

**Jelena Cadjenovic  
Milovanovic<sup>1)</sup>  
Maja Angelovski<sup>1)</sup>**

*1) MAC-TIRE d.o.o.  
Kragujevac, Serbia  
{jelenacadjenovicmilovanovic,  
angelovskimaja}@gmail.com*

## **SOME OF THE IDEAS HOW TO IMPROVE YOUTH ENTREPRENEURSHIP IN SERBIA**

**Abstract:** *In this paper an attempt is made to show how the phenomenon of entrepreneurship is current among young people in Serbia. What do young people think about starting their own business, what are their motives and obstacles. Also, we have introduced the main creators of a positive entrepreneurial environment. From which young people in Europe and Serbia can expect help and what kinds of benefits to young entrepreneurs are essential.*

**Keywords:** *Entrepreneurship, Young entrepreneurs, Entrepreneurs*

### **1. INTRODUCTION**

In western countries, starting from youth, people learn to everyday success at any cost. America is developing a cult of free enterprise and thus has created a model that has been applied worldwide as a paradigm of development. Japan has done an adaptation of the model of development, and created a cooperative model of the economy that has elevated contry to the top of the world economy. However, the reality in the field of Serbian economy is still confronted with the negative consequences of social ownership, which inhibits entrepreneurship and market [1]. Entrepreneurs are the drivers and the main agents for changes and progress in an economy and society, too. They are the "engine" of changes, innovation, efficiency and competitiveness, which are the basic assumptions upon which every healthy economy lies. Therefore, entrepreneurial culture should be fostered and promoted among young people from school age.

The aim of this paper is certainly to show where the Serbia and its youth entrepreneurship, and how to motivate, initiate and encourage young people to

entrepreneurship. This raises the question of how to encourage creativity in young people, innovation, perseverance, instill consistency and reasonable risk taking, responsibility and ultimately independence.

This paper will try to give suggestions, how to motivate young people and what types of assistance are needed in this endeavor to create a climate so that young people dared to start their own business.

### **2. UNEMPLOYMENT**

One of the biggest problems in youth employment is the lack of educational system and the labor market. Recent data shows that youth unemployment (ages 15-30 years) is overwhelming 46%, which encourages young people to work on the "black" or leave the country and work abroad.

There is an interesting parallel in the field of education, where the largest reduction recorded by groups of young people with college degrees or higher. Most colleges only provide theoretical knowledge that is difficult to apply in

practice, not to acquire some practical skills relevant to the labor market. Unemployment of the most productive work generation (youth) and the situations in which they give up looking for work or working in the inadequate conditions leads to big costs of the economy, society and their families individually. Serbia is ranked as second in the world in the number of young people leaving country. It is necessary to establish more educational backgrounds for those who are needed in the market, where young tomorrow can be better and faster get job, also the situation could be much better if the state frequently helped young people to start their own business. The decision to start her own business as an option for finding solutions to their future employment is rare and youth unwilling step because of the negative perception of the overall ambient conditions and entrepreneurship [2].

### **3. YOUTH-ATTITUDE TOWARDS STARTING THEIR OWN BUSINESS**

In the period from November to December 2010<sup>th</sup> the research was carried out under the title "The analysis of the attitudes and opinions of young people about starting their own businesses and the implementation of corporate social responsibility". In this research, opinion about starting own business social responsibility and competitiveness of the national economy has given 580 students aged 19-27 years. Some of results will be presented here [2, 3].

For young private business is a challenge (23.85%), risk and uncertainty (23.11%), satisfaction and self-assertion (15.01%). According to the same survey, 48% of respondents agreed with the statement that people in our country do not know the real business opportunities of private companies; which points the need in Serbia to promote successful

entrepreneurs and thus change the stereotypes that exists related to entrepreneurship and management own company. 60.38% of respondents believe that the entrepreneur must rely on their own resources to start their own business. The reason for this attitude of young people can be seen as a consequence of lack of confidence in banks and other financial institutions that offer the means to start a business. As a reason for not starting own business, young people state that they have no real idea (78.42%); this is indicating the necessity for the development of the concept of promoting youth entrepreneurship in universities and institutions of higher insists on developing entrepreneurial skills of students. So from the above data it can be concluded that young people do not have enough confidence to start their own businesses. There are several reasons for the lack of confidence of youth, and one of them is to educate young people on entrepreneurship, which is still insufficient, and there is need to find new ways to educate and promote the concept of youth entrepreneurship more intensively. But there is another important reason for that is inadequate business ambience; (80%) students believe that Serbia does not have a suitable environment that encourages young people to start their own business. Young suggest the following restrictions that inhibit them: the lack of financial resources (32.26%), unstable political and economic situation (29.75%), excessive taxes (20.30%). This indicates the inadequate state policy towards youth as potential entrepreneurs, but also by the private enterprise as well. So, the question is how to improve and encourage young people to actively think about private business. Young people in Serbia believe that the first years in private business are difficult for the newly initiated entrepreneurial firms because they are not sufficiently prepared to start a business and look at all the problems they will encounter. In order to become a

successful entrepreneur in Serbia, young entrepreneurs have to face the problem of lack of seed capital, lack of knowledge and skills in management, business planning, marketing, accounting, and is also a lack of awareness of the possibilities of growth and development and to identify and assess business risks. Besides the family, young people must be supported by the state, which inevitably must invest more in the education of young entrepreneurs. A particular problem in Serbia is a lack of adequate educational programs at colleges that would encourage the development of entrepreneurial spirit in young people, as well as poor motivation of teachers to participate in these programs. Insufficient information at a low level of awareness of the opportunities for self-employment lists a number of young people to work for the employer to be the only way into the labor market. Having on mind this problem, and the fact that young people bring new opportunities and trends in the economy, they are highly motivated and able to offer new ideas and concepts, that are a key factor in efforts to get the country out of the crisis, colleges should to take a more active role in the issue of youth and improving their position.

#### **4. POTENTIAL SOLUTIONS FOR IMPROVING YOUTH ENTREPRENEURSHIP**

One of the ways is to support youth development and youth entrepreneurship through increasing motivation and interest of students for the entrepreneurial life, but during the study. Need to link education with the economy, to connect theory and practice, promote creativity and innovation, to develop an entrepreneurial spirit and thus to make the option of self-employment are equally attractive as working in an existing company.

#### **4.1 Establishment of business incubators at universities**

Support youth entrepreneurship could be realized through establishment of business incubator at the University. Business incubators are considered particularly attractive models to encourage youth entrepreneurship as they are designed to facilitate the creation, accelerate the growth and success of entrepreneurial companies through a range of resources and services that promote business development. Business incubation, means providing good conditions for starting new businesses and the realization of ideas, innovation in stimulating the entrepreneurial spirit, as well as taking concrete steps to preserve such conditions and resources required for with implementing ideas [4]. Incubation entrepreneurs provides expertise, networking and basic business tools they need for a successful business venture [5].

Besides opportunities for graduates and students to develop their knowledge and skills, employability of students, faculty motivation could be reflected in the creating a favorable environment for the implementation of the scientific achievements of its staff and connection trusted technological solutions to specific products (development and commercialization of new products and services), strengthening of interaction between universities, research institutions and industry, promoting research. In future business incubators are gaining an importance for the simple reason that new enterprises in the priority objectives of their business are classifying new technologies. The incubator is a business connection between technological knowledge with extremely necessary economic knowledge. The incubator is a business connection between technological knowledge with extremely necessity of economic knowledge.

Effective collaboration with industry,

based on innovative activities, entrepreneurial climate created by the faculty, could influence and motivate a large number of students to test their skills in an entrepreneurial venture.

Incubators provide support to faculty prior to start incubation and incubation stage company formation. In the first start incubation stage, through training programs, business counseling and training in entrepreneurship to young students had the opportunity to gain practical experience during their studies, given the unique learning opportunities in the real business world, to develop an entrepreneurial mindset and tomorrow start their own business as an alternative to high unemployment.

Through lectures on such projects, students would have the opportunity to meet with experts and practitioners to expand future business contacts.

In the incubation stage, the newly formed small innovative companies - members of the Business & Technology Incubator, that in the early stages of development they provide registered premises at lower prices than the market and tools for growth and development as well as consulting services (free legal and financial advice), equipment manufacturing, office services, technical support, entrepreneurship training, and thus reduce their costs and eliminates worries about everything that is not directly related to the core business. Companies that go through the incubation process have the ability to create new jobs, commercialize new technologies and strengthen the economy of the local community and the national economy. According to Stefanovic et.al (2008) Business incubators are designed to maximize the chances of success of start-up companies by creating an enabling environment [5, 6].

Through them achievements could be:

- Relatively high ranking business with the confidence of customers and suppliers, whether it is a company that

is at the start of the business and treats the economic risk of the transaction, or the existing economic entity.

- Quick and easy access to capital by providing technical assistance in preparing a business plan, securing loans from banks, providing assistance in obtaining federal grants, networking with potential investors, simply belonging to the business incubator is a sign that investors in terms of eligible candidates.
- Arrival of products and services on the market at the reduced time.
- Quickly solving new problems and adapting to changes.
- Possibility of education of entrepreneurs and their permanent knowledge innovation.
- Easy access to information, sharing them and build business relationships with other entrepreneurs and companies [7].

This would encourage and motivate students to think about entrepreneurship as an opportunity for themselves to secure livelihoods.

Helping young people to develop self-initiative, self-confidence, creativity, teamwork and responsibility are just some of important items of development entrepreneurship environment among young people.

## 5. CONCLUSION

According to presented facts in this paper, the following conclusions can be set:

- It is more than necessary to improve the environment for youth entrepreneurship and encourage young people to actively think about the private business
- It is of great importance the role of government that inevitably needs to invest more in the education of young people, perhaps as early as middle

school and definitely through college and higher education.

- There is necessity to link education with economy, theory with practice, promote creativity and innovation, all in order to develop an entrepreneurial spirit
- And thus to make starting own business being equally attractive as working in an existing company.
- One of the ways to support youth entrepreneurship could be realized

through establishment of business incubator at the university

Thus, young students would have the opportunity to gain practical experience during their studies, having unique learning opportunities in the real business world, developing an entrepreneurial mindset and tomorrow start their own businesss [2, 5].

## REFERENCES:

- [1] Djuric, Z. (2005). *Management SME* (in Serbian).
- [2] Cadjenovic-Milovanovic, J. (2012). *Entrepreneurship with a special focus on youth*, (Master thesis, Faculty of Engineering, University of Kragujevac) (in Serbian).
- [3] Djordjevic, D., Bogetic, S., & Cockalo, D. (2010). Entrepreneurial behavior of young people in Serbia. *Ekonomске teme*, 3, 467-479 (in Serbian).
- [4] Penezic, N. (2008). *Entrepreneurship – modern approach*. Novi Sad: Akademska knjiga.
- [5] Angelovski, M. (2012). *Business incubators as an instrument to support the development of SMEs in Serbia* (Master thesis, Faculty of Engineering, University of Kragujevac) (in Serbian).
- [6] Stefanovic, M., Devedzic, G., & Eric, M. (2008). Incubators in Developing Countries: Development Perspectives. *International Journal for Quality research*, 2(3), 157-163.
- [7] Kmetz, J. L. (2000). *Business incubators for central and eastern Europe*. (Research paper). University of Delaware.

