

COMPETITIVENESS OF SERBIAN COMPANIES AND YOUNG MANAGERS KNOWLEDGE

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ABSTRACT

Stimulating enterprising behaviour of the young is especially important in transitional countries faced with recession. The ambience where young people can be stimulated to start their own business is not developed enough in Serbia. Possible solutions can be education and encouragement of the young to start and perform their own business. In this paper authors are analysing the necessity of implementing a modern enterprise concept on the territory of the Republic of Serbia with a special attention to the role of young people and the opportunities of their involvement in enterprise activities. The results of survey, carried out in period 2010-2012. among Serbian young managers are compared and presented in this paper.

Keywords: competitiveness, young managers, knowledge.

1. INTRODUCTION

Enterprise is a continuous creative process of implementing innovations in organizations [1] with the aim of successful business performance and solving problems of consumers and the society as a whole. Modern organization has to be based on enterprise concept of behaviour. Enterprising behaviour in a modern organization is not related only to one person and his/her abilities and experience but is, more and more, related to the team work. As a result, a model of corporative enterprise [2, 3] which initiates team work has been developed; the members of the team are motivated to work on achieving success and accepting risks. Big companies have to initiate enterprising

behaviour in order to overcome problems which occur while learning how to work with partners and collaborators.

Great number of developed countries respect the following principles that are valid for labour market, especially when the young and their employment are in question: unemployment of the young is greater than unemployment of adults and the rates are at least doubled; increase of formal education of the young is becoming more important and this trend will continue in the future; young people are afraid of getting married because of social insecurity so they decide to get married later ; participation of women in employment is more noticeable; labour market's programs for the young generally have small rate of return, according to the International Labour Organisation [4, p.1].

2. COMPETITIVENESS OF SERBIAN COMPANIES AND CONDITIONS FOR DEVELOPMENT OF SMEs

According to the list of World Economic Forum for 2012, Serbia took 95th place out of 144 analyzed countries. Since Serbia took 95th place in 2011 and 96th in 2010 it is obvious that there is no progress in competitiveness. It is interesting that Serbia found itself between Argentina (94th place) and Greece (96th place). Table 1 shows the ranking of ex-Yugoslav countries in the last three years, according to WEF.

For successful transformation of the economy, going from plan to market one, it is important to strengthen private sector and its future development. The development of small and medium-size enterprises (SMEs) is very significant for privatization because it enables acceleration of privatization – SMEs represent autochthonous private sector and they enable the development of serbian private capital [6, 7].

Development of SME sector represents one of basic priorities in our economy. Serbian Government adopted the strategy for development of competitiveness and innovations for SME for the period from 2008 to 2013. This strategy should contribute to further strengthening and efficient use of developing potentials of SME sector which will have positive effects on economic growth of the Republic of Serbia. This direction should contribute to the increase of competitiveness and exports, to further strengthening of companies' capacity, dynamic development of employment and to more equal regional development.

Unfortunately, the young do not have enough business experience and serbian firms hardly employ them. Because of that, Serbian Government decided to support financially the firms which employ a certain number of unemployed people by giving them free means and it started the program for employing young people “The first chance 2010”. In other words, the aim of this program is to provide young unemployed people with voluntary work lasting three months in a company and also to give them an opportunity to work for 12 months in order to get a professional practice as trainees.

Table 1. Ranking of West Balkan countries according to their competitiveness in the period 2010-2012. [5]

Country	Place in 2010	Place in 2011	Place in 2012
Slovenia	45	57	56
Montenegro	48	60	72
Croatia	77	76	81
Macedonia	79	79	80
Serbia	96	95	95
B and H	102	100	88

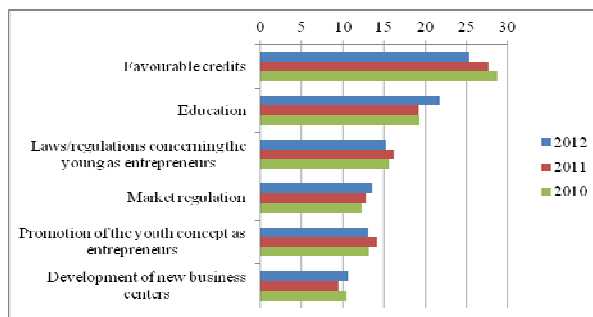


Figure 1. State ways of support for start-up business

3. EXCERPT FROM ATTITUDES OF YOUNG MANAGERS CONCERNING START-UP BUSINESS

There is a great number of studies dealing with motivation and intentions – elements which influence quality of education (eg. mechanical engineers [8]), enterprising behaviour and starting-up business in different ways [9, 10, 11], also enterprising behaviour of the young and students [11, 12] and self-

employment [13]. This trend is expanding, concerning time (historical) and space (geographical) dimensions, including Serbia [14]. The research which results are presented in this paper is based on one part of these studies.

The research results (it dealt with the analysis of attitudes of young people related to their involvement in entrepreneurial process as well as with their comprehension about success of business practice in domestic companies) represent opinions of future management experts and executives. The research has been carrying out for three years in a row (2010-2012) on the territory of Republic of Serbia in 16 towns and municipalities – Beograd, Bačka Palanka, Novi Sad, Subotica, Požarevac, Kragujevac, Šabac, Kraljevo, Čačak, Ivanjica, Sremska Mitrovica, Paraćin, Zrenjanin, Alibunar, Niš and Jagodina, during November and December. The survey is carried out by questionnaire. The population is built on students from four universities and business schools. It includes almost 2000 students directed towards business and management. The average age of examinees is about 22 years. Around 38% men and 62% women participate in the sample. The research from 2012 was the most extensive and it involved 755 students.

Results of the research from 2012 point out that most students 70.16% have a desire to start their own businesses. As a reason for not doing so, most of the surveyed students cited lack of funds (23.62%) and uncertain political and economic situation (19.57%), indicating that despite of some financial incentives from the state they are insufficient for encouraging young people to start their own businesses.

Research from 2012 showed that more than half of surveyed college students (63.61%) were not informed of the existence of financial incentives for starting a business. According to research 53.58% of students are not interested to become beneficiaries of these funds. Therefore there is an imperative need for the youth to be timely informed through the media, public presentations at colleges and universities.

In the opinion of students (82.91%), the Republic of Serbia is currently no suitable environment that encourages youth to start their own businesses. The students listed the following constraints that hinder them: lack of funds (30.08%), unstable political and economic situation (29.64%) and very high taxes (18.26%). Also students in the survey carried out 2011 and 2010 expressed the dissatisfaction (89.30% and 80.00%) atmosphere for encouraging young people to start their own businesses. Based on data obtained from these three studies it can be seen that a precondition for improving the SME sector is the creation of adequate environment that will stimulate the creation of the new and develop the existing SMEs. However, for a creation of an adequate environment, three elements are required: laws/regulations, institutions and associations of entrepreneurs. In this sense, we require a consensus between the state and its institutions and the associations in order to create an adequate environment.

Interviewed students reported that they lack the knowledge of: foreign languages (22.99%), the basics of entrepreneurship and small business (19.87%) and basic finance and accounting (16.85%). The two of three categories are expected, but it was positive that students understand that to manage their own business beside the basic knowledge to run a business, you need language skills. Specifically, for the successful businessman it is the crucial skill of communication within the company, as well as with business partners.

The greatest number of the interviewed in 2012 research, even 84.64% of them, thought that the state should have a key role in stimulating the young for starting-up their own business. The interviewed selected the following ways of support as very important: favourable credits and education. This attitude supported also over 90% of the interviewed students in 2011 and 2010 research – the ways of supporting are the same, but the priorities are different. (Figure 1, see previous page).

4. CONCLUSIONS

Enterprising economy represents a reality in the global economy where the number of competitors is increasing more and more. Global economy is characterised by insecurity. In the same time it offers huge opportunities to organizations and individuals that are brave and energetic enough to adapt themselves to new conditions. National economy which supports enterprising behaviour creates conditions for increasing productivity through investments in personal abilities of individuals in the society, as well as in every company, no matter the kind of the organization or the character of ownership. Young people are interested in start-up of their own business all around the world.

Our serbian companies have been insufficiently competitive on the international market in the last ten years, and the consequences of the world economic crises have even made the things worse. The competitors of serbian companies are not only the companies from developed countries, especially from EU, but the ones coming from newly industrialized countries like China, India, Brazil, Mexico, Turkey, etc. Serbian companies have to create their own development strategy more clearly and to harmonize it with European and global trends. They also have to use modern management methods and techniques, such as integrated management systems, relationship marketing and corporative social responsibility which represents the basic precondition for successful market development.

The results of this research point out the fact that the state must have the key role in this sphere of serbian market through a creation of certain documents which aim is promoting the concept of the young as entrepreneurs. Universities, Serbian Chamber of Commerce and its regional offices, appropriate departments and entrepreneurs associations must be included in these projects.

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