013). Creativity and Solid Modeling. *Procedia - Social and Behavioral Sciences*, 93, 169–173. doi:10.1016/j.sbspro.2013.09.172
- Tee Suan Chin, S., Raman, K., Ai Yeow, J., & Cyril Ezea, U. (2012). Relationship Between Emotional Intelligence And Spiritual Intelligence In Nurturing Creativity And Innovation Among Successful Entrepreneurs: A Conceptual Framework. *Procedia - Social and Behavioral Sciences*, 57(9), 261–267. doi:10.1016/j.sbspro.2012.09.1184
- Treffinger, D.J., Selby, E.C., & Isaksen, S.G. (2008). Understanding individual problem-solving style: A key to learning and applying creative problem solving. *Learning and Individual Differences*, 18 (4), 390–401. doi:10.1016/j.lindif.2007.11.007
- Unsworth, K.L., Wall, T.D., & Carter, A. (2005). Creative Requirement: A Neglected Construct in the Study of Employee Creativity? *Group & Organization Management*, 30(5), 541–560. doi: 10.1177/1059601104267607

FEMALE ENTREPRENEURSHIP: MAIN CHALLENGES AND THE IMPACT OF GENDER GAP

Dunja Kokotović^{*1}, Bogdan Rakić¹, Tijana Kokotović²

¹University of Belgrade, Faculty of Organizational Sciences

²University of Belgrade, Faculty of Economics

*Corresponding author, e-mail: dunjakokotovic@gmail.com

Abstract: *This paper presents a study of entrepreneurship with the focus on female entrepreneurship, its main challenges and the impact of gender inequality. So called gender gap in entrepreneurship is present in almost every country and there are no signs that the situation is going to change. In order to achieve equality for women compared to men and to prove the potential of these women, it is necessary to join forces much broader than one country. The aim of this paper is to show that in spite of many barriers which women are facing, there is a great unlocked potential of self-employed women. Examples from Serbia and abroad were analyzed as part of monitoring progress in this areas.*

Keywords: *entrepreneurship, female entrepreneurship, gender gap, self-employment, empowering women*

1. INTRODUCTION

Female entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. Women enter entrepreneurship due to economic factors which pushed them to be on their own and urge them to do something independently. We see a lot of women professionals in engineering, medicine, law etc. They are also setting up hospitals, training centers, etc. Women entrepreneurs are risk bearers, organizers and innovators too. (Sharma, 2013)

Female entrepreneurship needs to be studied separately for two main reasons. The first reason is that female entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organisation and business problems as well as to the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. Thus there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilized. (OECD, 2004)

The purpose of this paper is to prove that female entrepreneurs are really recognized as big part of economy and economic growth, but in spite of that there is still big gender gap when it comes to entrepreneurship and the only way to make that gap smaller is to encourage female entrepreneurship all over the globe and keep the percent of self-employed women raising. Also, research on distribution of self-employed women across industries will be presented in this paper.

2. ENTREPRENEURSHIP

The business literature differentiates entrepreneurs from business people by including statements such as: entrepreneurs "create needs"; while business people "satisfy needs". (Kelley, Bosma, & Amoròs, 2011) Entrepreneurs are conceptualized as individuals who see the world differently and envision the future better than others do. They seize opportunities that otherwise would go unnoticed. They perceive and accept risks differently than others. (Abu-Saifan, 2012) Entrepreneurship is the process of designing, launching and running a new business, i.e. a startup company offering a product, process or service. (Yetisen et al., 2015) The entrepreneurial organization is opportunity-focused, without neglecting important problems, it must give priority to the new and innovative. (Drucker, 2015)

List of personal characteristics that make some people better at recognizing business opportunities than others are by (Barringer & Ireland, 2012): 1) Prior experience in an industry (which helps entrepreneurs to recognize business opportunities); 2) Cognitive factors (opportunity recognition may be an innate skill or a cognitive process); 3) Social networks (the extent and depth of an individual's social network affects opportunity recognition); 4) Creativity (encourages the process of generating novel or useful ideas). No

matter what type of business they're in, no matter their gender, and no matter their age, entrepreneurs of all kinds face challenges in starting and growing companies. Not surprisingly, the types of challenges they face tend to be similar.

3. TYPES OF ENTREPRENEURS

Not all entrepreneurs are the same. The term entrepreneur is used to describe any person launching and managing his or her own business, but in reality there are many different types of entrepreneurs. There are four broad categories of entrepreneurs as (Fisher, 2011) points out: survivalists, lifestyle entrepreneurs, growth entrepreneurs and revolutionaries.

- 1) Survivalists are in business merely as a means of economic survival. They operate micro enterprises to feed themselves and their families. They create very little long-term wealth in their operation; they are merely keeping the business afloat while living on the profits from one day to the next. Examples of survivalist entrepreneurs can be found all across South Africa – they are the basket sellers on Durban beachfront, the people selling sunglasses on the corner of William Nicol Highway and Republic Road and the person selling Stormers flags outside Newlands Rugby ground.
- 2) Lifestyle entrepreneurs get into business as a means to a particular lifestyle. Being in business for themselves means that they can live in a certain place, have the freedom to pursue another passion (such as music, sailing, writing) and the autonomy to dictate when they do and don't work. They tend to engage in higher value activities and use more infrastructure compared to survivalists. They therefore usually need to make a larger upfront investment in the business than survivalists but they get better returns. In most cases these people are forgoing the certainty of being an employee in an existing business for the freedom of autonomy and choice that goes with being an entrepreneur. The owner of a thriving guesthouse in Plett, the coffee shop owner who needs time for his music and the local nail parlour owner who wants afternoons off to spend with her kids are all examples of lifestyle entrepreneurs.
- 3) Growth entrepreneurs are driven by the competitive nature of business. They get into business for themselves to create something of long-term value and they continually seek to make the business bigger and more competitive. They usually need to make a larger investment in the business than lifestyle entrepreneurs, both in terms of upfront capital investment and the time they invest in managing the business as it grows. They often take on more risk than lifestyle entrepreneurs but that risk comes with financial rewards if the business succeeds. The consultant who keeps hiring more associates to service more clients, the media entrepreneur who is continuously launching new products to sell more advertising space and the estate agent who is franchising her operation to facilitate growth are all examples of growth entrepreneurs.
- 4) Revolutionaries create a business as a means to change the world. They are driven to disrupt and reshape markets. They look to make big bets and if these pay off they usually become famous. Globally, Steve Jobs, Richard Branson and Bill Gates have left indelible marks on the industries they entered. In South Africa, Raymond Ackerman reshaped the retail industry, Adrian Gore disrupted the healthcare sector and Gidon Novick turned domestic airline travel on its head. Such entrepreneurs often need to invest substantial amounts of capital in their businesses to facilitate growth; with that comes high expectation. They are notorious for working hard and for demanding much of those who work for them.

These four kinds of entrepreneurs can be represented in a simple diagram which depicts the investment required and the revenue generated by the different categories of entrepreneurs.

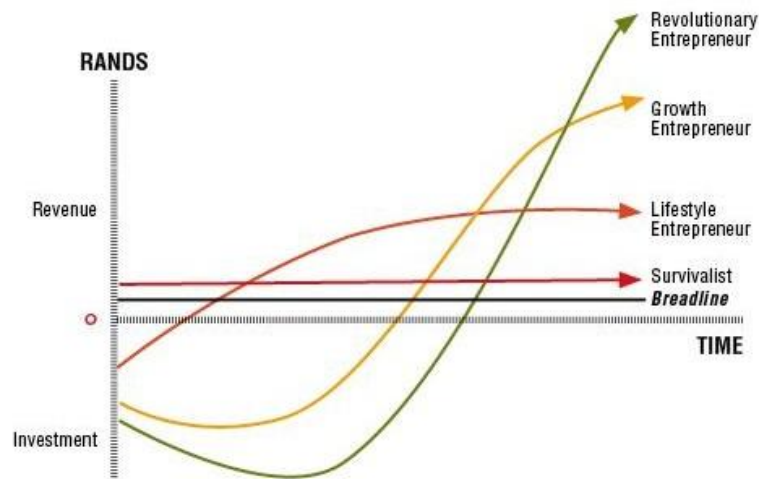


Figure 1: Types of Entrepreneurs (Fisher, 2011)

4. POTENTIAL FOR FEMALE ENTREPRENEURS

Economic development cannot be achieved without active participation of women in all aspects of life. There is consensus among scholars that women can play key role in the entrepreneurial phenomenon. (Revenga & Shetty, 2012) Women entrepreneurs have been designated as the new engines for growth and the rising stars of the economies in developing countries to bring prosperity and welfare. A variety of stakeholders has pointed at them as an important „untapped source“ of economic growth and development. (Maria Minniti & Naudé, 2010) The share of women's contribution to the economic and social development depends on the promotion of gender equality and gender blind support from the institutions. Although women constitute about fifty percent of the world population, compared to men, they have less opportunity to control their lives and make decisions. (Revenga & Shetty, 2012)

Women entrepreneurs are self-employed mostly in the services sector which it can be seen in OECD research. About 80% of self-employed women work in the services sector compared to less than 60% for men. In Germany, Israel and the United Kingdom, the share of self-employed women working in the services sector is above 90%.

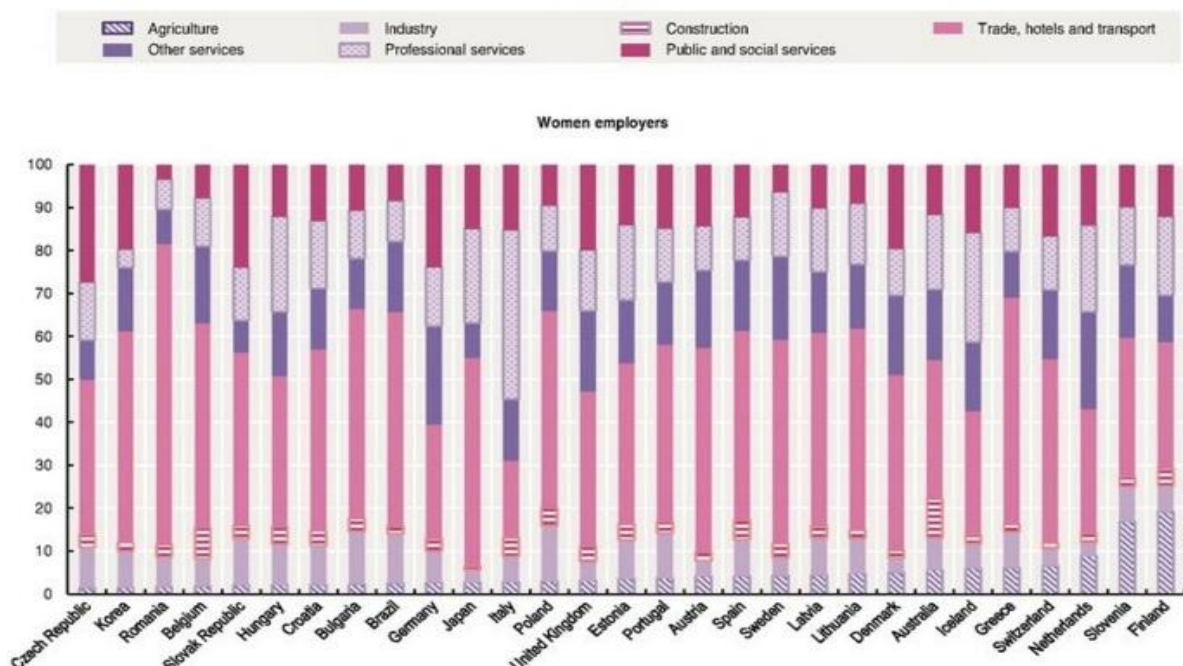


Figure 2: Distribution of self-employed women by sector – Women employers (percentage)(OECD, 2015)

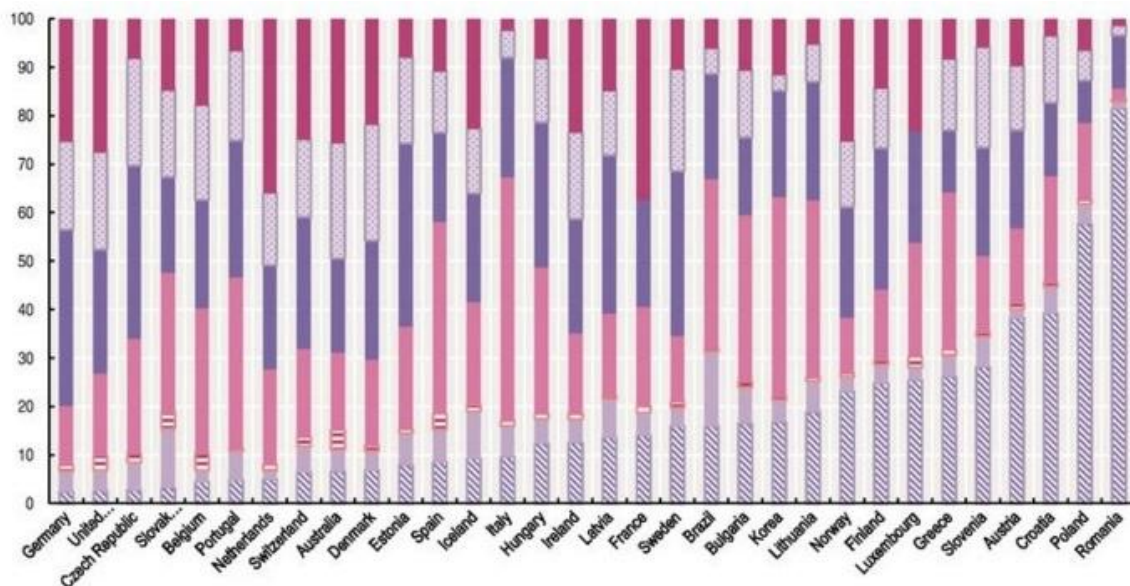


Figure 3: Distribution of self-employed women by sector – Women own account workers (percentage)(OECD, 2015)

Based on population census data agriculture includes agriculture, forestry and fishing; industry includes manufacturing, mining and quarrying, and other industries; trade, hotels and transportation include wholesale and retail trade, transportation and storage, accommodation and food service activities; other services include information and communication, financial and insurance activities, real estate activities and other services; professional services include professional, scientific, technical, administrative and support service activities; public and social services include public administration, defence, education, human health and social work activities. Not all the self-employed are “entrepreneurs”. Self-employment statistics include for example, craft-workers and farmers. Care is thus needed in interpreting the data in analyses of entrepreneurship (OECD, 2015). This shows that women find the greatest potential to work in Trade, hotels and transportation sector.

5. DRAWBACKS AND INCENTIVES FOR FEMALE ENTREPRENEURSHIP

Entrepreneurship can be a very rewarding, and yet difficult, path to take. The inherent uncertainty of starting and running a business can be especially daunting for poor women in developing countries. Nonetheless, many do try – a testament that speaks to the intensity of their drive, the allure of economic empowerment, and the strength of their commitment to improving life for themselves and their families, but often also speaks to the scarcity of employment and other opportunities for many women. For example, property rights in some countries are very weak or poorly protected – and worse still for women. Lack of secure knowledge that one can keep what one owns and earns is a major disincentive to entrepreneurial activity. A nontransparent investment climate or discrimination can discourage women from striking out on their own and make it harder for them to start and maintain businesses. Credit, above all, can be hard for women to obtain, and terms can be so unfavorable as to make loans counterproductive. Some women may be unable to access credit because they may lack a credit history or the official documentation needed to do business with a formal financial institution, or have no collateral due to legal or cultural barriers that prevent them from having assets titled in their names.

Most women entrepreneurs need some form of support in developing their businesses. Access to capital is usually the most important need, but mentoring from other businesspeople can convey valuable skills and lessons to the entrepreneurs and can be a valuable source of employee engagement and renewal for the private sector. There are a number of important ways in which the private sector can support and sustain female entrepreneurs (McKinsey & Co, 2010):

- Extend credit to female entrepreneurs, on terms that recognize the unique challenges and circumstances faced by women in developing countries and emerging markets
- Advocate for credit standards, property rights protections, and asset documentation rules that do not disadvantage women
- Provide mentoring to women entrepreneurs
- Encourage or create equal opportunities for women entrepreneurs
- Encourage supply chain diversity (e.g., actively seek women-owned enterprises as supply chain participants, support women's inclusion in supply chain opportunities).

6. GAP BETWEEN GENDERS

6.1. The phenomenon of inequality between the sexes

The concept of gender describes the socially created roles, norms, behavior, expectations and activities attributed to women and men. Gender equality has been highlighted as one of the eight Millennium Development Goals, and as a key to achieving the other seven goals by (UNFPA, 2013). There is consensus that women can play key role in the entrepreneurial phenomenon. Gender inequality exists in terms of economic development as well as the rates of entrepreneurial activity. There is a significant gender gap in the entrepreneurial activity rate across the world. (Allen, Elam, Langowitz, & Dean, 2008) A GEM (Global Entrepreneurship Monitor) study of 18 economies from 2002 to 2010 suggests that women's entrepreneurial activity is lower than that of their male counterparts at different stages of development. (Kelley et al., 2011) Treating women as the second gender means ignoring and underestimating huge potential human resources. Women entrepreneurs can play crucial roles in the process of economic development if they have equal opportunity and access to resources. In spite of the growing number of female entrepreneurs, the share of female entrepreneurship is still significantly low compared to their participation rate (Minniti & Arenius, 2003). Especially in Less Developed Countries with high female unemployment rate, for some women who need to work at home, entrepreneurship can be a practical solution to earn income and reduce their unemployment rate and poverty (Sarfaraz, Faghih, & Majd, 2014).

GEM Women's Report, 2011 shows that over time, the gender gap between entrepreneurs increased in some countries and decreased in others. Overall, as the economies move to a higher level of development, the rate of entrepreneurial activity decreases, regardless of gender. So, in more developed economies that both men and women have different options for employment, individuals seems to be more interested in having secured jobs rather than starting their own businesses. However, in general, the entrepreneurial gap between women and men decreases with economic development level (Kelley et al. 2011).

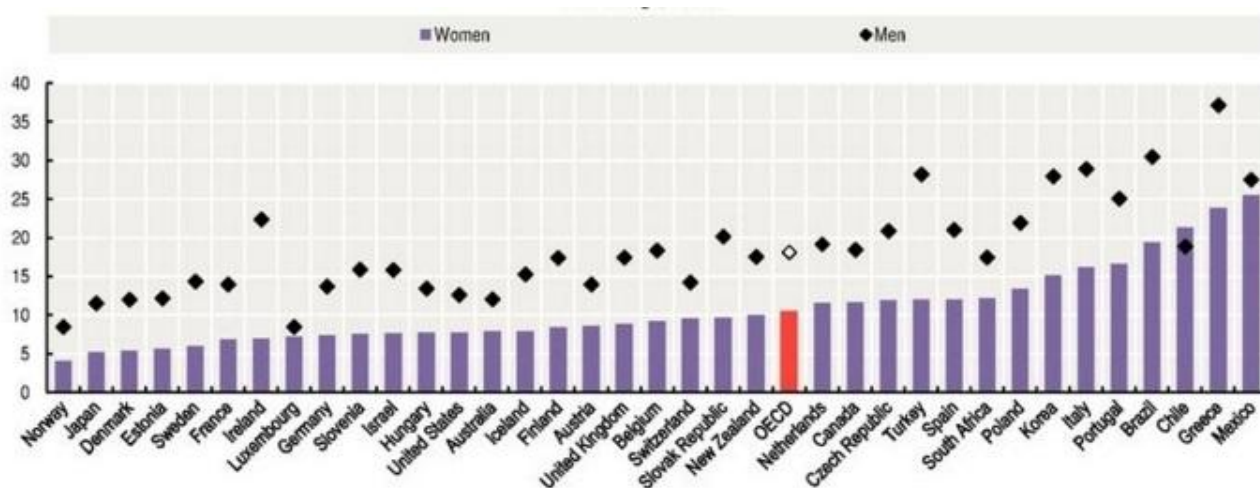


Figure 4: Share of self-employed men and women (OECD, 2015)

6.2 Gap in taking risk

There are inherent risks when choosing to set-up a new business. However, some of these risks, like attaining a satisfactory work-life balance are often more inhibiting for women than for men. In fact, independently of a country's economic context and the overall cultural attitude toward entrepreneurship, women always appear less prone to take the risk of creating their own business than men. The share of men who would rather take a risk and build their own business than work for someone else is larger in virtually all countries, from high income OECD countries to least developed low income economies.

The sentiment of not having the adequate education and finances to be able to create one's own business is one important factor explaining this gender gap. Typically, lower shares of women than men declare having access to training or funding to create or grow a business. Policy initiatives that encourage women's participation in formal and informal training, enlarge or adapt the offer of training courses, and enable their access to suitable funding, including through financial education, should constitute key elements in the promotion of female entrepreneurship (OECD, 2015).

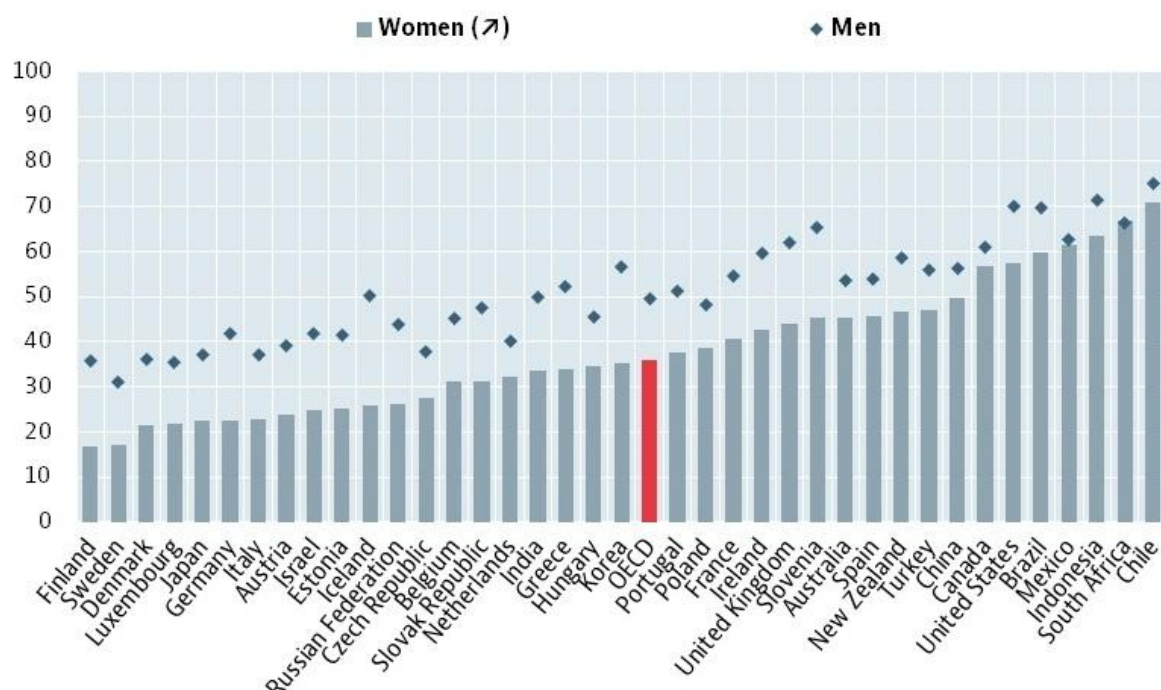


Figure 5: Perception on the entrepreneurial risk (Percentage of women and of men declaring they would rather take a risk and build their own business than work for someone else, 2013) (OECD, 2015)

6.3. Gap in earnings from self-employment

Women remain substantially underrepresented as entrepreneurs. Men are two to three times more likely to own businesses with employees than women. The most striking difference between men and women in entrepreneurship is the scale of their business operations. Self-employed women earn much less than men. In all countries, the gender gap in earnings from self-employment is greater than the wage gap; typically, women work on average fewer hours in their businesses.(OECD, 2015)

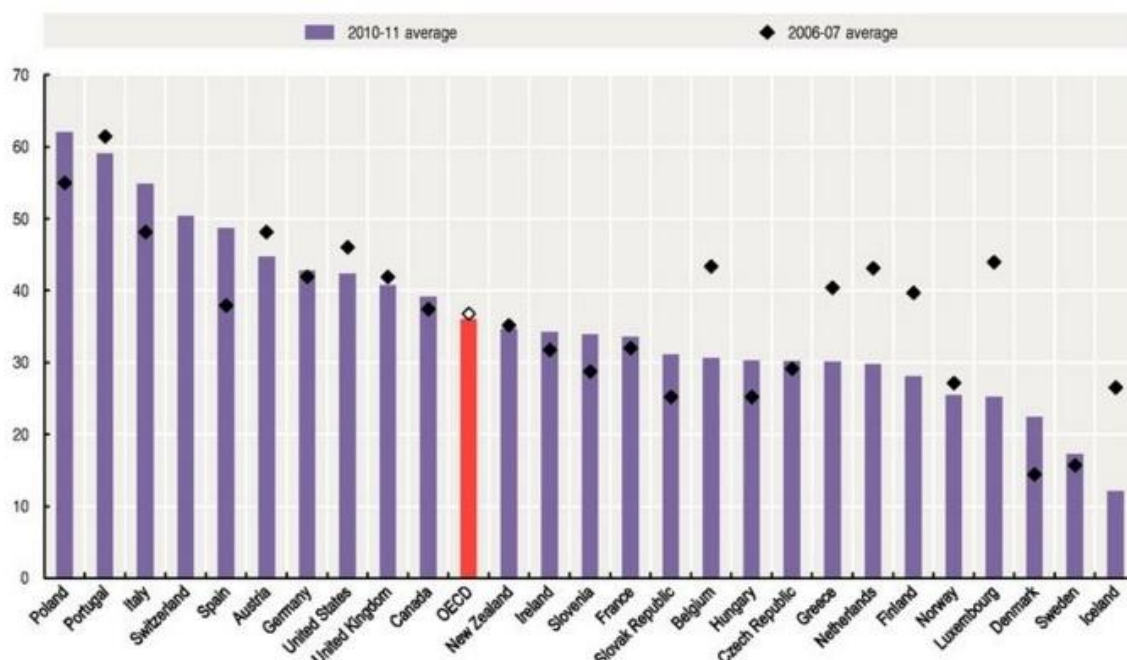


Figure 6: Gender gap in self-employment earnings in percentage points (OECD, 2015)

7. ENTREPRENUERSHIP IN SERBIA

Serbian government announced year 2016 to be the Year of Entrepreneurship. This decision was made on the fact that sector of SMSC is the most vital part of the economy, but this development opportunity has not been used enough. There are 320 000 small and medium-sized companies (SMSC) in Serbia. Majority of

them stated that they need governmental help. Growth in the sector of small and medium-sized companies and founding of new micro-companies are imperative for employment, and management of the transitional changes in economy based on the knowledge is key challenge to the entrepreneurship. The trend of entrepreneurial mindset, living and doing business is a challenge for creation of truly entrepreneurial society in which the key development carriers are creative businessmen, enduring innovators, young entrepreneurs and managers. However entrepreneurs don't feel the state's support. The biggest problem that managers faced so far are non-liquidity in the economy, no discipline in the financial transactions, monopolized market, disloyal competition, grey economy, chronic lack of financial incentives for investment and business sustainability, lack of market and demand, as well as lack of qualified work force. Observing the entrepreneurial structure Serbia could create developing technological paradigm of innovative profile in almost all economy sectors. Having in mind high level of SMSC sector's influence on the economy growth in the EU, in Serbia we lack trends that are present in the EU due to long-term wandering in strategies and inadequate implementation of Act on small business, which negatively presented in the years since the beginning of the financial crisis.

Table 1: Structure of small and medium-sized enterprises in Serbia (Chamber of Commerce and Industry of Serbia, 2016)

Entrepreneurship in Serbia			
99,8% is participation of the entrepreneurial sector in Serbian economy (320 000 SMSC)	33% is GDP contribution		
64% of the population is employed	42% participates in export	4,5% SMSC is export-oriented	
Number of Employees			
40% are micro and small forms with 1 employee	36% has 2 - 5 employees	21% employs 6 – 20 people	4% has over 20 employees
Ownership Structure			
70% of companies has 1 owner	27% has 2 owners	5,7% has 3 or more owners	
The Management			
73% of owners directly manages the company	28% has managerial role	4% do not manage the company although they are employed	1% of owners do not work in the company they founded
Educational Profile of the Businessmen			
65% has high-school	18% has elementary school	22% has high and higher education	

According to the report of the World Economy Forum for 2015/16, Serbian businessmen stated access to the funds as 2nd business hurdle, just behind inefficient state bureaucracy, and in front of corruption, taxation rates and regulations. Serbia is by ease of getting credit ranked low: 120th of 140 participating countries. Majority of small and medium-sized companies does not use credits from the formal sources, and when they use them those are small amounts, usually cash loans and overdrafts. Banks' offers are unacceptable for them: high interest rates, expensive and complicated procedures, requirements for collateral, lack of long-term credits...

Sectors in which there is great potential for development in Serbia are IT, agriculture – organic food and creative industry. In Serbia there are a lot of good examples of successful small companies. One of them is Zoran Ilic, CEO of the Biomelem company, who says for himself that he is entrepreneur from the moment when he got self-employed few decades ago. He thinks that state should appreciate and promote entrepreneurship much more so young people would desire to also become entrepreneurs. (Chamber of Commerce and Industry of Serbia, 2016)

As it is stated in the National Youth Strategy 2015–2025 for Serbia (National Youth Strategy 2015–2025, Ministry of Youth and Sports, Republic of Serbia) youth entrepreneurship is not properly developed, while the contribution of entrepreneurship to the reduction of youth unemployment has not been sufficiently recognised. There must be some conditions provided for the development of entrepreneurship in Serbia, especially for the young people. Some of the expected results and planned activities are:

- Developed supportive public policy framework that defines youth entrepreneurship and its environment
- There are mechanisms in place for the acquisition of entrepreneurial knowledge and skills and financial literacy within the framework of education
- Developed sustainable programmes for supporting young people who opt for self-employment
- Created conditions for the development of social entrepreneurship among youth, based on social understanding and support to entrepreneurship and innovation.

8. RESEARCH OFFEMALE ENTREPRENEURSHIP IN SERBIA

As (Babović, 2012) points out, GEM research is one of the few initiatives that allows monitoring of entrepreneurship on an international level according to standardized indicators and methodology. Unfortunately, the data which provide a systematic international comparison with insights into gender differences are only available for 2007. According to these data, in Serbia, in 2007, among women aged 18-64 years was 7.9% entrepreneurs, while among men of the same age was 19.9% of entrepreneurs. In addition, 5% of women of that age were being established job or in the early stage of business (as opposed to 12% of men), while 2.8% of women of that age were at the head of a business based (as opposed to 7.7% men). Based on this, we can see that situation with female entrepreneurship in Serbia is similar as in other countries – gender gap is present, and also not many of women in Serbia are motivated and strong enough to start their own businesses and that's why they need support from specific institutions.

There are many associations in Serbia which encourage female entrepreneurship in Serbia, and one of them is "Association of Business Women in Serbia". They've had several projects for promoting and helping women in Serbia so far such as: "Inclusion in employment", "See my story and become a Woman Entrepreneur", "The development of women's entrepreneurship", "Service development for women's start-up promotion" etc (Association of Business Women in Serbia. 2015). Association of Business Women in Serbia awards every year the „Success Flower“ Award to the best female entrepreneurs in Serbia. The „Success Flower“ Awards are being given in two categories: "most European women's company" and "the best model for employing women," as well as in a sub-category "self-employment/start-up". In addition to basic, they are award special honors to successful entrepreneurs for contribution to the development of female entrepreneurship in the various business segments where they have achieved significant success in both domestic and foreign markets such as: Special award for corporate social responsibility, Special award for supporting enterprises in business, Special award for innovation, Special recognition for the development of entrepreneurship in rural areas and Special award for sustainable business model. This association is led by successful ambassadors of female entrepreneurship in Serbia:

- Anja Ivana Milić, architect, founder and owner of projecting and building company "Arhi pro";
- Afrodit Bajić, who is engaged in the production of sales of women's fashion garments' AMC- "Afrodite mode collection"
- Dragica Božinović, founder and owner of the trade company "Novitas"
- Zorica Selaković, founder of firm of home-made cakes and cookies "DESSERT"
- Jasmina Knežević, Director of General hospital "Bel Medic"
- Ljiljana Stanojević, director of the company, she is engaged in metal processing, production and trade of machine elements, "Stanojevic"
- Marija Stevanović, the owner of the Agency for consulting and management "MS Employment"
- Marina Milić, director and owner of the company, engaged in the production, processing and sale of honey products "Maja promet"
- Nataša Milanović, owner of the company, engaged in the production and processing of organic food "Biosil"
- Sanja Knežević, the owner and manager of a tourist and cultural center "Ethnoselo Latkovac"

Those are all very successful women who try every day to support and encourage other unemployed women to take step forward and to gain strength to start their own businesses.

Also, there is Association of business women "Nadežda Petrović" from Čačak, whose main project is "Let's learn production occupations in order to become employed and independent". During this project, the

association gives opportunity to young and inexperienced female entrepreneurs to attend many useful trainings about business and self-employment, to meet with experienced entrepreneurs in order to learn about their experiences, to promote their business idea etc.

9. CONCLUSION

Women are wise, worthy, working, courageous, strong, persistent, persevering, successful mothers and wives. One thing is certain that it is difficult to be a woman entrepreneur, but a lot of the challenges and the limits will certainly change. The theme of equality between men and women is very popular nowadays and everything points to the fact that this gap will be smaller in the future, but in order to make that real, women can't make that on their own, they need support. Support from government institutions or different associations for encouraging female entrepreneurship can cause the increase in the percentage of women who are self-employed for a reason that many of them are not aware of the possibilities, and even those who are aware often do not have the financial resources to enter into such an adventure. Situation in Serbia is similar to other countries when it comes to both men and female entrepreneurship, and the fact that this year, 2016 is pronounced as The year of entrepreneurship in Serbia shows that the awareness and the number of entrepreneurs is getting a bit bigger, but crucial changes in percentages of self-employed women are not going to happen if they don't get more opportunities regarding financial resources and moral support. The greatest help for women can be new mechanisms for financial support in starting new businesses across the globe and also to give them proper formal education of entrepreneurial skills and knowledge and financial literacy skills so they can become more independent while starting their businesses.

REFERENCES

- Abu-Saifan, S. (2012). Social entrepreneurship: definition and boundaries. *Technology Innovation Management Review*, (February), 22–27. Retrieved from <http://www.timreview.ca/article/523>
- Allen, E., Elam, A. B., Langowitz, N., & Dean, M. (2008). Global Entrepreneurship Monitor 2007: report on women and entrepreneurship. Babson Park, MA: Babson College.
- Association of Business Women in Serbia, (2015) (<http://www.poslovnezene.org.rs/en/category/projects/current>), date of access: 27.03.2016
- Babović, M. (2012). Polazna studija o preduzetništvu žena u Srbiji. Published by United Nations Development Programme in Serbia. (<http://www.secons.net/admin/app/webroot/files/publications/1PolaznastudijaopreduzetnistvuzenauSrbiji.pdf>)
- Barringer, B. R., & Ireland, R. D. (2012). *Entrepreneurship: Successfully Launching New Ventures*. *Zhurnal Eksperimental'noi i Teoreticheskoi Fiziki*. Retrieved from <http://scholar.google.com/scholar?hl=en&btnG=Search&q=intitle:No+Title#0>
- Chamber of Commerce and Industry of Serbia (2016) *National Business Review*, January 2016
- Drucker, P. F. (2015). *Innovation and entrepreneurship: Practice and principles*. London: Routledge.
- Fisher, Greg (2011). *Which Type of Entrepreneur are You?* (<http://www.entrepreneurmag.co.za/advice/growing-a-business/performance-and-growth/which-type-of-entrepreneur-are-you/>), date of access: 03.04.2016.
- Kelley, D. J., Bosma, N., & Amorós, J. E. (2011). Global Entrepreneurship Monitor. 2010 Global Report. *Global Entrepreneurship Research Association GERA*, 1–85.
- McKinsey&Co. (2010). The Business of Empowering Women. <http://doi.org/10.1177/026455058903600405>
- Minniti, M., & Arenius, P. (2003). Women in entrepreneurship. ... : *First Annual Global Entrepreneurship ...*, 1–28. <http://doi.org/10.1007/s11365-007-0051-2>
- Minniti, M., & Naudé, W. (2010). Introduction: What Do We Know About The Patterns and Determinants of Female Entrepreneurship Across Countries? *European Journal of Development Research*, 22(3), 277–293. <http://doi.org/10.1057/ejdr.2010.17>
- National Youth Strategy 2015-2025, Ministry of Youth and Sports, Republic of Serbia
- OECD. (2004). Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a More Responsible and Inclusive Globalisation, (June), 74.
- OECD. (2015), *Entrepreneurship at a Glance 2015*, OECD Publishing, Paris.
- Revenga, A., & Shetty, S. (2012). Empowering women is smart economics. *Finance and Development*, 49(1), 40–43.
- Sarfaraz, L., Faghih, N., & Majd, A. (2014). The relationship between women entrepreneurship and gender equality. *Journal of Global Entrepreneurship Research*, 2(1), 6. <http://doi.org/10.1186/2251-7316-2-6>
- Sharma, Y. (2013). Women Entrepreneur In India. *IOSR Journal of Business and Management*, 15(3), 09–14. <http://doi.org/10.9790/487X-1530914>
- United Nations Population Fund UNFPA, (2013). *Gender Equality: A Cornerstone of Development*
- Yetisen, A. K., Volpatti, L. R., Coskun, A. F., Cho, S., Kamrani, E., Butt, H., ... Yun, S. H. (2015). Entrepreneurship. *Lab Chip*, 15(18), 3638–3660. <http://doi.org/10.1039/C5LC00577A>

ORGANIZATIONAL SPECIFICS OF SMALL AND MEDIUM ENTERPRISES WITH A SPECIAL OVERVIEW OF MARKETING FUNCTION

Valentina Vukmirović*¹, Nikola Vukmirović²

¹University of Belgrade, Faculty of Organizational Sciences

²University of Banja Luka, Faculty of Economics

*Corresponding author, e-mail: valentina.vukmirovic91@gmail.com

Abstract: *Due to its specific performances, small and medium enterprises have very significant role in contemporary economic development. Specifics of their organizational structure have led to development of new marketing approach which is, compared to traditional marketing approach, more suitable for small and medium enterprises. Relationship marketing, which results in marketing network created by entrepreneur and enterprise management, is most commonly associated with marketing of small and medium enterprises. Results of the research conducted in this paper indicate that relationship marketing and marketing network concept, in comparison with classic marketing mix concept, is more adequate for implementation in small and medium enterprises.*

Keywords: *organizational structure, entrepreneurial venture, small and medium enterprises management, entrepreneurs, marketing feature*

1. INTRODUCTION

Avlijaš (2008) states that in overall structure of business entities in developed countries, small and medium enterprises share is usually up to 99%. Likewise, their share in GDP structure exceeds 60% and in overall structure of the employed exceeds up to 80% (p. 1). These statistical data indicates that small and medium enterprises are very important feature in national economy development. Accordingly, Krivokapić and Jaško (2014) claim that modern economy is actually based on entrepreneurial ventures, due to the fact that entrepreneurship provides solutions for many economic problems, and improves national economies (p. 1332).

Scarborough (2014) discusses that business efficiency, as well as small and medium enterprises growth, greatly depends upon efficiency of their organizational structure and organization of key business activities (p. 127). Gibson et al. (1997) state that enterprise dimensionality has a great significance in process of designing its organizational structure (p. 194). The aim of this paper is to put emphasis on significance of organizational efficiency of small and medium enterprises, which influences their growth, development and contribution to overall economy development. According to Ferrell and Hirt (1996) performances which determine role and significance of small and medium enterprises are connected with production assets, human resources, business scope, business orientation etc. (p. 86). Deakins and Freel (2012) state that due to these factors, small and medium enterprises are commonly orientated towards external organizations in performing significant activities such as marketing, import, export, market research etc. (p. 63). Hatten (2014) claims that, according to management guru Peter Drucker, business has two, and only two, basic functions: marketing and innovation (p. 79). Thereby, special attention will be paid to specific organization of marketing function of small and medium enterprises, which enables them to improve collaboration with all stakeholders, especially with consumers whom contemporary marketing theory defines as value creators.

This paper presented organizational specifics of small and medium enterprises, which significantly influence their growth, development and work efficiency. Furthermore, particular attention will be paid to organizational specifics of marketing feature, and its significance for small and medium enterprises development. According to Gutić and Rudelj (2009) this topic is very interesting to observe due to the fact that organization of marketing, in most domestic enterprises, is visibly falling behind development of corporate organization, in all of its aspects (p. 262). In accordance with this unfavorable trend, authors of this paper conducted a research among 54 small and medium enterprises in Republic of Serbia, in order to obtain information about marketing organization development in domestic enterprises. Information was gathered by using questionnaire method. Results of this research indicate that, even though a large number of small and medium enterprises in domestic market conduct certain form of marketing activities, a small percentage of enterprises that were involved in this research conduct marketing activities regularly and consistently in accordance with specific marketing plan.

Hatten (2014) states that each entrepreneurial venture presents the result of the entrepreneurial intentions of individuals or groups (p. 43). Rakićević et al. (2014) claim that success of an enterprise is, to a large degree, defined by the individual's entrepreneurial intentions and managerial competences, as well as willingness to "sacrifice" themselves for achieving business objectives (p. 551). Due to specific organizational structure of small and medium enterprises, main hypothesis in this paper is related to the role of entrepreneur in marketing decision making. Authors' assumption is that domestic entrepreneurs do not develop marketing feature of their enterprise to a significant extent due to their perception that all the important decisions in the enterprise should be made by them. Furthermore, most entrepreneurs in domestic market observe marketing function as non-decisive factor for achieving business success. Results of the research reaffirm these hypotheses to a large degree.

2. KEY FEATURES OF SMALL AND MEDIUM ENTERPRISES AND THEIR PHASE DEVELOPMENT CHARACTERISTICS

Milošević et al. (2014) state that small and medium enterprises development ensures the largest contribution to the increase in employment, gross added value and turnover, and is, therefore, considered to be the backbone of growth and development of a national economy (p. 520). Even though there is not a unique approach towards defining concept of small and medium enterprises, yet Siropolis (1995) states that largest number of countries uses these following criteria for defining small and medium enterprises:

- Total assets (total financial means, supplies, land, real estate, machines etc.),
- Number of employees,
- Invested capital or gross income,
- Equities (p. 8).

In accordance with valid legislation in Republic of Serbia (Accounting Act "Official Gazette of Republic of Serbia" No. 62/2013, p. 5) enterprises are classified into micro, small, medium and large according to average number of employees, total income and asset value on the day of financial report composition in the latest financial year. In order to be categorized as micro, small or medium enterprise, legal entity must fulfill at least two of three following criteria:

For micro enterprises

- Average number of employees is 10,
- Average business income is 700.000 € in Dinar counter value,
- Average value of business asset (calculated as an arithmetic average value at the beginning and the end of the financial year) is 350.000 € in Dinar counter value.

For small enterprises

- Average number of employees is 50,
- Average business income is 8.800.000 € in Dinar counter value,
- Average value of business asset (calculated as an arithmetic average value at the beginning and the end of the financial year) is 4.400.000 € in Dinar counter value.

For medium enterprises

- Average number of employees is 250,
- Average business income is 35.000.000 € in Dinar counter value,
- Average value of business asset (calculated as an arithmetic average value at the beginning and the end of the financial year) is 17.500.000 € in Dinar counter value.

Avlijaš (2008) discusses that small and medium enterprises represent factor of stability in the market, due to the fact that they fulfill blank niche space which cannot be filled by large enterprises, especially in period of great demand when they are capable of creating rapid supply increase, unlike large enterprises which

maintain stable demand value (p. 8). Deakins and Freel (2012) discuss that, in an opposite situation when demand is decreased, small and medium enterprises can easily adapt their business operation volume, unlike large enterprises which do not adjust its business to market demands due to larger fixed costs per product (p. 45). Milošević et al. (2014) state that main characteristics of small and medium enterprises are the reason for much easier adaption to continuous changes in consumer demand and business conditions in the global market. Those characteristics primarily refer to their size, flexibility, propensity for innovative and risky ventures, as well as greater opportunity for specialization (p. 552). Therefore, Kuratko (2014) claims that small and medium enterprises cause strengthening of competition, which leads to improvement of product quality, lower prices, innovations and development of new technologies, and the growth of overall national economy (p. 63). Their significance is especially noticeable in countries in transition, such as Serbia, which are usually struggling with high rates of unemployment, as well as low level of foreign investments and reduced economic activity. Therefore, it can be stated that small and medium enterprises represent an important factor for social and economic stability of a country. Hatten (2014) verifies this statement by stating that numerous surveys indicate that small and medium businesses have created 64% of net new jobs over the past 20 years, employ half of all private sector employees and create more than 50% of GDP (p. 47).

Scarborough (2014) discusses that small and medium enterprises management has its specifics which are caused by nature and characteristics of small business development. In initial development phase, entrepreneurial ventures are usually confronted with lack of funds which significantly influences their organizational structure creation (p. 134). Reijonen (2010) states that small and medium enterprises are characterized by small number of employees who simultaneously perform more than one business activity, including the owner himself (p. 283). Enterprise development and its capacity increase lead to changes in its organizational structure. Vučenović et al. (2009) discuss that, in the initial development phase, enterprise is defined as entrepreneurial organization, in which one person, entrepreneur, dominates the organization in order to achieve personal purposes (p. 231). Initial development phase is crucial for product development and its market placement. In this phase of venture's development, knowledge, skills and experience of the entrepreneur are of decisive importance. Furthermore, Hatten (2014) state that, as a key factor in the organization, entrepreneur is responsible for most of managerial activities, as well as decisions which are related to production, purchase, sales, financial means providing and organizational structure creation (p. 117).

Cvijanović (2004) states that initial organizational problems occur when the enterprise broadens its activities. Meanwhile, enterprise expands its capacities, but business activities management models remain the same (p. 99). Vučenović et al. (2009) claim that, due to its growth, enterprise faces issues which exceed one person's capability to efficiently manage business activities (p. 232). However, the entrepreneur rejects a possibility to leave responsibility for entrepreneurial risk to associates. Meanwhile, there are still not enough financial possibilities for engaging professional managers or consultants. Radić et al. (2015) state that, due to these reasons, initial development phase of management is mostly based on knowledge and experience of the entrepreneur and less on applying scientific methods of enterprise management and business organization (p. 333). Entrepreneur individually makes decisions on all matters which can result in negligence of strategic issues of enterprise development and growth.

Vukmirović (2006) discusses that, due to the fact that enterprise development and growth is becoming accelerated and is not coordinated with development of managerial knowledge and skills, business activities stagnation may occur as a consequence (p. 194). Radić et al. (2015) suggest that this problem could be solved by engaging a team of managers who would reassess the owner's decisions, and objectively make decisions, due to the fact that they do not participate in the ownership structure (p. 334). More precisely, enterprise is forced to develop functional organizational structure, because of the fact that every business activity demands active managing. Jaško et al. (2013) state that functional organizational model is suitable for small and medium enterprises, since their focus is usually oriented towards specific product or market. This structure is suitable for enterprises which create its competitive advantage with distinctive competence in one or few business functions, such as production for example (p. 555). The following development phase leads to overcoming one product and one market orientation, which requires implementation of organizational structure modification. Functional organizational structure should be adjusted to markets or products, i.e. conduct division of organizational structure. Krivokapić and Jaško (2014) state that, in accordance with market changes, i.e. dynamism and instability of the environment, it should be remembered that once established mode of behavior might be changed, since the organization must continuously follow possible changes in the environment (p. 1338). Higher level of adjustment to changes in the environment provides enterprise with better business results.

3. SMALL AND MEDIUM ENTERPRISES ORGANIZATIONAL FUNCTIONS

Enterprise organizational structure represents one of main management functions which implies designing organization and its inner systems. According to Gibson (1997) organizational structure implies manner in which organization's activities are distributed, gathered and coordinated between managers and employees and represents an asset for management goals accomplishment (p. 104). Designing organization includes forms which mutually connect employees, as well as forms in which employees are connected with their assignments. Cvijanović (2004) states that, with the aim of designing optimal organization model for certain enterprise, it is necessary to observe its structure, processes and context (p. 17). Enterprise structure includes decentralization of authorities, formalization, and standardization of work operations as well as a number of hierarchy levels and geographical sites in which business operations are conducted. Processes refer to activities of decision making, coordination and communication inside the organization. Context implies circumstances and conditions in which organization is doing business, such as main aims of the organization, technology, human resources, environment etc. Jaško et al. (2013) discuss that efficient and effective organization provides rational resources usage as well as development, which integrates adequate methods and models which should fulfill expectations of different stakeholders (consumers, employees, owners, partners, competitors, society etc.) (p. 417). Organizational design of a certain entrepreneurial venture requires presence of adequate organizational knowledge and skills, as well as competent organizational project team. Designing organizational structure of small and medium enterprises which have entrepreneurial development and management orientation significantly differs from designing organizational structure of traditional firms. Audretsch and Thurik (2004) claim that this can primarily be noticed through significantly simpler and more flexible organizational structure which rapidly adapts to changes in business environment (p. 145).

Hills (1996) states that, since every enterprise's business purpose is to find adequate market for its products and therefore materialize business idea on which it is based, creating adequate organization of marketing activities represents key factor for achieving market success. (p. 62) Gerber (2010) claims that, by distributing its products on the market and finding customers, enterprise can acquire verification of the initial idea on which it is based (p. 55). Reijonen (2010) discusses that the necessity for marketing sector existence within an organization emerges from the need for business plan creation, which includes market research, competitor analysis, development opportunities research etc. (p. 282). Likewise, Kotler (2001) states that marketing sector should provide creation of distribution channels, organization and improvement of sales system, creation of price policy, planning of promotional activities, as well as creating trade mark and brand development (p. 279). Organizational structure, enterprise capacity and circumstances in which business is being managed are factors which are defining a manner in which marketing sector is organised within an enterprise. Gutić and Rudelj (2009) claim that marketing organization is not a general scheme or pattern which can be applied in every entrepreneurship by following the same model due to the fact that every organization is specific and shaped by numerous internal and external factors which could be monitored and explored (p. 262).

3.1. Organization specifics of marketing function in SME

Reijonen (2010) states that, since marketing theory has been developed on the basis of large organizations studies, it cannot be applied directly to small and medium enterprises, due to the fact that these marketing practices may significantly differ from those of their larger counterparts (p. 280). Therefore, the need to develop specific marketing theory, which would be suitable for small and medium enterprises, has been recognized.

According to Hills (1996), in countries with developed economies it is considered that marketing sector should include all commercial operations and that it should possess the same rank in organizational structure and hierarchy of an enterprise as other sectors such as production or finances (p. 112). Sparling et al. (1994) discuss that, marketing sector, organized in this manner, should perform functions such as purchase, sales, market research, distribution and promotion (p. 199). According to company's needs and its specific circumstances, the number of employees for every business activity is defined.

Within enterprise marketing feature, sales represent one of the most important operational activities. Depending on the type of industry in which enterprise operates, its production capacity, sales range and other enterprise specifics, different organizational models of this enterprise feature exist. According to Vasiljev et al. (2002) two categories of sales organization and management models can be distinguished:

- Sales management as marketing function model and
- Management of sales processes model (p. 168).

Management of sales process refers to higher hierarchy level in organization which implies owners, board of directors and top management, who are making strategic sales decisions. Vasiljev et al. (2002) state that this system is considered to be developed along with marketing development through following development phases:

- Phases of line models of sales management, direct-line and line and staff model,
- Phases of cooperative functional models,
- Team model phases, i.e. project-team, market-team and innovation-team models, which represent more thorough implementation of marketing in enterprise management (p. 185).

Direct-line model represents the earliest form of sales management and its essential task is to provide management control. According to Lovreta et al., (1998) line and staff model represents certain breakthrough in terms of sales management, due to the fact that it includes advisory role of expert, even though members of management structure are still entirely responsible for decision making (p. 232). Cooperative functional model implies that it is necessary to establish cooperative relations between all enterprise functions, as well as sub-functions i.e. marketing services such as informing, analysis, forecasting and alternative consideration, with the aim of sales decision making. Siropolis (1995) discusses that main characteristic of numerous and various functional models of marketing organization is the existence of unique and direct chain for marketing organization management which includes one superior and one or few subordinate employees (p. 298). Team sales management models require competences and collaboration of larger number of different profile experts who create teams for resolving certain problems during the process of sales decision making. Kalinić (1993) states that this type of organization is flexible, due to the fact that teams are formed by available experts in enterprise, as well as external associates who are periodically engaged (p. 205).

Organizational structure of purchase service is very similar to organizational structure of sales function. According to Lovreta et al. (1998), the role of this service is very important for regular supply of production sector, which provides prerequisite for sustained production which is coordinated with sales needs (p. 232). Kalinić et al., (2002) discuss that, in case of trading enterprises, purchase service is directly connected with sales sector, because of the fact that sales needs to be provided with quality merchandise in time and in an amount which market requires (p. 177). Therefore, it is necessary to provide tight correlation between these two services. Organizational structure of purchase service may be created regarding areas of supply, supplied merchandise as well as combination of these two models.

Other marketing activities consider market research, promotional activities, informational marketing systems, marketing activities planning etc. Siropolis (1995) states that these activities may be organized in form of services, created for fulfilling marketing management sector needs (p. 310). For performing these work tasks, employees from these sectors collaborate with production and other operative sectors and are directly responsible to marketing management sector.

Gutić, Rudelj (2009) state that, in accordance with small and medium enterprises specifics, project-matrix organization model is suitable for this type of business ventures (p. 264). It is based on, at least, dual command system. Every employee in marketing sector of an enterprise is liable to at least two managers. Jaško and Kostić (1997) discuss that project-matrix structure is usually applied in order to achieve specific strategic marketing aim, such as new product placement, or modification of existing product in its maturity phase (p. 108). This structure can also be applied in enterprises where changes in technology are major, frequent and intense, and is, as well, suitable for medium-sized enterprises with several product lines. This model of marketing organization is commonly used in states of significant uncertainty in enterprise environment. According to Jaško et al. (2013), project-matrix organization model is suitable in cases of enterprise adjustment to current market demands, such as product differentiation, new product placement, product modification, increase of loyalty and satisfaction of consumers etc. (p. 567-574).

3.2. Small and medium enterprises key marketing specifics

Hatten (2014) states that marketing involves all the points of contact between small or medium enterprise and its customers (p. 147). Small and medium enterprises marketing is fundamentally different, and usually much more successfully conducted, than marketing practice in large enterprises. According to Hills (1995), reason for such phenomena may be that within small and medium enterprises marketing development is observed as decisive success factor in comparison with, for example, planning or strategy development (p. 219). Unlike large enterprises that include large number of experts in process of decision making, small and medium enterprises marketing practice usually delegate all important decisions towards one person.

Accordingly, some enterprises make marketing decisions on their own, while others make marketing decisions in collaboration with very influential individuals in this field, i.e. marketing experts.

In the article about marketing myopia, Theodore Levitt indicates that enterprises which did not have their focus on customers' needs, but on their own needs instead, experienced failure. Most business ventures operate today with a customer-driven philosophy, which indicates that customer wants and needs are determined before goods and services are produced. This philosophy is called the marketing concept. Business concept that broadens marketing concept view is called relationship marketing. This concept indicates that business owner should recognize the value and profit potential of customer retention. Kotler and Keller(2006) state that therefore, main aim of this concept is to develop long-term, mutually satisfying relationship with stakeholders, primarily with customers and suppliers (p. 281). Due to the fact that one of basic characteristic of small and medium enterprises imply that owner / manager / entrepreneur has strong influence in decision making process, it can be stated that relationship marketing concept is convenient for small and medium enterprises. His management competence strongly influences enterprise business success, especially in the initial development phase when business operations are highly personalized and defined by knowledge and capability of the entrepreneur. Due to the fact that in small and medium enterprises owner is most commonly creator of the initial idea and organizational structure of the enterprise, it can be concluded that development of marketing activities is also conducted under owner's strong influence. This statement can be confirmed by McGrath (2008) who notes that enterprise venture owners customize marketing activities to personal needs, and usually do not have marketing specialist or sector which is engaged with development and implementation of marketing activities (p.21). In addition, Butigan and Mahnić (2011) claim that classic marketing mix theory is not applicable in case of small and medium enterprises. These authors elaborate that the owner's prominent role in enterprise structure is the key feature of small and medium enterprises when compared to large enterprises. The owner creates his own relationship network with business partners, with whom they will realize marketing activities, which enhances possibilities for successful marketing decision making (p. 96).

Butigan and Mahnić (2011) discuss that small and medium enterprises marketing activities were, for very long period, observed from the aspect of traditional models, which were based on large enterprises practice, and therefore were considered as non-traditional, informal, short-term and non-strategic (p. 92) In domestic market conditions, marketing is commonly perceived as certain luxury which only large enterprises can afford, while small and medium enterprises usually conduct marketing activities occasionally and with as less funds as possible. This attitude may, to certain extent, be justified by the fact that, in initial development phase, entrepreneurial venture does not possess significant financial means. Therefore, entrepreneur takes responsibilities of a marketing expert, even though most commonly is not competent for this kind of business activities. However, in following phases of their development, marketing concept implemented by small and medium enterprises does not respond to classic perception of marketing activities organization. Considering the fact that enterprise must react to very dynamic market fluctuations and create its business activities in accordance with it, it can be concluded that it also has to create its marketing activities as a reaction to market fluctuations.

4. SURVEY RESULTS AND DISCUSSION

For the purpose of this paper, author has researched structure and organization of marketing activities application in small and medium enterprises on the territory of Republic of Serbia. Research was conducted during the period from February to April 2016 with a sample of 54 small and medium enterprises. By using method of random sampling and paying attention on the representativeness of the sample, results were obtained by applying questionnaire method. Criteria for research enterprise selection was based on The European Commission recommendation on enterprises definition (Recommendation 2003/361/EC, The Annex, Article 1 - Enterprise) "An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity". In accordance with this specification and relevant legislation in Republic of Serbia (Accounting Act "Official Gazette of Republic of Serbia" No. 62/2013), this research included small and medium enterprises from the territory of Republic of Serbia, which were classified in accordance with number of employees criteria.

Majority of data was gathered through the questionnaires which were completed by interviewees on their own, whereas representatives of six enterprises were interviewed. Research results were gathered by sending 490 questionnaires via e-mail to directors, owners or employees responsible for marketing sector or public communication. E-mail addresses were obtained by using Serbian Chamber of Commerce and National agency for regional development database. Level of responsiveness was 63%, or 34 completely

answered questionnaires. The rest of the results were gathered directly, by phone calls directed to employees who are responsible for public contacts as well as by interviewing representatives of certain business entities. Through empirical research, results which refer to structure and organization of marketing activities with the aim of gaining insight in domestic entrepreneurs' attitudes towards this business feature were obtained. Structure of enterprises included in this research is dominated by companies for production, trade and services (27,8%), companies from the sector of wholesale and retail (14,8%), enterprises from the field of civil engineering (20,4%), enterprises from the manufacturing industry (25,9%) and other fields (11,1%).

Results of the research indicate that the highest percentage of small and medium enterprises in Serbia conducts certain form of marketing activities, because 79,6% out of 54 enterprises which were included in this research confirmed that they use or were using certain marketing activities in order to enhance their business results. Within enterprises which confirmed their engagement in this sphere of business activities, 14% uses marketing agency services, while rest of them individually creates and realizes marketing activities. Furthermore, within enterprises which individually realize some forms of marketing activities, 43,2% of them claim that the owner of the entrepreneurial venture is responsible for realization of this type of projects, while 32,4% of the interviewees claim that within the enterprise there is an employee which performs marketing activities, besides its main tasks. Research results also indicate that even when an enterprise possesses an established marketing sector, employees in this sector do not have precisely defined responsibilities, and perform simultaneously more tasks. Besides creating and conducting promotional activities, they directly communicate with clients and are expected to attract new clients and broaden enterprise's business activities.

Research results have also indicated that owners of entrepreneurial ventures in Serbia do not conduct classic marketing activities, such as market research, due to the fact that they are considered expensive and indicators of underperformance in business. In accordance with this, owners of entrepreneurial ventures engage marketing experts only when they realize that certain market segments do not prefer or have negative attitude towards their products or services. Thereby, entrepreneurs usually impose their opinion to engaged external associates, expecting to achieve maximum results with as minimal possible investments. Therefore, they usually conduct marketing activities through different types of compensations or joint ventures with, for example, mass media with whom they later share economic profit from conducted activities.

Within enterprises which plan conducting of marketing activities, 25,6% of them possess formal marketing plan for their business, while rest of them create marketing activities as well as financial expenditure, i.e. marketing budget, optionally, i.e. in specific situations and from time to time. This can be confirmed by the information that only 16,3% of the interviewed enterprises which conduct marketing activities have precisely defined marketing budget. However, those funds are not significant because of the fact that most of the interviewed enterprises in Serbia claim that only 1 to 5% of total income is invested in marketing activities. Results of the research indicate that in small and medium enterprises marketing activities are treated in an informal manner and with significant influence of enterprise owner who determines the manner in which contact with customers will be established. Owners create direct relationship with customers and suppliers and develop their own marketing network because they consider that this kind of marketing is the most suitable for small and medium enterprises.

5. CONCLUSION

Theoretical and empirical research presented in this paper indicates that small and medium enterprises have simpler organizational structure when compared with large enterprises which have complex organizational structure. Small enterprises strive to centralization of organizational structure and business decision making, unlike large enterprises which apply decentralization in management process. As the enterprise expands its capacities, management conception is shifted from individual to collective or team management. Due to greater financial resources, large enterprises possess within its organizational structure special sectors for key functions and business activities such as marketing, finances, planning etc., which is not a characteristic of small enterprises due to lack of funds. Milošević et al. (2014) state that survival, growth and development of small and medium enterprises are primarily determined by funding opportunities from favorable sources (p. 519). Limited access to the sources of finance is probably the most important feature and the biggest issue of these enterprises which, to a large extent, defines their organizational structure.

Krivokapić and Jaško(2014) state that, due to small and medium enterprises specificity and their dependence on the specific conditions and situations, each one of them should be considered separately in one particular context (p. 1338). Therefore, small and medium enterprises differ due to: 1) individual

production or small batches production, 2) regional business orientation, 3) flexible organizational structure, 4) simpler management structure, 5) centralized organizational structure and 6) significant entrepreneur's influence that is usually the owner of small or medium enterprise. Small and medium enterprises specifics significantly influence organization of one of its key functions – marketing feature.

In the process of organizational structure construction, small and medium enterprises develop their structure through different phases. In initial development phase, sales feature of the enterprise is dominant. Nevertheless, direct contact between the owner and stakeholders, as well as development of proper marketing network is characteristic of initial development phase. Reason for paying that much attention to relationship with other market participants is because they affect, directly or indirectly, the results of all entrepreneurial ventures in the market. Continuous growth of small and medium enterprises initiates multidimensional development of marketing feature, that is sales as an operative function is being separated from other marketing activities, such as market research, promotion, product design enhancement, after-sales activities, etc. The aim of this paper is to stimulate discussion and further research about marketing development in small and medium enterprises in Serbian market, as well as to change perspective of domestic entrepreneurs towards conducting marketing activities with the aim of achieving best possible business results.

REFERENCES

- Audretsch, D., & Thurik, R. (2004). A model of Entrepreneurial Economy. *International Journal of Entrepreneurship Education* 2(2), 143-166. Retrieved from: <https://www.econstor.eu/bitstream/10419/19957/1/2004-12.pdf>
- Avlijaš, R. (2008). *Entrepreneurship and management of small and medium enterprises*. Belgrade, Serbia: University Singidunum.
- Butigan, R., & Mahnić, I. (2011). Role of relationship marketing in small and medium-sized enterprises. *Tržište*, 23(1), 89-104. Retrieved from: <http://hrcak.srce.hr/trziste?lang=en>.
- Cvijanović, J. (2004). *Organizational changes*. Belgrade, Serbia: Economics Institute.
- Deakins, D., & Freel, M. (2012). *Entrepreneurship and small firms*. Belgrade, Serbia: Data Status.
- Ferrell, O.C., & Hirt, G. (1996). *Business: a changing world* (2nd ed.). Boston, USA: Irwin/McGraw-Hill.
- Gerber, M. (2010). *The E-Myth Enterprise: How to Turn a Great Idea into a Thriving Business* (1st ed.). New York, USA: HarperCollins Publishers.
- Gibson, J., Ivancevich, J., & Donnelly, J. (1997). *Organizations: behavior, structure, processes* (9th ed.). Boston, USA: Irwin McGraw-Hill.
- Gutić, D., & Rudelj, S. (2009). Project-matrix models of marketing organization. *QMJ – Quarterly Marketing Journal*, 40(4), 259-267. Retrieved from: <http://readgur.com/doc/113453/%C4%8Dasopis-marketing--broj-40-4>.
- Hatten, T.S. (2014). *Small Business Management: Entrepreneurship and Beyond* (6th ed.). Boston, USA: Cengage Learning.
- Hills, G.E. (1996). *Marketing and entrepreneurship research issues: Scholarly justification*. Chicago, USA: University of Illinois.
- Jaško, O., Čudanov, M., Jeftić, M., & Krivokapić, J. (2013). *Designing organization*. Belgrade, Serbia: Faculty of Organizational Sciences.
- Jaško, O., & Kostić, M. (1997). Project-matrix organization in marketing agencies. Paper presented at the YUPMA International project management symposium.
- Kalinić, V. (1993). *Marketing logistics*. Subotica, Serbia: Faculty of Economics.
- Kalinić, V., Ilić, S., & Laketa, M. (2002). *Marketing of trade companies*. Belgrade, Serbia: Merkur.
- Kotler P., Keller, & K.L. (2006). *Marketing Management* (12th ed.). New Jersey, USA: Pearson Education.
- Kotler, P. (2001). *Marketing management: Analysis, Planning, Implementation and Control* (9th ed.). Zagreb, Croatia: Mate.
- Krivokapić, J., & Jaško, O. (2014). *Relationship between business environment and entrepreneurial activities*. Proceedings of the XIV International Symposium, New Business Models And Sustainable Competitiveness, Zlatibor, Serbia, 1332-1338. Retrieved from: <http://symorg.fon.bg.ac.rs/proceedings/html/papers.html>
- Kuratko, D.F. (2014). *Entrepreneurship: Theory, Process, Practice* (9th ed.). Mason, OH, USA: SOUTH-WESTERN CENGAGE Learning.
- Lovreta, S., Radunović, D., & Kalinić, V. (1998). *Trade marketing*. Belgrade, Serbia: Faculty of Economics.
- McGrath, H. (2008). *Developing a relational capability construct for SME network marketing using cases and evidence from Irish and Finnish SMEs*. Doctoral dissertation. Waterford: Waterford Institute of Technology. Retrieved from: http://repository.wit.ie/1053/1/Developing_a_relational_capability_construct_for_SME_network_marketing_using_cases_and_evidence_from_Irish_and_Finnish_SMEs.pdf
- Milošević, N., Barjaktarović Rakočević, S., & Milanović, M. (2014). *The Banking for Small and Medium*

- Enterprises. Proceedings of the XIV International Symposium, New Business Models And Sustainable Competitiveness*, Zlatibor, Serbia, 519-525. Retrieved from: <http://symorg.fon.bg.ac.rs/proceedings/html/papers.html>
- Radić, N., Popović, J., Radić, V., & Vukadinović, S. (2015). *Success and failure of entrepreneurial venture in Serbia through skills and competence of entrepreneurs*. Proceedings of International May Conference on Strategic Management - IMKSM2015, Bor, Serbia, 330-338. Retrieved from: <http://mksm.sjm06.com/international-may-conference-on-strategic-management-imksm-2015-2/>
- Rakićević, Z., Ljamić-Ivanović, B., & Omerbegović-Bijelović, J. (2014). *Survey on entrepreneurial readiness: management vs engineering students in Serbia, Relationship between business environment and Entrepreneurial activities*. Proceedings of the XIV International Symposium, New Business Models And Sustainable Competitiveness, Zlatibor, Serbia, 551-559. Retrieved from: <http://symorg.fon.bg.ac.rs/proceedings/html/papers.html>
- Reijonen, H. (2010). Do all SMEs practise same kind of marketing?. *Journal of Small Business and Enterprise Development*, 17(2), 279 – 293. <http://dx.doi.org/10.1108/14626001011041274>
- Scarborough, N.M. (2014). *Essentials of Entrepreneurship and Small Business Management*(7th ed.). New Jersey, USA: Pearson Education Inc.
- Siropolis, N.C. (1995). *Small business management: A Guide to Entrepreneurship*(4th ed.). Zagreb, Croatia: MATE.
- Sparling, K., Earls, G., & Donath, B. (1994). *How to Evaluate and Improve Your Marketing Department*. Columbus, OH, USA: McGraw-Hill/Contemporary.
- Vasiljev, S., Cvetković, Lj., & Kancir, R. (2002). *Marketing management*. Subotica, Serbia: Faculty of Economics.
- Vučenović, V., Zeremski, A., & Lazić, J. (2009). *Success of a manager*. Belgrade, Serbia: Economics Institute.
- Vukmirović, N. (2006). *Contemporary entrepreneurship, science and practice of business success*. Banja Luka, Bosnia and Herzegovina: Faculty of Economics.

APPENDIX

QUESTIONNAIRE

1. Does your enterprise conduct marketing activities within its business operations?
 - Yes
 - No
2. If the answer to previous question was affirmative, does your enterprise:
 - Independently creates and conducts marketing activities
 - Using the services of marketing agencies?
3. Who is responsible for conducting marketing activities in your organization?
 - Marketing expert
 - Employers who perform marketing activities besides their main occupation
 - Marketing sector
 - The owner
4. Does person who perform marketing activities has formal education or training in this area?
 - Yes
 - No
5. Who brings final decision about conducting marketing activities?
 - The owner
 - Marketing manager
 - Marketing sector
 - Other managers
6. Does your enterprise possess formal marketing plan with defined budget for marketing activities?
 - Yes, company has defined marketing plan and budget
 - Company has marketing plan, but budget is defined depending on the available funds
 - Company does not have marketing plan, activities are conducted depending on current needs
7. Which percent of total funds is invested in marketing activities?
 - 1-5%
 - 5-10%
 - 10-15%

WOMEN'S ENTREPRENEURSHIP - A GLOBAL PERSPECTIVE AND CURRENT STATE IN SERBIA

Maja Vrbanac^{*1}, Marina Milovanović¹, Jasmina Perišić¹

¹ Faculty of real estate management, Union University Nikola Tesla, 62, Cara Dušana str., Belgrade, Serbia

* Corresponding author, e-mail: maja_radenkovic86@hotmail.com

Abstract: *This paper describes the current situation in the world and Serbia related to women's entrepreneurship. The goal of this work is to point out specific properties, development and challenges of women's entrepreneurship. The emergence of women entrepreneurs in the past twenty years in the developed world are closely linked to the democratization of society, namely, the equalization of men's and women's rights, particularly the right to education and access to economic and financial resources. Women's entrepreneurship is based on equal rights and inherent human dignity of women and men. Reducing the high unemployment rate of young women in the world and in Serbia can be achieved only by creating favorable conditions for the development of entrepreneurship. This will be achieved by improving the microeconomic business environment and ensuring the start-up capital. Primarily, it should create the conditions that would allow a safe and long-term development of their own business. Another important aspect of our study is women's education in formal and informal educational systems. Specific target skills and competencies precondition are necessary for any business enterprise, so it is important to arrange non-formal and continuing education directed to population of adult women.*

Keywords: *entrepreneurship, women's education, unemployment, the initial capital, gender equality*

1. THE EMERGENCE OF WOMEN ENTREPRENEURSHIP

Affirmation of women entrepreneurship as a relevant objective of development of modern society, is supported by a number of international documents. The Beijing Declaration adopted in 1995 is the key document in which the integrated objectives and principles set out in the UN Charter, the Universal Declaration of Human Rights, in particular the Convention on the Elimination of All Forms of Discrimination against Women and, inter alia, the Declaration on the Right to Development. Women's entrepreneurship is recognized as an important mechanism for achieving equality, democratization and development of society, the preservation of peace and poverty reduction (Sarfraz, Faghih, & Majd, 2014)(Duflo, 2012).

The phenomenon of female entrepreneurship includes all aspects, above all, that women want and need to reconcile family and professional obligations, bringing their personality and values into the business, and that their engagement in entrepreneurship is highly personalized (Rey-Marti, Tur Porcar, & Mas-Tur, 2015). Although there are more women in the population, employment of women is lower than male employment, women are the most present workforce at one of the lowest-paid sectors - services(Mitchelmore & Rowley, 2013), and there are very few women in leadership and management positions (Zlatkov Cvetković, 2015). Also, the average earnings achieved by women in relation to men are lower in almost all activities. From different studies we can find out that women who have entered the private business are generally well educated, their professional composition varies, most are married, with children, areas where they founded the private business mainly belong to traditional female occupations, they rarely have their own start-up capital, and they form micro or small enterprises (Alam, Senik, & Jani, 2012)(Kalyani & Kumar, 2011). The reasons for starting a new business are the most common means of ensuring the existence of family and children and the desire to prove their own abilities (Gidakou, 2015). The biggest obstacle they are facing are so called "Work on three fronts" (the household, the children/family care and work) (Vossenbergh, 2013) and gender discrimination (Barsh & Yee, 2011).

In practice, women are often excluded from decision-making (Pines, Lerner, & Schwartz, 2010). Decision is reserved for small, informal, and as a rule, men's groups, which excludes women from institutional policy or diminishes their political power even when they are represented. Exclusion of women from institutional politics can slow down the democratic process generally and in the countries of ex-Yugoslavia. A particular problem to be solved is participation in public and political life of the multiple discrimination of women. There is more woman than men in the world, but in the economy, according to official information and indicators, they are minorities all over the world.

2. THE DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP

Women's entrepreneurship, as a phenomenon of our time, bought very little attention until recently. The first important scientific paper on this subject appeared in 1976 (Schwartz, 1976) which drew attention to the upward trend of this kind of entrepreneurship. For example, according to statistics from 1972, about 4.6% of all US businesses are led by women. After investigations of the UN in 1995 two changes that have occurred in the last ten years have led to the establishment of a positive climate for the development of women's entrepreneurship

- Establishing legal and legislative equality for women;
- Ensuring equal access to vocational education and training for women.

Male resistance to women is stronger in Europe than in America. Polls in Italy and the UK have shown that nearly half of men reject the idea that women can perform manager tasks. Statistical analysis of the population of managers in the US and Western Europe has shown that women make up only 3% of CEOs of major companies and occupy about 12% of middle and lower management positions, even though they were in the labor force for more than 45%. In the literature, this phenomenon is explained by the existence of strong or impenetrable barrier, which is the result of a combination of all stereotypes (Huang, Mas-Tur, & Yu, 2012). In the world there are three countries where women make up more than half of the employees (Ahl & Nelson, 2015).. This is Sweden (60% of employees are women), Canada and the US (52% of employees are women). The other extreme are countries of the Middle East in which the proportion of women in the labor force between 35% (Israel) and 4% (Iraq, Saudi Arabia). Unfortunately, one of the still strong reasons of meager representation of women in the management is their personal acceptance of "female roles" and from it emerged they are not interested in leading or managerial career.

In most cultures there is a strong division between male and female roles (Duflo, 2012). According to such cultural stereotypes that dominate, especially Arab countries, Latin America and the less developed regions of the world, managers can be only men. Women are expected to be subservient and dependent, not to stand out and to serve men. Even in developed democratic societies, where women enjoy formal equality, these cultural stereotypes are not completely eradicated. Different legal constraints that women are placed in a second-class status are only recently removed from the legislation of most developed countries, and in underdeveloped are still very much present (for example, Switzerland's did not have the right to vote until 1971, France had no regulation to protect women from harassment at work, and in the US women for the same job often receive lower wages than men).

However, things started to change in the 21st century. Between one quarter and one third of all businesses in the world today run by women with a growth rate up to two times, compared to the national average in the USA. Women are owners of approximately 30% of all businesses in the world. Entrepreneurs in developing countries now represent a vital driving force in all sectors of the economy, whether measured by the number of new jobs, the number of employees or the volume of realizing profits as shown in the following tables (Vukmirović, 2005).

Table 1: Women-owned businesses in the world (in %)

Country	Year	women-owned (%) enterprises
Netherlands	1992	8
Mexico	1990	9
Japan	1991	13
Germany	1993	15
Canada	1995	17
Australia	1994	18
US	1996	20

Table 2: New jobs launched or owned by women, from 2000 to 2010

Country	Started businesses owned by women (%)
Japan	23
Russia	64
China	25
Germany	34
Hungary	40
Poland	38
Mexico	32
US	38
United Kingdom	25
EU	33

When it comes to female entrepreneurship, there are countries in the world where the number of women entrepreneurs is lagging behind compared to the number of men, but there are also countries where women entrepreneurs grow:

- In the United States the rate of growth of women's enterprises, 2010. was twice the national average, and nearly half of the company is majority owned by women.
- In the UK, where the situation of women's entrepreneurship, according to the majority of analysts is pretty bad, 6.5% of all women of working age were employed in their own businesses. The share of women entrepreneurs is 26%, and this is a figure which has not been changed since 1990.
- In the countries of the European Union women lead 70% entrepreneurs of micro and small businesses with five or fewer employees.
- In the transition countries of Central and Eastern Europe economic position of women is largely deteriorated due to the reduction of the public sector, increased unemployment, greater job insecurity and the poor state of social welfare systems.

Most countries in transition do not pay attention to women's entrepreneurship. Most often it is represented in the less developed countries, where culture does not allow for the development of entrepreneurship. In these countries, there is still gender discrimination. In transition countries in financial crisis situations is the most hit by the female population (Pines et al., 2010), because they were the ones who would most often become out of work.

The difficult situation of women in the labor market in the countries of Central and Eastern Europe as well as in countries in transition is affected by various factors. Employers prefer to hire men and women are viewed as a labor force that does not guarantee stability in the business due to the fact that women are traditionally burdened with family and household chores. In addition, average unemployed women have a higher level of education than unemployed men. Most of them have secondary education, which means that they are not specialized to any particular area or skill. Overall opinion which prevails in countries in transition is that in terms of unemployment, men have more right to a job than women. Research shows that such thinking has: 55% of respondents in the Czech Republic and Poland, 42% in Hungary, 40% in Russia and 29% in Slovenia. This opinion is shared by 8% of respondents in Sweden, 11% in Denmark, 15% in Finland, 16% in Norway, 24% in the USA.

3. THE SPECIFICITY OF WOMEN'S ENTREPRENEURSHIP

In all developed and traditional, patriarchal environments It is evident that women are at worse position, especially when it comes to property ownership (Duflo, 2012)(Vossenbergh, 2013). It is a common practice when the inheritance of immovable property (land, houses, buildings) is under the consideration women are expected their share of an inheritance to give to a brother or a male family member. When entering into marriage, as a rule, the right of ownership is transferred to the man, even in cases of joint construction or purchase of a house or apartment. By this women remains deprived of the right to dispose of their own property, or the right to run their own business, if there is a need for it, since there is not enough material resources, and they are not able to raise mortgage loans as a favorable alternative provision of financial resources. If a woman is financially dependent on someone else or doesn't have her own sources of income, she is likely to be on the margins of social events and without the possibility of active socialization.

It turned out that women are realistically discern, versatile thinking, and respect the opinions of others. Women hear better than men and faster adopt modern solutions. Thirty years ago barely, five percent of women were among the Masters of Science, and today women make up to between forty and fifty percent of participants specialized postgraduate business programs. According to some statistics, it is believed that women in Europe triggered or have been triggered every fourth new job. Many women have the creativity, the necessary expertise and skills necessary to start a new business, but often, unlike male entrepreneurs do not have equal access to credit, education and information, without which no successful conduct of business is possible(Witbooi & Ukpere, 2011). Like their male entrepreneurs, women entrepreneurs are highly educated, prone to taking risks and have developed an entrepreneurial spirit. There are several various motives conditioned by various factors for women starting their own businesses (Inić, 2007):

- The economic situation in the country - political contacts, corruption, crime, access to credit.
- Legal regulations - whether women have adequate legal assistance and access to information on the legal aspects of business;
- Cultural and social factors - traditions and patriarchal attitudes in society about who should be entrepreneurial.

Table 3: Women's and men's managerial qualities

"Women managerial qualities"	"Men's managerial qualities"
- Preference particular	- Abstractly
- The tendency of power-sharing and information	- Leadership through comparison and control
- Encouraging participation and cooperation	- Relying on the power situation
- Avoiding the risk	- Risk appetite
- Little tendency to superficial effects	- Little resistance to superficial impressions
- Orientation on mutual relations	- Orientation to action
- Network "family" structure	- Hierarchical, "military" organization structure
- Understanding of other people's behavior and problems	- Ignoring other people's personal problems and concerns
- Willingness recognition of personal mistakes	- Striving for hiding personal fouls
- The tendency harmonious relationship with the environment	- Willingness to conflicts and conflicts
- Emotional durability and resistance to frustrate	- The tendency of the explosion or "cracking" in crisis
- Greater self-control	- Smaller self-control
- Less hastiness	- Larger hastiness
- Stability in attitudes	- The tendency of changing attitudes
	- The exchange of services as a source of motivation
	- Analytical and rational problem solving

4. FEMALE ENTREPRENEURSHIP IN SERBIA

On the labor market, statistics do not anticipate an unfavorable position of women in relation to men: from around 900,000 unemployed, 56 percent are women, but it is similar to their percentage share in the 1.9 million employees. (Zlatkov Cvetković, 2015) gives a qualitative review study of the perceived enabling factors for the female entrepreneurship in Serbia.

On the other hand, in Serbia, women are owners or co-owners of 16 thousand companies. This is the fifth of the total number of domestic companies. When these figures are compared with other countries, it is possible to conclude that Serbia already has a European average because even in Sweden, for example, there is no more than 22 percent of women entrepreneurs.

Unfortunately, a large number of companies in Serbia are only registered in the woman's name. More precise information is obtained when take into a consideration in how many companies woman is the wife of the owner and the manager of the same time, because then the more likely that they are present there only by name. By this criterion, according to data from the Agency for Business Registers, the women are manager in 6,700 small and medium-sized and 16 large companies in Serbia.

"Women's entrepreneurship in Serbia was mentioned ten years ago, when international aid programs were directed at women-refugees, as the most vulnerable category". Research suggests that as many as two-thirds of women who have a job, consider the woman in Serbia difficult to start a business because of the "Balkan syndrome". In one group of courageous women who have begun to engage in business, this percentage was reduced to a quarter. The principle is proverbial - who wants to do something - finds a way, who does not want - he finds an excuse.

So whether women themselves may give rise to men's frivolous understand the business? Often, they themselves are the victims of prejudice that could be "subject to" discrimination by males, women often do not have enough confidence to say, there is no authority to impose their views, and they fear that the reason for the loss of value in the eyes of men.

The fact is that in Serbia there are still traces of patriarchy, but it is not only a male (Zlatkov Cvetković, 2015). Do women begin to act more decisively, men will certainly not reject a good business proposition, just because it is sent by a woman. And that is the future of women's entrepreneurship, the future we must create and carve women. Any other approach would mean further loss of half of the intellectual capital, as a company and a country.

However the Statistical Office of the Republic of Serbia in its annual report of 2012 stated that the total number of employees (1.73 million), 1.34 million were employed in the companies, of which 626,000 were women. When it comes to entrepreneurs, they were 385.93410 or together with the employees, of which 171,000 were women.

When it comes to farming, women have been registered 28% of all farms. However, they make up only 23% of all individual farmers and 71% of unpaid family members in agriculture. In 2012, he was an almost equal number of those who would and who would not have started their own businesses, while men showed a greater willingness than women. It also has been shown that women with higher education show the greatest interest in the opening of a private business, where the youngest 47% of women do so if they have some features which confirms that entrepreneurial orientation with the younger generation to grow.

Based on information available from multiple sources, it is clear that the economic potential of women in Serbia is not used enough, either as a business owner or as a workforce. Comparative studies show that in 2007, among women aged 18-64 years, there were only 7.9% entrepreneurs. Recent studies from 2009 indicate that there were 14.9% of self-employed among women aged 15-64 years who are registered as employees.

5. SUPPORT MECHANISMS FOR GENDER EQUALITY AND WOMEN'S ENTREPRENEURSHIP IN REPUBLIC OF SERBIA

The National Strategy for Gender Equality (Republic of Serbia, 2016) is a basic strategic document of the Republic of Serbia, which shall be adopted with the aim of eliminating discrimination against women and achieving gender equality through the conduct of the equal opportunities policy for the period from 2016. to 2020. The strategy shall be adopted under the constitutional obligation of the State to guarantee the human rights provided by international treaties ratified, accepted rules of international law and the law of equality between women and men. It shall develop equal opportunities policy and it prohibits discrimination on any grounds, including that based on gender. Gender equality is a fundamental constitutional principle.

Gender Equality Law (Republic of Serbia, 2009) requires all public authorities to conduct an active policy of equal opportunities and to monitor the implementation of the principle of equality based on gender in all areas of public life and the implementation of international standards and the Constitution guaranteed law in this area. The strategy represents system of measures and policy instruments that the Republic of Serbia needs to implement in order to promote gender equality, fulfillment, respect and protection of women's human rights and the prevention of gender-based discrimination, especially against by certain persons or groups of persons belonging to vulnerable and multiply discriminated groups.

By creating, adopting and implementing the future national strategy for gender equality, the Government of the Republic of Serbia confirms their determination to persevere on the path of reforms that will ensure the full range of human rights of all citizens and complies with its obligations arising from the documents signed on the path of joining the European Union. Adoption of this Strategy is one of the priorities of the Republic of Serbia defined for the period from 2015. to 2018. in the National Program for the Adoption of the Acquis EU in 2014. - 2018 (European Integration Office, 2014).

In the period from 2016. to 2020, the state will focus on achieving the following general objectives in the policy of gender equality:

- Efficient use of sets of complementary gender-sensitive policies to promote exercise, respect and protect of the human rights of women.
- Gender equality is incorporated in all policies at all levels.
- Institutional mechanisms for gender equality is established and works effectively at all levels. The strategic objectives are aligned with the current policy documents, international standards of gender equality, the existing legal framework and the government's priorities defined in the National Program for the Adoption of the Acquis (2014 - 2018).

5.1. Motivations for women entrepreneurs

In our environment, it is known that the main motive of entrepreneurial business has a financial nature. There are still other factors of motivation of female entrepreneurship (Anuja, 2016) (DeMartino, Richard and Barbato, 2015):

- Dissatisfaction in large companies occurs due to various conflicts in the family, then layoffs, job responsibilities.
- The balance of family and work - for this reason more women are opting for smaller companies, because children cannot look after themselves.
- The desire to challenge - 44% of women entrepreneurs shows that when they began work, they realized that all they can do for the employer can do for yourself.
- Motivational differences.

Many analysts believe that women do not start big companies in order to satisfy their ego. They support each other. Researches have shown that men and women see success differently. While men see their success as achieving the objectives, women experienced success as a work that fills them, as well as control over their lives.

6. CONCLUSION

Female entrepreneurship is a reality and one of the main factors contributing to economic development in many countries. Political and economic changes in the past have created the possibility for women to set up companies and manage them. One possibility that is increasingly used today in countries with developed market economy, women control more than 25% of the total number of companies. Women represent more than one third of the total involved in entrepreneurial activity, while their participation in the informal sector of the economy is much larger. Generations of women in the world diverse heritage and education contribute to their environment and express very encouraging signs of entrepreneurial spirit. Women entrepreneurs have complex and keen sense of their management skills. They are better than men in giving new ideas, better in negotiating and convincing the interlocutor. Women are creative and responsible, self-confident, aggressive, goal-oriented, eager to be the first and only.

The potential of female entrepreneurship is manifested through a greater diversification between different economic sectors, younger entrepreneurs at the aggregate level, which means a greater number of business activities focused on the knowledge economy and production and lower concentration in the store. When starting the business the most important potential of women entrepreneurship is determined not to give up easily after the first attempt; The main disadvantages are a frequent entry into entrepreneurship because of the mere pressure of economic necessity and without sufficiently developed business ideas, while the obstacles are unfavorable resources to start, especially the lack of financial capital.

In most cases, entrepreneurs have expressed a conflict between business and family responsibilities, but this is usually not frustrating. On the contrary, they believe that they can manage to reconcile the two spheres of life. Their position in the family is more equal than that of the average for women in Serbia, and they are mostly satisfied with the lifestyle that goes with entrepreneurship.

It is necessary to establish a mechanism at the national level that would systematically deal with the many obstacles they face in their operations of micro and small businesses, particularly those owned by women. This certainly must be carried out in combination with progress in EU accession and adherence to the already accepted obligations from key EU documents such as the Small Business Act. Also, one must establish a time frame for each of the desired changes, in order to create a favorable and an enabling environment for doing business in Serbia.

In the future, more entrepreneurs would like to use membership in associations of business women, as well as recommendations of existing networks. There is a clear need for major improvements in the overall environment and the system in which micro and small businesses operate in Serbia. Particular attention should be given to sufficient and timely information to micro and small businesses. As is the practice in many countries, micro and small businesses are mainly about the state of the informal channels, but it is a challenge for providers of business services, which must be get closer to companies that use informal channels of information.

REFERENCES

- Ahl, H., & Nelson, T. (2015). How policy positions women entrepreneurs: A comparative analysis of state discourse in Sweden and the United States. *Journal of Business Venturing*, 30(2), 273–291. <http://doi.org/10.1016/j.jbusvent.2014.08.002>
- Alam, S. S., Senik, Z. C., & Jani, F. M. (2012). An Exploratory Study of Women Entrepreneurs in Malaysia: Motivation and Problems. *Journal of Management Research*, 4(4), 282–297. <http://doi.org/10.5296/jmr.v4i4.2377>
- Anuja, S. G. (2016). Entrepreneurial Motivation and its Impact on Business Performance of Women Entrepreneurs with Reference to Chennai. *Indian Journal of Applied Research*, 6(2), 26–29.
- Barsh, J., & Yee, L. (2011). *Unlocking the Full Potential of Women in the U . S . Economy. Management*. Retrieved from <http://online.wsj.com/public/page/women-04112011.html>
- DeMartino, Richard and Barbato, R. (2015). An analysis of the motivational factors of intending entrepreneurs. *Journal of Small Business Strategy*, 13(2), 26–36.
- Dufo, E. (2012). Women, Empowerment, and Economic Development. *Journal of Economic Literature*, 50(4), 1051–1079. <http://doi.org/10.1177/0002716297554001009>
- European Integration Office. National Program for the Adoption of the Acquis EU (2014). Retrieved from http://www.seio.gov.rs/upload/documents/nacionalna_dokumenta/npaa/npaa_eng_2014_2018.pdf
- Gidakou, I. (2015). Women's Entrepreneurship in Rural Greece. *International Journal of Business and Management*, 10(10), 129–142. <http://doi.org/10.5539/ijbm.v10n10p129>
- Huang, K.-H., Mas-Tur, A., & Yu, T. H.-K. (2012). Factors affecting the success of women entrepreneurs. *International Entrepreneurship and Management Journal*, 8, 487–497. <http://doi.org/10.1007/s11365-012-0233-4>
- Inić, B. (2007). *Menadžment 1 –III izmenjeno i dopunjeno izdanje*. Beograd: Narodna biblioteka Srbije.
- Kalyani, B., & Kumar, D. (2011). Motivational factors , entrepreneurship and education□ : Study with reference to women in SMEs. *Far East Journal of Psychology and Business Vol*, 3(3), 14–35.
- Mitchellmore, S., & Rowley, J. (2013). Entrepreneurial competencies of women entrepreneurs pursuing business growth. *Journal of Small Business and Enterprise Development*, 20(1), 125–142. <http://doi.org/10.1108/14626001311298448>
- Pines, A. M., Lerner, M., & Schwartz, D. (2010). Gender differences in entrepreneurship. *Equality, Diversity and Inclusion: An International Journal*, 29, 186–198. <http://doi.org/http://dx.doi.org/10.1108/02610151011024493>
- Republic of Serbia. Gender Equality Law (2009). Retrieved from <http://www.ravnopravnost.gov.rs/images/files/zakon-o-zabrani-diskriminacije.pdf>
- Republic of Serbia. (2016). National Strategy for Gender Equality for the period from 2016. to 2020. Retrieved from <http://www.mgsi.gov.rs/lat/dokumenti/nacionalna-strategija-za-rodnu-ravnopravnost-za-period-od-2016-do-2020-godine-sa-akcionim>
- Rey-Marti, A., Tur Porcar, A., & Mas-Tur, A. (2015). Linking female entrepreneurs' motivation to business survival. *Journal of Business Research*, 68(4), 810–814. <http://doi.org/10.1016/j.jbusres.2014.11.033>
- Sarfaraz, L., Faghih, N., & Majd, A. (2014). The relationship between women entrepreneurship and gender equality. *Journal of Global Entrepreneurship Research*, 2(1), 6. <http://doi.org/10.1186/2251-7316-2-6>
- Schwartz, E. B. (1976). Entrepreneurship-New female frontier. *Journal of Contemporary Business*, 5(1), 47–76.
- Vossenbergh, S. (2013). Women Entrepreneurship Promotion in Developing Countries□ : What explains the gender gap in entrepreneurship and how to close it□ ? *Maastricht School of Management*, 1–27.
- Vukmirović, N. (2005). Modeli podrške razvoju ženskog preduzetništva. *Industrija*, 33(4), 1–18.
- Witbooi, M., & Ukpere, W. (2011). Indigenous female entrepreneurship□ : Analytical study on access to finance for women entrepreneurs in South Africa. *African Journal of Business Management*, 5(14), 5646–5657. <http://doi.org/10.5897/AJBM10.1161>
- Zlatkov Cvetković, M. (2015). *Women entrepreneurship in Serbia*. SLU, Dept. of Economics.