

University for Business and Technology in Kosovo

## UBT Knowledge Center

---

UBT International Conference

2020 UBT International Conference

---

Oct 31st, 1:30 PM - 3:00 PM

### Specifications of Small Business Management in Serbia

Flutra Jahiu

*University for Business and Technology - UBT*

Follow this and additional works at: <https://knowledgecenter.ubt-uni.net/conference>



Part of the [Business Commons](#)

---

#### Recommended Citation

Jahiu, Flutra, "Specifications of Small Business Management in Serbia" (2020). *UBT International Conference*. 465.

[https://knowledgecenter.ubt-uni.net/conference/2020/all\\_events/465](https://knowledgecenter.ubt-uni.net/conference/2020/all_events/465)

This Event is brought to you for free and open access by the Publication and Journals at UBT Knowledge Center. It has been accepted for inclusion in UBT International Conference by an authorized administrator of UBT Knowledge Center. For more information, please contact [knowledge.center@ubt-uni.net](mailto:knowledge.center@ubt-uni.net).

# **SPECIFICATIONS OF SMALL BUSINESS MANAGEMENT IN SERBIA**

Flutra Jahiu

Faculty of Business Administration– The State University of Tetovo, flutura.jahiu@unite.edu.mk

## **Abstract.**

The struggle to maintain competition in today's business world is increasingly challenging. This is due to the great dynamics of changes in the market. In small businesses the competition is even fiercer because of the specifics that distinguish them from large companies. The main specificity that distinguishes them lies in the management function. This is because small businesses, unlike large companies, in most cases are managed by their owners based on previous experience and not by professional managers. This is also one of the main reasons why a significant number of them fail in the first years of their business. But also a considerable number manages to create successful and sustainable business, especially thanks to the specifics with which they manage the business. Therefore, this paper aims to identify the specifics with which they manage through the empirical method of surveying small business managers active in Serbia. The research results provide the current management specifics that are applied today by small business managers. active in Serbia. The obtained research results, analyzed and generalized, will be offered to small businesses in Serbia as recommendations for a positive managerial practice, in order to help them create a successful and sustainable business.

**Keywords: Small businesses, competition, management specifics**

## **1. Introduction**

Small businesses are the bearers of entrepreneurship in national economies, both in developed and developing countries. They are also for the Serbian economy. They are especially important because of the multiple contributions they make to the Serbian economy, and this contribution includes many aspects, such as the aspect of self-employment, employment in the number of the workforce, participation in creating added value and filling the market with various products and services. However until they achieve this contribution they face their own problems in their business. Since their managers are business managers and capital managers, it can be considered that the success of small business lies in the way it is managed. Therefore, it is considered necessary to treat small business management in scientific and practical aspects. And for this reason, this paper addresses the way, respectively the specifics by which active businesses are managed today in Serbia, which have provided them with a sustainable business. The purpose of this paper is to identify the specifics of current small business management in Serbia through research methods, so that they can be offered to new small businesses as recommendations in managerial practice. That new small businesses apply those specifics to the management process as a positive practice to make it easier to achieve a sustainable business.

## **2. The methodology**

This paper includes qualitative and quantitative research methods. Data collection is conducted through a survey of current small businesses managers in Serbia, according to their personal experience as an empirical research method.

Surveyed are 40 small businesses active for several years, of various sectors such as processing industry, construction, trade, information and communication and other sectors, as they are actually involved in the Serbian economy. The

survey is conducted in the field in the form of a questionnaire through concrete enterprises. The data and the results are processed, presented and interpreted in statistics in order to analyze and draw conclusions.

### **3. Literature review**

Small businesses are characterized by an entrepreneurial spirit. This makes them survive in the market despite the great competition of limited resources. It is widely accepted that small businesses are not supported by material and financial availability but by the presence of the entrepreneur. [1] The entrepreneur risks pooling resources to bring a good or service to market to make a profit. [2] However, companies often have to solve various problems caused by unwillingness to manage innovative processes. [3] This is because small businesses are run by their owners, and not by professional managers. Therefore, small businesses are distinguished from other businesses precisely in the function of management, therefore we say that they are specific

*Basic Characteristics of Small Businesses* – One of the most important characteristics of small businesses is their size, which distinguishes them from medium and large enterprises. The size of the enterprise is one of the contingent (situational) factors on which the whole business depends. The contingent approach actually represents the improvement of its kind in the systematic approach of the organization. [4] This means that this characteristic respectively size and a range of other characteristics make small businesses specific in themselves.

Another characteristic is the simple organizational structure - which is closely related to its size. In small enterprises there is no high degree of task specialization. [5] The organizational structure in them is simple, it consists of a manager and a small number of employees and all work is done within them.

Management and ownership - In small businesses the management function is not separated from the ownership function, as is the case in large enterprises.

They are managed by their owners. Owner – the manager of the small entrepreneurial business bears all the responsibility for the success or failure of the business, unlike the manager in large firms. [6] The small business owner/ manager must manage the business at the same time as his capital, while in large businesses these two functions are separate. A characteristic of small businesses is very centralized decision making. [7] However, each type of decision-maker has particular characteristics one could account for when trying to exert influence.

High level of flexibility - makes small businesses different from other businesses. They can easily bring about changes to suit market trends thanks to their size, simple structure and small number of employees.

Small businesses as well as other businesses are distinguished by their advantages and disadvantages. The advantages of small businesses are high flexibility, ease of management, entrepreneurial spirit, direct information from the market, etc. The weaknesses of small businesses are the lack of volume economy, the lack of professional staff, the lack of professional managers. One of the biggest problems faced by small businesses is the provision of financial means. [8] The financial resources available to large businesses are not available to small businesses. These are some of the main characteristics of small businesses that their managers manage. Therefore, through the results of the research we will try to identify and generalize the specifics with which small businesses operating in Serbia today manage.

### **4. Results**

This paper includes a part of the research conducted in 40 small businesses in Serbia, by the author of the paper, for the research of small business management in Serbia. In this paper is included that part of the research that has to do with the main specifics of management such as: decision making, implementation of innovations, financial management, employee motivation and business strategies, as important points of the management function. Specifications provided by the above literature. The questionnaire questions are ranked on the Likert scale with answer options from 1-5: totally disagree, disagree, neither agree nor disagree, agree and totally agree. The research results contain the personal attitudes of the respondents about their way of managing.

The following are the elaborate answers to the questionnaire questions, which help us to extract data on some specifics of small business management in Serbia.

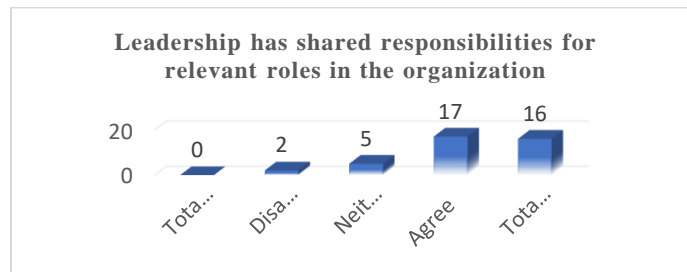
Table 1. Elaborated answers to survey questions

Questions	Totally disagree	Disagre	Neither agree nor disagree nuk pajtohem	Agree	Totally agree
Leadership has shared responsibilities for relevant roles in the organization	0	2	5	17	16
Leadership uses innovation in order to enhance the image and reputation of the organization	0	1	5	22	12
The leadership of the organization has enough information to make decisions	0	4	4	15	17
The strategy of the organization is based on the needs of stakeholders and environmental expectations	0	2	3	10	25
Financial management is implemented for the purpose of sustainable success of the organization	0	0	7	18	15
Employees are offered motivation, opportunities for improvement and career building	0	0	8	19	13

Source: Own search

- In the question "Leadership has shared responsibilities for relevant roles in the organization" respondents answered as in Chart 1.

Chart 1. Leadership has shared responsibilities for relevant roles in the organization

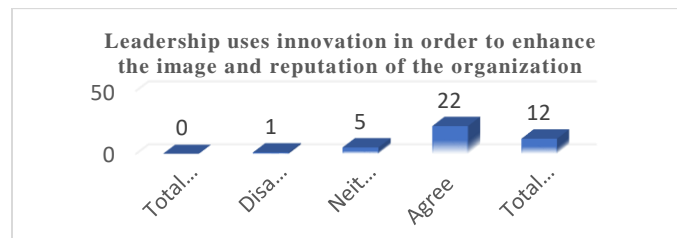


Source: Own search

Chart 1 shows that 82.5% agreed that managers implement the division of roles and work in the enterprise. This phenomenon is not characteristic of small businesses, but if the respondents' answers are true, it can be said that these businesses are related to adequate business management.

- In the question "Leadership uses innovation in order to enhance the image and reputation of the organization" respondents answered as in Chart 2.

Chart 2. Leadership uses innovation in order to enhance the image and reputation of the organization



Source: Own search

85% of respondents claim to implement innovation in business management. what the literature says is confirmed by the managers of these businesses, that small businesses excel at using innovation, otherwise it is unlikely that they would maintain such great competition in them.

In the question “The leadership of the organization has enough information to make decisions” the answers result with 80% agree while 20% disagree and between the two answers. They say they have enough information from the market. This is also understandable because they get information easier and faster than large businesses, they get information directly from the buyer and not through multiple intermediaries. ( Chart 3).

Chart 3. The leadership of the organization has enough information to make decisions



Source: Own search

- In the question “ The strategy of the organization is based on the needs of stakeholders and environmental expectations”, respondents with 87.5% agreed, 7.5% are between yes and no, while 5% disagree. The almost absolute majority of respondents state that business strategies are oriented towards market demands. This is one of the key factors that affects the success of a business whatever it is, and it is worth welcoming (Chart 4)

Chart 4. The strategy of the organization is based on the needs of stakeholders and environmental expectations



Source: Own search

To the question "Financial management is implemented for the purpose of sustainable success of the organization" The surveyed managers answered as in Chart 5. So, 82.5% of them agree, while 17.5% neither agree nor agree. The most sensitive part of small businesses is finance, so it must be believed that finances are intended to be managed properly.

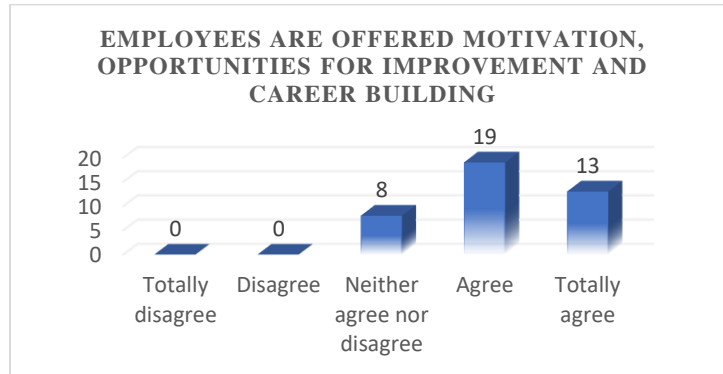
Chart 5. Financial management is implemented for the purpose of sustainable success of the organization



Source: Own search

- In the question "Employees are offered motivation, opportunities for improvement and career building" respondents also answered that I agree with 80% of them, while 20% of managers are not sure if they invest in their employees for development and advancement. (Chart 6)

Chart 6. Employees are offered motivation, opportunities for improvement and career building



Source: Own search

The theory is that small businesses do not invest enough in their employees, but research into these businesses proves otherwise. Small businesses are especially notable for the lack of professionals. And if these businesses really implement the motivation and personalization of employees not that the persons in question develop but affects the overall development of the business in the long run.

## Conclusion

Changes in the market also impose changes in business. Changes in businesses start with new ideas and creativity of the entrepreneur. which are first reflected in management. Small businesses due to great competition must be committed to innovative management. Only innovative management promises sustainable business and this means the ability to adapt to the environment. The management specifics of small businesses surveyed in Serbia are specifics that have provided them with sustainable business for years. Those specifics are: continuous monitoring of the market and information from the market, use of innovations in the enterprise, strategies oriented towards stakeholders and the business environment, financial management towards sustainable business. Good managerial practice is proven in the researched businesses. What specificities these small businesses is the division of responsibilities for relevant roles with the employees as well as the investment in the improvement of the employees. Practice that is lacking in many small businesses.. Increased care and investment in human resources is an inalienable condition recently.

Positive management specifics that apply to over 80% of small businesses surveyed in Serbia, that we can consider as positive management practices arising from the research results are:

Sharing responsibilities and roles with employees as a means of motivation, which can be said to be not so practical in small businesses. This specificity reflects and motivates the increase of employees' self-confidence and autonomy in the workplace and involvement in decision-making, as well as other motivations to advance employees, should reflect in the increase of profits. As a positive managerial practice we consider the fact that these businesses have sufficient information from the market, which is a prerequisite for making appropriate decisions, as well as their strategies oriented according to environmental requirements, as determinants of profit growth. Also the focus of financial management focused on ensuring a sustainable business, along with the preliminary specifics of these small businesses enables them to have a sustainable business.

The conclusion is that the above-mentioned specifics should be applied by new small businesses in Serbia as a positive practice in the management process that they will have to help them for a sustainable business.

## References

1. IACOB, VLĂDUȚ-SEVERIAN & MIRONESCU, ROXANA. (2017). MEANINGS OF SMALL BUSINESS AND ITS MANAGEMENT. *Journal of Engineering Studies and Research*. 19. 10.29081/jesr.v19i4.100. Available at: [https://www.researchgate.net/publication/328620197\\_MEANINGS\\_OF\\_SMALL\\_BUSINESS\\_AND\\_ITS\\_MANAGEMENT](https://www.researchgate.net/publication/328620197_MEANINGS_OF_SMALL_BUSINESS_AND_ITS_MANAGEMENT) (visited: 2020/05/11).
2. Gallagher S. & Hopkins M., “ US History: Inventors and Entrepreneurs” (1999), EconEd. Available at: <http://www.econedlink.org/>, (visited 2020/ 09/15).
3. Lendel, Viliam & Hittmár, Štefan & Siantová, Eva. (2015). Management of Innovation Processes in Company. *Procedia Economics and Finance*. 23. 10.1016/S2212-5671(15)00382-2. Available at: [https://www.researchgate.net/publication/280017723\\_Management\\_of\\_Innovation\\_Processes\\_in\\_Company](https://www.researchgate.net/publication/280017723_Management_of_Innovation_Processes_in_Company) (visited: 2020/05/06).
4. Cleland, D. & King, W.,(1969). *System Organizations Analyses, Management: A Book of Readings*, New York: Mc Graw-Hill, 1969, Kast F. & Rosenzwing J. *Organizatio and Management: A System Approach*, New York: MCGraw-Hill,
5. Milosevic, D., & Vujicic, S., (2015). *Menadzment malih I srednjih preduzeca*, Visoka skola za poslovnu ekonomiju I preduzetnistvo, Beograd.
6. Kostić, V., (2009). PREDUZETNIČKI MENADŽMENT MALOG BIZNISA – NEKI PROBLEMI U OPŠTOJ I PRAKTIČNOJ RAVNI. *MONTENEGRIN JOURNAL OF ECONOMICS* NO 9. Available at: [http://www.repec.mnje.com/mje/2009/v05-n09/mje\\_2009\\_v05-n09-a16.pdf](http://www.repec.mnje.com/mje/2009/v05-n09/mje_2009_v05-n09-a16.pdf)(visited:2020/10/15).
7. Jong, Jeroen & Gibcus, Petra & Vermeulen, Patrick. (2004). Strategic Decision-Making in Small Firms: Towards a Typology of Entrepreneurial Decision-Makers. *EIM Business and Policy Research*, Scales Research Reports. Available at: [https://www.researchgate.net/publication/5012690\\_Strategic\\_Decision-Making\\_in\\_Small\\_Firms\\_Towards\\_a\\_Typology\\_of\\_Entrepreneurial\\_Decision-Makers](https://www.researchgate.net/publication/5012690_Strategic_Decision-Making_in_Small_Firms_Towards_a_Typology_of_Entrepreneurial_Decision-Makers) (visited: 2021/03/14).
8. Paunovic, B., (2017). *Preduzetnistvo i upravljanje malim preduzecem*, Ekonomski fakultet u Beogradu, Beograd.

