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ENTREPRENEURSHIP AND SELF-EMPLOYMENT OF YOUNG PEOPLE: A STUDY OF POTENTIAL ENTREPRENEURS IN SERBIA

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Abstract. *Entrepreneurship, as an important segment of sustainable development of the economic system, becomes the main element of reducing the unemployment rate in Serbia. During its short development, important results have been achieved. For example, in Serbia there are over 90,000 firms which provide the key contribution to employment. However, all of these starting results, in comparison to the transition needs of the economy and the large scale of unemployment, can be treated as initial and quite modest. Especially young people and business beginners are faced with insurmountable problems and obstacles when starting their own business. This paper examines the orientation of young people towards entrepreneurship under the conditions of a very unfavorable economic environment and economic crisis.*

Key words: *Entrepreneurship, small business, self-employment, young people, Serbia*
JEL Classification: L26, J10.

INTRODUCTION

During recent years in Serbia, in a country with an extremely unfavorable heritage, there have been significant efforts to build a modern market economy with the aim of catching up with more economically developed countries in a faster and more efficient way. In this context, the critical assumption is independent entrepreneurship, which has become the most important segment. The systematic resolution of ongoing problems in the Serbian economy, under government control, in practice would mean a clear and pow-

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erful trend of increasing the number of small companies, then increasing their economic effectiveness and efficiency, as well as the creation of new jobs, for the reduction of the major social unemployment rate in our country. Modern theories of market economy indicate these factors, as well as the practical experience of some small countries, which replaced poverty with successful development in this way.

Among all the market factors of production, the labor market in Serbia is the least developed, very particular and complex. The labor market in Serbia is particular because Serbia, as well as all the republics of former Yugoslavia, passed through a period of socialist self-management, in which workers were given the management function, from which a wide range of other rights were created. Social, and especially state enterprises, had both business and social functions. With employment, an employee gained the right to an apartment and numerous benefits regarding working relations, most often independently of work results and the results of business enterprises. Job security, during one's entire working life ("Once employed, always employed"), was virtually guaranteed, despite the fact that it was disastrous for economic efficiency. With the deep and longstanding crisis in the early 1990s, the situation in the labor market became worse, and young people are now becoming one of the most vulnerable groups.

LITERATURE REVIEW

Generally in the literature (Faria, Cuestas, Mourelle, 2008; Parker, 2004) entrepreneurship and self-employment are seen as one of the main forces of modern economic growth, a fundamental task that affects the reduction of unemployment as much as possible, which is widely adopted by policy makers and government decision-makers around the world. Herbig et al. (1994) state that small new businesses were the main driving force of the economic growth of the 1980s, contributing virtually to all the new jobs that opened during that decade. According to Audretsch (2001) the evidence shows that SMEs are important sources of employment, growth and innovation. For example, net employment gain during 1990-95 was greater among smaller firms than among larger ones. Carree and Thurik (2003) talk about two related phenomena of the 1980s and 1990s: the resurgence of small business and the revival of entrepreneurship and point out that economic activities moved away from large firms to small firms in the 1970s and 1980s. According to the authors, many old and large firms have been losing ground to their small, new and more entrepreneurial counterparts. Audretsch and Thurik (2001) label this as a fundamental shift from managed economy to the entrepreneurial economy.

Although this positive picture dominates the literature, the relations between entrepreneurship and employment are very complex. While some studies find that unemployment leads to an increase in entrepreneurial activity (Reynolds, Miller and Makai, 1995, Evans and Leighton, 1990), other studies find the opposite effect - that unemployment reduces entrepreneurial activity (Jovanović 1982, Audretsch and Firtch, 1994). Thurik et al (2007) state that the effects of self-employment and entrepreneurship are long-term and thus, they do not expect quick results. The authors suggest that policy-makers who want to create jobs and reduce unemployment should focus on more innovative and high-growth entrepreneurship than merely encouraging the unemployed to become entrepreneurs. Encouraging policy makers and government decision makers to promote entrepreneurship should go hand in hand with encouraging economic growth.

Although the link between entrepreneurship and economic growth has been widely published, there are researchers who suggest caution. Researchers such as Parker (2001) point out that entrepreneurial economy is painted in a positive light and that there has been a strong policy imperative to encourage entrepreneurship. The author concludes that small enterprises cannot be regarded as superior to large firms in any general sense because most small firms are not innovative, do not contribute to employment growth and do not engage in progressive employment practices. He suggests that a more cautious approach to the entrepreneurial economy is required because the concept is closer to a myth than a reality. Beck and Demirgüç-Kunt (2004) point out that while cross-country comparisons provide no evidence that SMEs cause economic growth or reduce poverty, cross-country regressions provide qualified evidence that an effective business environment causes growth.

Edmiston (2007) suggests that small business may not be quite the fountainhead of job creation, especially when it comes to high-paid jobs that are stable and offer good benefits. Also, there is no clear evidence that small businesses are more effective innovators. Still, small firms create the majority of new jobs and are critical innovators, and the efforts to encourage the set-ups and growth of small enterprises are probably sensible in most cases. One of the efforts in shaping economic small and medium-sized enterprises and development, changing the nature of systems of innovation and preparing SMEs to meet the challenges of the so-called 'knowledge economy' is the collaboration of small and medium-sized enterprises and higher education institutions (Johnston et al., 2008).

Scientists have been researching different demographic indicators that influence entrepreneurship and self-employment, the most important of which for this paper is age. As for the youth, the unemployment rate tends to be significantly above the unemployment rate of the middle-aged people. According to Blanchflower and Oswald (2007), people younger than 25 in 33 countries (mostly European countries and the USA) prefer self-employment comparing to those older than 25 (only in Finland, Iceland and the USA is the situation reversed). However, in all the studied countries, the rates of self-employed individuals younger than 25 were much lower. The authors consider the lack of capital to be the main reason for that. According to Startiene and Remeikiene (2009), young people are willing to take risks, but do not have the financial resources and also specific business experience. Older generations have more possibilities for self-employment due to more efficient usage of accumulated experience and expertise, supported by skills and financial stability. However, as for business success, the results of studies are different. Thus, Cressy (1996) emphasizes the role of the human capital of an entrepreneur, especially his or her age, and suggests a model which suggests that the possibility of a new business survival is a growing function in connection with the age of the entrepreneur. On the other hand, the research carried out by Harada (2003) in Japan, pointed out that young entrepreneurs tend to be more successful.

Yet, these were chiefly the views of researchers from a time before the world economic crisis. The current international economic turbulence represents one of the most destructive economic crises in the last century (Stamatović, Zakić, 2010). According to the World Bank (2008), during 2008, the world economy experienced its most fierce recession since the 1930s. This crisis is having dramatic effects on capital flows to developing countries, and the world appears to be entering an era of lower growth. The global economy in 2009 was in a recession inflicted by a massive financial crisis and acute loss

of confidence. According to the International Monetary Fund (2011a), the global economy grew 5% in 2010, recovering from the financial crisis thanks to the coordinated fiscal stimulus and quantitative easing by governments around the world, along with the recovery in international financial markets and emerging economies. However, in IMF's second outlook (2011b) there is a warning that the global economy is in a dangerous new phase, that global activity has weakened and become more uneven, that confidence has fallen sharply recently, and that the downside risks are growing.

Small business could not be spared the negative impact of the global crisis. Analyzing the situation in Turkey, Önis and Güven (2010) point out that the crisis of 2008-09 overwhelmingly crushed the most disadvantaged. Most of this damage occurred in small and medium-sized enterprises (SMEs), hitting the unskilled and semi-skilled workforce the hardest. In fact, a recent World Bank survey has found that Turkish firms have the highest market exit rate in Eastern Europe, leading to the biggest decrease in permanent employment in the region. According to Son et al. (2010), in early 2008, the economic shocks had deleterious impacts on the Vietnamese population. The measures taken to rein in the inflation worked to a great extent, but caused many problems for small and medium-sized enterprises in terms of access to foreign exchange and high interest rates, leading to income and employment losses in rural areas.

Kitching et al. (2009) investigated the impact of the crisis on small businesses in the UK. According to the authors, it might be expected that a large proportion of small businesses have been affected by credit restrictions with impacts on investment and working capital. But research has shown that the simplistic argument that all small businesses *necessarily* suffer during periods of crisis must be rejected. Businesses, even small ones, are often able to chart a path through difficult conditions to ensure survival and, possibly, for some, higher levels of performance. Also, firms adapted through product innovation, working longer hours and increased sales effort, and also, but less commonly, by specific finance-related actions, including renegotiating the cost of supplies.

Surely, SME adaptations and performance are contingent upon a wide range of organizational, market and wider institutional factors. The resources available, the coincidence of ownership and management, and credit market conditions are the key influence on business response and performance. Due to limited resources, SMEs are often vulnerable to falling sales, late payment, bad debt or uncertainty over payment, and tightening credit terms, and they may lack the capacity to adapt to ‘credit crunch' conditions in an adequate way (Kitching et al., 2009).

Unemployment and self-employment in Serbia

During recent years in Serbia, in a country with an extremely unfavorable heritage, there have been significant efforts to build a modern market economy with the aim of catching up with more economically-developed countries in a faster and more efficient way. In this context, the critical assumption is an entrepreneurship, which becomes the most important segment. The systematic resolving of ongoing problems in the economy under government control in practice would mean a clear and powerful trend of increasing the number of small companies since 2000, then increasing their economic effectiveness and efficiency, as well as creating new jobs on that basis. According to the Ministry of Economy and Regional Development, the SME sector in Serbia included 99.8% companies, created 66.7% of employment, 33% of the GDP and 50.5% of exports of the Serbian economy in 2011.

For Serbia, as well as for most of the countries with compulsory primary and secondary education, it is characteristic that there are very low education rates of the labor force. However, labor force inactivity is extended to 25 years of age, and in that period parents still provide financial help for young people, regardless of whether they study or not. The activity rate for both sexes is maintained at approximately the same level up to 54 years of age, and then reduces sharply, because a large number of employees is leaving the labor market for retirement. The trend is approximately the same for both women and men, and there are perceived differences in accordance with the legal conditions for retirement for women and men.

Table 1. The unemployment rate in Serbia for the period 2000-2010.

Republic of Serbia	Unemployment rate - total
2000.	12,1
2001.	12,2
2002.	13,3
2003.	14,6
2004.	18,5
2005.	20,8
2006.	20,9
2007.	18,1
2008.	13,6
2009.	16,1
2010.	19,2

Source: Statistical Office of the Republic of Serbia (2011)

Even before the crisis, the Serbian economy was characterized by increased unemployment. Serbia is a country that has not finished the process of transition economy. Among the numerous restrictions that characterize the economic situation of Serbia there are: technological and economic underdevelopment, undeveloped economic infrastructure, high foreign trade deficit, a considerable lack of liquidity and short-term and long-term funds to finance production, exports and long-term investment programs, unfavorable age structure and the departure of skilled workers abroad, etc. According to Labus and Milošević (2009), the main structural disorders of the Serbian economy are: the deindustrialization of the Serbian economy and the growing dominance of the manufacturing sector of untradeable goods, monetary economy, the currency mismatch between assets and liabilities of banks and companies that create systemic risk of negative foreign exchange differences, the existence of a resource gap, more goods and services are consumed than produced, which reflects the balance of payment deficit and financing resource gap and external borrowing. According to the National Bank of Serbia, at the end of the second quarter of 2011 the total foreign debt of Serbia amounted to 74.8% of GDP.

The unemployment rate in Serbia increased from 13.6 to 19.2% in the period from 2008 to 2010. During 2010, there were 568.723 unemployed, which was 123.341 more than in 2008, but that number is the consequence of the world economic crisis and the structural problems of Serbian market. A research of small and medium-sized enterprises, carried out in Serbia (The Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship, 2010) shows that the influence of the economic crisis has

been the most prominent in connection with the lower demand for products/services in the domestic market, the inability to collect receivables and loan repayment.

Observed in the last two years, the number of enterprises in Serbia has stagnated and the number of employees has been reduced. In table 2 (based on the Serbian office of the Republic of Serbia 2011a, 2010) companies are classified as micro (1 to 9 employees), small (10 to 49 employees), middle (50 to 249 employees) and large (over 250 employees) according to the criterion of the "number of employees". It is observed that the number of employees per company is smaller in each of these categories compared to the previous year.

Table 2. Number of companies and employees in Serbia in 2009 and 2010

	2009				
	Total	Micro	Small	Medium	Large
Number of companies	89115	76243	9873	2470	529
Number of employees	1048908	153074	200954	259129	435731
Number of employees per company	12,89	2,01	20,35	104,91	823,69
	2010				
	Total	Micro	Small	Medium	Large
Number of companies	90364	77989	9614	2257	504
Number of employees	995375	153264	194450	234695	412966
Number of employees per company	11,01	1,96	20,22	103,98	819,38

Source: Statistical Office of the Republic of Serbia

According to the Global Entrepreneurship Monitor (GEM) database, the Total Entrepreneurial Activity - TEA index (the indicator of the early phase of entrepreneurial process), that measures the number of active entrepreneurs per 100 adults, was lower in Serbia in 2009 compared to 2008 and 2007 (there is still no data for 2010). This is a sign of deterioration of the entrepreneurial climate since the beginning of the global economic crisis. Table 3 gives an indication of the entrepreneurial activities in Serbia from 2007 to 2009, according to the GEM database.

Table 3. Indication of entrepreneurial activities in Serbia from 2007 to 2009

Year	Nascent entrepreneurship rate	New business ownership rate	TEA	Established business ownership rate
2007	4,7	4	8,6	5,3
2008	4	3,6	7,6	9,3
2009	2,2	2,8	4,9	10,1

Source: GEM

According to the NEA (2011) the unemployment rate of the youth aged 15 to 24 years in October 2010 amounted to 46.1% and is significantly above the general rate of unemployment in that period in Serbia, which was 20%. For young people it is characteristic that they work in grey economy, as well as taking a job below their level of qualifications.

Since 2000, Serbia has been trying to give an important role to self-employment and small business in increasing employment in the delayed economy transition compared to other Eastern European countries. A relatively wide array of institutions: public, private and semi-private, as well as the projects funded by the state and local authorities and international donors who are somehow involved in supporting entrepreneurship have been developed in Serbia. The main structure of the net are: regional agencies for small and medium-sized enterprises which transformed into regional development agencies (while at the national level the key factor is the National Agency for Regional Development) and business centers of the National Employment Agency (NEA). Supporting entrepreneurship is a diversified venture and among other services it includes entrepreneurial service (information, legal and financial consulting, consulting in the field of innovation and invention), training for beginners in business, professional assistance in applying for grants, mentoring, financial support and others. However, although encouraging small business and self-employment has been promoted widely by the government, the surveys carried out in Serbia show that many factors still hinder the development of entrepreneurship, and among them we find inefficient government bureaucracy, the unstable political situation, corruption, tax rates, tax regulations, access to finance, inflation, infrastructure, etc (Trbović, 2009). In the global competitiveness list of the World Economic Forum, Serbia was 85th in 2008-2009, 93rd from 2009 to 2010 (WEF 2009) and 96th from 2010 to 2011. As the most problematic factors that impede business in Serbia the following are pointed out: corruption, inefficient government bureaucracy, political instability, access to finance and tax regulations (WEF 2010). Bureaucratic obstacles and excessive administration harm entrepreneurship and small businesses, forcing them into a gray area of operations and enhancing corruption. Trying to solve problems and foster entrepreneurship the Government of the Republic of Serbia launched a comprehensive reform legislation in 2009 to abolish or change outdated and inefficient regulations and procedures that hinder the development of local economy and small business. However, it turned out that the implementation is a lot more difficult and slower in practice than expected. According to the Minister of Economy, there have been 106 recommendations carried out up to now, 120 ongoing ones and 74 have not yet started. According to the National Alliance for Local Economic Development (2010), the lack of reforms in the tax procedure is particularly disconcerting. In terms of access to finances, the economic crisis has made the access to financial resources necessary for start-ups even more difficult. Since the outbreak of the global economic crisis banks are much more reluctant to lend money. They are now very careful and avoid any effort that could lead to failure in the return on their investments. It is very difficult for potential entrepreneurs in Serbia to gain initial funds from banks. Banks mostly lend money to the companies that have been in business for more than three years and have a strong guarantee. Practically, only one bank provides commercial start-up loans (with an interest rate from 17.5 to 24% and a repayment period of 60 months). In order to assist beginners in business, in 2007, the state introduced a program of start-up loans with a repayment period of five years, a grace period of one year and low interest rates. Until 2010, 9 billion dinars were allocated from the Serbian budget in this way, 6.625 new companies were opened and 20.000 people were employed (Dukić, 2010). A billion dinars were planned for that purpose in 2011 (Development Fund, 2011).

One of the important questions for young people, potential entrepreneurs and self-employment is adequate informing. Better information exchange and the harmonization of

activities between all stakeholders contribute to a better understanding of problems and results. Although a net of institutions from public to private that enabled much better information of all stakeholders compared to the previous state has been established, there is still much room for improvement. Thus, a large under-used potential is the system of chambers of commerce. According to Popović and Savić (2005), regional chambers of commerce provide some support in terms of information, brochures and the like to potential entrepreneurs, but much still remains to be done before these institutions can fulfill this role to their full capacity. Also the local authorities in many municipalities are not sufficiently involved. There is still a lack of awareness in some areas (that it is their job; the economy is seen as something that is decided at the central level), technical knowledge and initiatives (energy, motivation).

METHODOLOGY

Based on this situation and on the available literature, the following hypotheses have been set:

General hypothesis:
H_0 – The unfavorable situation and lack of capital have a negative effect on potential entrepreneurs and create resistance in decisions regarding starting an independent business.

The unfavorable situation is the situation of the economic crisis, unfavorable market ambient and internal obstacles and limitations.

Auxiliary hypotheses:
H_1 – Male respondents, in contrast to female respondents are more decisive in starting their own business.
H_2 – The state insufficiently stimulates the development of small business.
H_3 – Insufficient information for potential entrepreneurs.
H_4 – The average employment in new businesses would move from 3 to 5 unemployed.

The research was conducted among senior students of the Faculty for Management in Novi Sad. A questionnaire was distributed on a group of 400 respondents, by the random sample method. The authors thought that the respondents gained "entrepreneur qualification", during their education at the aforementioned faculty, so this group of respondents were also known as "potential entrepreneurs". There were 253 male and 147 female respondents in the sample of 400 respondents.

Hypotheses are tested by the χ^2 tests – the independence feature test in order to conclude whether H_1, H_2 and H_3 depend upon the features. By applying the appropriate test, that is, the χ^2 test – independence feature test, and along with a probability of 95%, it could be verified if there was any difference in the feature opinions. The contingency tables had been previously calculated in order to calculate the theoretical possibilities.

ANALYSIS AND DISCUSSION

General hypothesis:

H_0 – The unfavorable situation and lack of capital have a negative effect on potential entrepreneurs and create resistance in decisions about starting an independent business.

Question No 1: Do you think that Serbia is making enough effort to help potential entrepreneurs to overcome capital constraints?

Starting data: Numbers of rows m = 2, number of columns k = 3.

Table 4. Contingency table for question No. 1

Kind of respondent	Yes	No	I don't know	Total
Male	2	248	3	253
Female	3	143	1	147
Total	5	391	4	400

Source: Research

Table 5. Frequencies and $\chi 1^2$ for question No. 1.

Empirical frequencies (f_{ij})	Theoretic frequencies (f_{ij}^t)	$\chi_0^2 = (f_{ij} - f^t_{ij})^2 / f^t_i$
2	3.1625	0.4273221
248	247.3075	0.0019391
3	2.53	0.0873122
3	1.8375	0.7354591
143	143.6925	0.0033373
1	1.47	0.1502721
400	400	1.405642

Source: Research

The table value for the risk of error is $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom is r = 2 which makes:

$$\chi^2_{(\alpha;r)} = \chi^2_{(0,05;2)} = 5.991$$

Answer: Since $\chi_0^2 = 1.4056419 < \chi^2_{(0,05;2)} = 5.991$ the hypothesis *H_0 is accepted*. In other words, there is no difference in the opinions, and the risk of error is 5%.

The table value for the risk of error is $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom is r = 1 which makes:

$$\chi^2_{(\alpha;r)} = \chi^2_{(0,05;1)} = 3,841$$

Answer: Since $\chi_1^2 = 17.766535350 > \chi^2_{(0,05;1)} = 3,841$ hypothesis H_1 is not accepted. Over 95% of women want to start a new business, while 79% of male respondents are ready to start a business. The percent explains the fact that female respondents are more decisive in their own business start-up.

Auxiliary hipotheses

H_1 – Male respondents, in contrast to female respondents, are more decisive in their own business start-up

Question No. 2: Would I like to deal with my own entrepreneurship in the near future?

Table 6. Contingency table for question No. 2

Kind of respondent	Yes	No	Total
Male	202	51	253
Female	140	7	147
Total	342	58	400

Source: Research

Table 7. Additional table for calculations for question No. 2

Empirical frequencies (f_{ij})	Theoretic frequencies (f_{ij}^t)	$\chi_0^2 = (f_{ij} - f^t_{ij})^2 / f^t_i$
202	216.31	0.946678840
51	36.69	5.581251022
140	125.69	1.629215530
7	21.31	9.609389958
400	400	17.766535350

Source: Research

Table value of the risk of error is $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom is r = 1 which makes:

$$\chi^2_{(\alpha;r)} = \chi^2_{(0,05;1)} = 3,841$$

Answer: Since $\chi_1^2 = 17.766535350 > \chi^2_{(0,05;1)} = 3,841$ the hypothesis H_1 is not accepted. Over 95% of women want to set up a new business, while 79% of male respondents are ready to set-up a business. The percent explains the fact that the female respondents are more decisive in their own business start-up.

H_2 – The state insufficiently stimulates the development of a small business

Question No. 3: Do you think that Serbia sufficiently stimulates potential entrepreneurs?

Table 8. Contingency table for question No. 3

Kind of respondent	Yes	No	I don't know	Total
Male	2	248	3	253
Female	3	143	1	147
Total	5	391	4	400

Source: Research

Table 9. Additional table for calculations for the question No. 3

Empirical frequencies (f_{ij})	Theoretic frequencies (f_{ij}^t)	$\chi_0^2 = (f_{ij} - f^t_{ij})^2 / f^t_i$
2	3.1625	0.4273221
248	247.3075	0.0019391
3	2.53	0.0873122
3	1.8375	0.7354591
143	143.6925	0.0033373
1	1.47	0.1502721
400	400	1.405642

Source: Research

Table value for the risk of error is $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom is r = 2 which makes:

$$\chi^2_{(\alpha;r)} = \chi^2_{(0,05;2)} = 5.991$$

Answer: Since $\chi_2^2 = 1.4056419 < \chi^2_{(0,05;2)} = 5.991$ the hypothesis H_2 is accepted. There is no difference in opinions, with the risk of error which is 5%.

The confirmation of this hypothesis is devastating for the state because the young and educated staff is at the beginning of their careers and the state has not created conditions for sustainable development of entrepreneurship. The departure of educated young people to world educational centers and foreign companies was most drastic during the 1990s, when about 300 000 professionals went from Serbia in search for work and a better, safer life. With the short calm after the October 5th changes, when a very small number of experts returned to the country, this departure is still going on. Annually, there are around 4,000 young people who complete university and leave the country.

H_3 – Insufficient information of potential entrepreneurs

Question No 4: Do you consider yourself well-informed about a new business start-up?

Table 10. Contingency table for question No. 4

Kind of respondents	Yes, I'm completely informed	I'm partially informed	I don't know	Total
Male	2	198	53	253
Female	5	126	16	147
Total	7	324	69	400

Source: Research

Table 11. Additional table for calculations for question No. 4

Empirical frequencies (f_{ij})	Theoretic frequencies (f_{ij}^t)	$\chi_0^2 = (f_{ij} - f^t_{ij})^2 / f^t_i$
2	4.4275	1.3309443
198	204.93	0.2343478
53	43.6425	2.0063654
5	2.5725	2.2906729
126	119.07	0.4033333
16	25.3575	3.4531324
400	400	9.718796

Source: Research

The table value for the risk of error is $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom is r = 2 which makes:

$$\chi^2_{(\alpha;r)} = \chi^2_{(0,05;2)} = 5.991$$

Answer: Since $\chi_3^2 = 9.718796 > \chi^2_{(0,05;2)} = 5.991$ the hypothesis H_3 is not accepted. In other words, there is a difference in opinions, with the risk from error which has a value of 5%. Over 89% of female respondents and 79% of male respondents consider themselves informed (partially or completely) about their own business start-up. The percent indicates that female respondents are more informed about their own business start-up.

We would like to emphasize that everyone should build a good personal information system. It is necessary to monitor all the relevant development in the sphere of banking business, trade commodity items, equipment and property, in the field of institutional regulations and everything else which can help us to point out and create employment opportunities.

H_4 – Average employment in new business would move from 3 to 5 unemployed.

Question: How many people would you hire to start your business?

The respondents' answers are given in table 12.

Table 12. Employment during the startup of a new business

Number of employees	Frequency	Male (%)	Female (%)	Average employment
One	308	79%	74%	$1 \cdot 308 = 308$
From 2 to 5	89	20%	25%	$3,5 \cdot 89 = 311,5$
Over 5	3	1%	1%	$6 \cdot 3 = 18$

Source: Research

When entrepreneurs start their own businesses, they would hire one employee for the start. This is the opinion of about 80% of the respondents (79% male, 74% female). From 2 to 5 employees would be hired by over 20% of male respondents and 25% of female respondents, while over 5 workers would be employed by 1% of male and 1% of female respondents.

By analyzing the statistically processed data of this survey, which are presented in this paper in the form of tables and division into male and female respondents, we come to the following specific conclusions:

The basic hypothesis H_0 is confirmed and we can say that the unfavorable economic situation and bureaucratic obstacles negatively affect potential entrepreneurs and create resistance to a new business start-up decision.

Potential entrepreneurs, both male and female (regardless of the characteristics), have preferences for entrepreneurship. The percentage shows that female respondents are more decisive and willing for the self-realization of entrepreneurial ventures, which rejects the hypothesis H_1. It is important to note that the state should actively encourage women's entrepreneurship.

Also, giving consideration to the processed data, we conclude that the respondents think that Serbia insufficiently stimulates the development of small businesses, which confirms hypothesis H_2**.**

Male and female respondents are of the opinion that there is sufficient informing of potential entrepreneurs. The percentages (89% female vs. 79% male) indicate that female respondents are informed to a greater extent compared to the male respondents in this regard. There is a statistically significant difference in the frequency of the respondents' answers and therefore the hypothesis H_3 is not confirmed. This observation strengthens the conclusion already adopted based on entrepreneurial-oriented female population.

According to the answers about the respondents average employment $(308 + 311,5 + 18) / 400 = 1,59375$ we can conclude that the average employment is more than one, namely it is two workers/employees. The hypothesis H_4 is not confirmed.

CONCLUSION

In small business, Serbia should recognize the positive development towards solving the problem of high unemployment. Self-employment by starting up small businesses is one of the ways of seeking a solution to this problem. Analyzing the data obtained from the survey we can conclude that a large number of male and female potential entrepreneurs are interested in starting-up new businesses, but the unfavorable situation and financial constraints prevent the realization of such ventures.

The survey was carried out on a group of educated young people who are ready to tackle changes. The success of the reform process in Serbia is largely dependent on creating new and better jobs. Employment is the primary source of individuals necessary for contributing to the economic development of the society and participation in the benefits brought by this development. In addition, the political support for a sustainable reform process is uncertain in societies with a high unemployment rate, and in which too many people do not have an opportunity to be productive on the labor market.

The current business climate in Serbia is not stimulative for small business start-up and self-employment, especially for young people. The global economic crisis has had a significantly negative influence. However, according to Kitching et al. (2009), we can conclude that small business can endure the crisis to a certain extent, ensure its survival and have even higher level of performances. Serbian state authorities have been trying to improve the conditions for small business and self-employment, but there are still numer-

ous obstacles. Some incentives, such as providing favorable start-up loans for beginners, have certainly contributed to it, but they could not compensate for an unfavorable economic environment. There has been a noticeable stagnation in number of enterprises, entrepreneurial climate deterioration and increasing unemployment in Serbia recently. The fact that 97.75% of respondents in the study replied that the state had neither been making sufficient efforts to help potential entrepreneurs to overcome financial limitations, nor creating the ambient and supporting those who wanted to start-up their own business, provides much space for improvement.

Despite the current situation caused by global and local factors, the study found that respondents were attracted to small business. Only 17.25% of respondents said they had not been informed about starting a small business and even 85.5% of respondents said they would be off into the entrepreneurial waters. This is in accordance with the opinion of Blanchflower and Oswald that young people prefer self-employment. Although the current business situation in Serbia is very unfavorable, the attractive nature of small business, as one of the career paths, is not called into question. This definitely brings us back to the claim of Audtresch (2001) that small business presents an important source of self-employment. Surely, the reply regarding the average number of employees (1.59) shows that young entrepreneurs cannot completely solve the crisis of employment. It is on the policy creators to recognize that young, educated people in Serbia are interested in self-employment and entrepreneurial career and in creation of the ambient that will provide the expression and realization of such an interest.

The research revealed that a higher percentage of young women compared to young male respondents, 95.23%:79.84%, inclines to entrepreneurship. This is an important result. Although Serbia is generally perceived as a country that is still more oriented to traditional and conservative values, in urban centers (primarily Novi Sad and Belgrade), the situation is much different from the rest of the country. The policy creators should recognize a huge potential that is offered by women entrepreneurship and act in the course of its verification in practice. There is also a room for improvement in this field in Serbia.

In the existing circumstances in Serbia, the growth of small business and self-employment of young people requires the striving and action of policy makers to overcome internal obstacles and constraints and encourage entrepreneurship. Long-term solutions for creation jobs and self-employment, according to Turik et al., require that promotion of entrepreneurship should go hand in hand with encouraging economic growth. Good results can be achieved by overcoming the crisis and creating a favorable business climate.

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PREDUZETNIŠTVO I SAMOZAPOŠLJAVANJE MLADIH LJUDI: STUDIJA SAMOZAPOŠLJAVANJA U SRBIJI

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Preduzetništvo, kao važan segment održivog razvoja ekonomskog sistema, postalo je osnovni faktor smanjivanja stope nezaposlenosti u Srbiji. Tokom svog kratkog perioda razvoja postiglo je značajne rezultate. Recimo, u Srbiji, postoji oko 90 000 preduzeća koja daju svoj ključni doprinos zapošljavanju. Međutim, svi ovi početni rezultati, u poređenju sa tranzicionim potrebama privrede i visokom stopom nezaposlenosti, mogu se smatrati samo početnim uspesima i prilično skromnim rezultatom. Posebno se mladi, kao i početnici u biznisu, suočavaju sa nepremostivim problemima i preprekama prilikom otvaranja svog biznisa. Ovaj rad ispituje orijentisanost mladih ka preduzetništvu u uslovima izuzetno nepovoljne privredne sredine i ekonomske krize.

Ključne reči: *preduzetništvo, mala preduzeća, samozapošljavanje, mladi, JEL klasifikacija za Srbiju: L26, J10.*