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The Role of Financial Perspective of Entrepreneurship and Rural Development for the Purpose of Strengthening Serbian Economy

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Abstract

The focus of this paper is to show the necessity to change the existing policy on the importance of entrepreneurship and rural development in Serbia. It cannot be said that this area was not given importance in Serbia, but it can definitely be said that this is not done in the correct way, using all available resources (human, financial (own and foreign sources of funding), intellectual, etc). The aim is to draw attention to the necessity of reducing the public sector (which incidentally has been funded by the private sector through taxes), to the greater stimulation of the private sector (environment, sources of financing, etc.) and to a number of other measures that the Government of Serbia should take, which would be aimed at that for an estimated period of five to ten years, and see in practice that the number of employees in the private sector is $\frac{3}{4}$, and in the state administration $\frac{1}{4}$. Namely that the private sector is strong, stable and the state sector is efficient. Furthermore, the aim of this paper is to show us the necessity of using pre-accession funds for the purpose of rural development in Serbia, with the emphasis on legislative solutions that have existed even in the former SFRY.

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1. Introduction

One of the major problems that Serbia is facing is the decline in the birthrate, "white plague", a higher rate of mortality than birth rates, in addition to the large population migration, which started back in the last century and at the beginning of this century has had a tremendous momentum. It is about the migrations from village to city. For

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the sake of comparison the migration process which in the world lasts 150 years in our country takes place for a period of 50 years. Developed countries of the world, the EU, have even in the last century concentrated all their resources, potentials to creation of long-term policy for the development of entrepreneurship and rural development and made a new concept of rural economy (tourism, agriculture, forestry, handicrafts ...). Politics, rural development strategy and entrepreneurship have varied from country to country which is presented in Table 1.

Table 1. The primacy for the purpose of rural development for selected countries

Countries	Primacy
Spain	Industrial plants in rural areas
Ireland	Integrated projects
Italy	Structural Funds reform
Austria	The development of the mountainous areas
Ireland	Both agricultural and non-agricultural activity
France	Spatial planning
Switzerland	Tourism development, family farms

The fact that we are a poor agrarian country with low productivity is also confirmed by the fact that one of our farmers produces food for six people, Romanian for eight, Hungarian farmer for nine, Bulgarian for 16, in Italy and Austria one farmer produces food that may be feeding 22, France 35 and in Germany by as much as 46 people. (Gulan B. 2008)

However, we must be aware of the external and internal factors that affect rural development, and therefore their roles. These factors are labor and capital.

Accordingly, neoclassical growth theory explains regional differences as a result of the availability and interregional mobility of production factors - labor and capital. Capital tends to move into regions with a surplus of cheap labor, while the labor force is moving in the opposite direction (Rikalović, et al 2012).

2. The importance of entrepreneurship

According to N. Penezić "Entrepreneurship is the activity aimed at initiating, organizing and updating of business operations, with the primary objective of creating new markets and profit taking. It is related to all aspects of human behavior and actions - developing creativity, stimulating the birth of ideas and enriching human needs" (Penezić N. 2003).

When talking about entrepreneurship, you must first start with the fact, what is it that we (the state, individuals, local government) get by the entrepreneurship development. In the Table 2 are listed some segments on which development of entrepreneurship influences.

Table 2 Schematic presentation of the impact of entrepreneurship development

The development of economy
Establishment of new companies
Factor of Production
The accumulation of resources (human, financial ...)
Development of new markets
New products
More numerous and new groups of consumers
Higher employment

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