

Entrepreneurs' Features in Developing Countries: A Research Synthesis from Republic of Serbia

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1 Introduction

The emergence and development of entrepreneurship is an important phenomenon in contemporary economies. Entrepreneurship is strongly linked to small and medium sized enterprises (SMEs), which are the main developing force of the developed market economies. SMEs are usually representing the majority of all the enterprises and accordingly they are main driving force of entrepreneurship development and economy. In most of the developed countries, the percentage of SMEs in total number of enterprises is higher than 90 %, while around 60 % of available workforce is employed in those firms.

SMEs stimulate initiative, invention and overall entrepreneurial spirit. Their specificities enable them to be far more flexible than large enterprises, which is one of the basic conditions for adaptability to environmental shifts. These are only some of the reasons why the large number of SMEs existing in all developed economies, as well as developing ones, support the fact that they are extremely important (Stefanović et al. 2009).

Nevertheless, numerous investigations show that Europeans, in general, express tendencies rather to work in a firm (for someone else) than to start their own business (Jones and Nummela 2008). This tendency is typical for post-communist

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countries, in which the long lasting ease of working in a state-owned firm has become a dominant determinant in human behavior (Jiangyong and Tao 2008).

In Serbia, which is a developing country going through a process of economic transition, SMEs also represent a vast majority of enterprises. Thus, the importance of SMEs for the entire Serbian economy is very large with the expectation that the future will bring a further increase in its importance.

Because of the great importance of entrepreneurs and SMEs for developing economies, this research addresses motivational factors, success factors and problems of entrepreneurs in Serbia that can serve as a research guideline for scholars and practitioners in other developing countries. Understanding these factors can be helpful for entrepreneurs and their SMEs, because it could affect the increase in the percentage of successful ventures. It should be noted that this chapter presents the synthesis of results already published in various journals (Stefanović et al. 2010, 2011a, b, c) with accompanied recommendations for practice.

2 Entrepreneurs' Features: A Theoretical Background

Importance of entrepreneurship and SMEs development for long-term economic growth is obvious. For example, in the European Union (EU-27), SMEs account for 99.8 % of all enterprises, out of which the vast majority of enterprises are micro enterprises (they comprise 91.8 % of all enterprises). SMEs provide jobs to 67.1 % of all employees and participate with 57.6 % of total added value (Schmiemann 2008).

In order to continue analyzing entrepreneurship, we must first closely look at the very notion of the terms: “entrepreneurship” and “entrepreneur.” Thus, entrepreneurship can be viewed as the formation of a new firm that uses innovation to enter existing markets (or to create new ones) and grow by making new demand, while taking market share away from existing suppliers (Schumpeter 1934). On the other hand, an entrepreneur is someone who independently owns and actively manages a small business (Collins et al. 2004). An entrepreneur is someone who introduces new ideas and changes the rate at which the wheels of an enterprise go around (Evans 1942). Talented persons should be particularly encouraged to become entrepreneurs, for it is these persons who will contribute most to the creation of labour demand (van Praag and Cramer 2001) and economic growth.

Considering that these men and women are very significant for the growth and development of economies in countries in which they operate their businesses, understanding their motivational and success factors, as well as the problems they face, is a very important topic. These three groups of factors have considerable impact on the development of entrepreneurial activities and on birth rate and growth of SMEs. Unfortunately, studies on this topic were not readily conducted in developing countries, especially in Serbia, until recently (Živković et al. 2009; Živković and Živković 2009).

2.1 Motivation of Entrepreneurs

The impact of entrepreneurs' motivation on their success is a widely known topic. A number of studies was conducted to determine this relationship. Kuratko et al. (1997) and Robichaud et al. (2001) surveyed entrepreneurs from North America to determine what motivation categories lead to business success. Findings from their studies show that motivation of entrepreneurs falls into four distinct categories: (a) extrinsic rewards, (b) independence/autonomy, (c) intrinsic rewards and (d) family security. These four groups of factors determine the motivation level of entrepreneurs which in turn affects their business success.

Benzing et al. (2009) in their study of entrepreneurs in Turkey, among other things, presented comparative results of numerous research on entrepreneurs' motivating factors in different countries. For example, they stated that Swierczek and Ha (2003) in their study of Vietnamese small business owners found that challenge and achievement were more significant motivators than necessity and security. In Romania, income and job security needs were stronger motivators than self-satisfaction and personal needs (Benzing et al. 2005a). On the other hand, entrepreneurs in India were most strongly motivated by the desire for autonomy and then to increase their income (Benzing and Chu 2005). In Turkey, entrepreneurs are motivated to start their own business so they can provide security for themselves and their family and to increase their income (Ozsoy et al. 2001). Benzing et al. (2009) also presented research results from African countries. Ugandan entrepreneurs are motivated by "making" money (Bewayo 1995). A study of entrepreneurs in Kenya and Ghana (Chu et al. 2007) found that the strongest two motivators were to increase income and to provide employment to themselves. Roy and Wheeler (2006) found that microenterprise owners in West Africa were motivated by a desire to satisfy basic psychological needs – food and shelter.

One survey, which was focused on nascent entrepreneurs, was conducted in the United States (Edelman et al. 2010), and found that reasons nascent entrepreneurs want to launch a business are the same across the race, but there are differences in the motivation to grow a new venture between black and white nascent entrepreneurs. Blanchflower and Oswald (1998) conducted a survey that led to the finding that people who are self-employed reported higher levels of job and life satisfaction than employees who were not self-employed.

Numerous comparative studies of entrepreneurs and managers showed that entrepreneurs place a moderately higher emphasis on achievement motivation than do managers (Stewart and Roth 2007; Collins et al. 2004; Begley and Boyd 1987; Ahmed 1985; Lachman 1980). High levels of achievement motivation are consistent with the demands of the entrepreneurial role, which appears to attract individuals who are highly achievement-motivated because of the potential to derive more achievement satisfaction in an entrepreneurial setting, a context that provides the challenge, autonomy, and flexibility for achievement realization (Stewart and Roth 2007). Entrepreneurs are less constrained by organizational systems and structures (Daily et al. 2002) and the entrepreneurial role is less specialized, standardized and formalized. Stewart et al. (1999) discovered that

entrepreneurs, who are primarily growth-oriented, placed a higher emphasis on achievement motivation than did managers and “small business owners,” who were focused primarily on producing current family income instead of growth, but the “small business owners” did not significantly place a higher emphasis on achievement motivation than did managers. The achievement motivation difference between entrepreneurs and managers becomes much more pronounced when the entrepreneur has growth goals or when the entrepreneur is the founder of the venture. Motivation level for venture founders is likely attributable to the circumstances associated with founding. Venture creation appears to present the type of task challenge and lack of routine that attracts very highly motivated individuals (Stewart and Roth 2007).

2.2 *Success Factors of SMEs*

Analyzing literature on success factors first requires defining the notion of business success. There is no single agreed-upon definition of business success, but researchers generally use continued viability or longevity as a surrogate for business success (Rogoff et al. 2004).

Numerous studies showed different kinds of variables that influence the success of SMEs, but most of these studies concentrated on a few sets of variables: (a) the psychological and personality traits of entrepreneurs, (b) the managerial skills and training of entrepreneurs and (c) the external environment (Benzing et al. 2009). Psychological attributes such as a drive for independence, innovative orientation, attitude toward risk and a competitive nature have been found to relate to success (Frese et al. 2002), and they are especially important when an entrepreneur is working in a difficult business environment. Rauch and Frese (1998) agree that psychological traits contribute to success of SMEs, but they are often moderated by experience and training, specific managerial skills and the business environment, which are factors that are more easily developed and altered by policymakers. Managerial skills would include the ability to manage personnel and maintain accounting records, whereas environmental conditions would be related to satisfactory government support, access to capital and support of family and friends (Benzing et al. 2009). Impact of the owner/managerial knowledge and expertise on the success of their SMEs was studied in-depth by numerous authors (Daily et al. 2002).

Besides these three sets of variables, there are more factors that affect SMEs' success. The importance of social networks on SMEs, especially on start-ups is widely acknowledged today (Elfring and Hulsink 2007). Pirolo and Presutti (2010) empirically verified the existence of positive impact of both strong and weak interorganizational social capital on the growth of start-up's economic performance throughout its life cycle. On the other hand, the orientation of business owners has a significant impact on SMEs' performance over time. Runyan et al. (2008) empirically found that there is a significant difference in the impact of small business orientation (SBO) and entrepreneurial orientation (EO) on firm performance. For

younger firms, only EO was a significant predictor of performance, while for owners of business for 11 or more years, only SBO was significant. This finding suggests that with continuance, the more emotionally attached to the business and the more devoted to balance work and family life, the more successful the owner. The younger small businesses continue to rely on the strength of the owner's EO for positive performance.

It has been argued that one of the key factors in the success of a new venture is the dominant logic of the firm (Nadkarni and Narayanan 2007). Dominant logic would be conceptualized as a set of "dominant themes" or "configurations" developed by the entrepreneur (Miller 1996) that over time becomes an organizational characteristic in a similar way as a market or entrepreneurial orientation (Lyon et al. 2000).

Entrepreneurial talent, which is a function of observable characteristics, determines the size of the business (van Praag and Cramer 2001). Thus, talented individuals have more chances to grow and develop their business ventures. But talent is not the only prerequisite. Risk aversion is another one. Successful entrepreneurs are willing to bear risk. They, however, must not only have the motivation to bear risk, they must be able to actually bear risk (Say 1971). Marshall (1930) mentioned that young people who are risk-oriented are more inclined to start as an entrepreneur than others.

2.3 Problems Facing Entrepreneurs

Considering that entrepreneurship and SMEs play such an important economic role, it is also very important to analyze problems facing entrepreneurs, which impede the growth rate of SMEs. Problems or barriers are broadly defined as those internal or external factors or conditions that constrain growth potential in firms (Storey 1994). Identifying the concrete barriers help entrepreneurs to predict which firms are most likely to grow or not and under what circumstances. It would also help them understand the growth dynamic and threats they must avoid in order to grow their businesses.

Problems that are facing entrepreneurs and SMEs in developing countries are quite similar. Entrepreneurs are facing highly unstable and unpredictable environment. The laws governing private enterprise, especially business registration and taxation systems, are overly complex and difficult to understand (Benzing et al. 2009). High degree of regulation results in lengthy and costly delays in clearances and approvals (Macculloch 2001).

The resources of entrepreneurial firms are usually constrained, but the tangible resources such as financing, technology, and logistical systems of entrepreneurial firms are particularly restricted in transition economies (Bruton and Rubanik 2002). The result is that entrepreneurial firms in transition economies need to be more proactive, able to acquire and leverage their intangible resources, and become even more educated than entrepreneurs in developed economies (Knott et al. 2003).

There is large number of problems that can occur during development and functioning of SMEs. Considering their particularities, those enterprises are largely

focused on local active crises development compared to large scale ones. This is why it is important to point out the most common problems facing them. When familiar problems occur, and when their origin is well known, the decision making process toward the selection of a set of adequate actions for problem solving or sanitation is much easier.

By analyzing the 1992–2002 period, Headd and Kirchhoff (2009) followed the 10-year life cycle of new single-establishment small firms in the U.S. They followed growth firms and displayed the distribution of growth among the universe of single establishment small firms. Their explorative findings showed that only a few firms grow beyond 500 or even 100 employees, but growing firms are generally a constant share of the economy with a minor business cycle effect, growing firms are outnumbering decliners, new firms are not growing much and fast growers in a given year are tending to revert to the mean in the following year.

Large scale investigations revealed the fact that two primary reasons for SMEs collapsing are lack of adequate managerial skills and lack of financial resources (Watson 2003). Those are two basic problems facing SMEs in the market economies. This also sustains the fact that SMEs require external support in the form of outsourcing, especially in the form of knowledge and information related to different aspects necessary for the enterprise to function (management, financials, marketing, production, etc.). In other words, in modern business environment, SMEs are often left without the possibility for independent development or market-place acting. They had to have their own core of competence that have to be continuously developed, making them competitively superior in their field of operations. During this process, SMEs must be engaged in different forms of cooperative relations with other enterprises or organizations, in a way that supports the achievement of common preset goals.

Entrepreneurs face many obstacles, among which Young and Welch (1993) cited as lack of financial assistance, lack of business information, excessive taxation and a high inflation rate. Blanchflower and Oswald (1998) conducted a survey in which they found that potential entrepreneurs are afraid of problems regarding capital availability. The majority of people who were questioned in an interview survey said that raising capital is their principal problem. Chen and Williams (1999) researched U.S. corporate failure rates by region and found external factors such as sales tax rates, infrastructure expenditures, university research and expenditure amounts, and outstanding corporate debt to significantly influence business failure rates.

On the other hand, an investigation carried out during November and December 2006 in 27 EU countries, on the population of 16,339 SMEs revealed different results (The Gallup Organization 2007). This investigation concluded that limited purchasing power of the people (46 % of the sample), inadequate legal regulations (36 % of the sample), deficiency of working force (35 % of the sample) as well as high working force costs (33 % of the sample), are the most common problems facing SMEs. Inadequate infrastructure was at the fifth position (23 %), while lack of financial resources was at sixth place (21 % of the sample). This was considered highly untypical considering development problems of the SMEs. A list of the problems continued with the implementation of new technologies (17 %),

implementing new forms of organization (16 % of the sample) and the shortage of qualified managers (11 % of the sample).

Another survey which is worth mentioning was conducted by Kozan et al. (2006). They examined individual and environmental influences on small businesses in Turkey. They found that, among the difficulty factors, only lack of know-how and lack of financing showed significant relations to expansion plans. Financing difficulties hindered technological improvement and resource aggregation, while lack of know-how negatively affected market expansion.

On the other hand, investigations conducted in Serbia revealed that lack of financial resources is one of the basic problems in growth of SMEs. As an example we can discuss investigations realized by the Agency for Development of Small and Medium Sized Enterprises (Team of Experts from the Republic's Institute for Development and Republics Agency for SMEs 2007), which focused on determination of biggest problems in SMEs' operations in Serbia. This investigation included 1,404 examinees (entrepreneurs) in whose enterprises 14,485 people are employed, which is 13 employees per firm. Results of the investigations revealed that the most important problems, according to the examinees are: lack of financial resources (38.5 %), legal regulations (27.5 %), lack of marketplace information (9.4 %), lack of qualified workforce (9.4 %), incompatibility with the standards (7.1 %) and lack of adequate technology related information (4.1 %).

This structure of problems is probably rapidly changing due to the present economic situation, which was one of the motives for launching this research at the present time. The contemporary economic situation, which started out as a financial crisis and in late 2008 culminated in a sudden loss of business confidence and a rapid decline of world trade, made a tremendous impact on SMEs. For instance, employment growth of SMEs in EU-27 has been -1.9% and is estimated to be -1.7% for 2010 and -0.55% for 2011 (European Commission 2010). This situation caused a number of other problems for SMEs, such as profit issues, solvency issues, etc.

In Serbia, just before the economic crises, the number of SMEs has increased. In 2007, there were 296,100 of SMEs in Serbia, and in 2008, there were 303,400 of them. The number of employees working in SMEs has also increased. SMEs provided 906,700 jobs in 2007 and this number went to 940,200 in 2008. These numbers continued to grow in 2009 but at a slower pace due to the crisis development (Republic Development Bureau 2010).

3 Entrepreneurs' Motivations, Success Factors and Problems: Empirical Evidence from Serbia

3.1 Survey and Methodology

This survey was realized in Serbia, during September 2010. Serbia is a landlocked country located at the crossroads of Central and Southeastern Europe, covering the central part of the Balkans. With a GDP for 2010 estimated at \$80 billion or

\$10,897 per capita, Serbia is an upper-middle income economy by the World Bank. Serbia is also a developing country which is in the middle of the transition process.

The SME sector in Serbia is the most profitable segment of the economy. During 2006, SMEs consisted of 99.7 % of the total number of enterprises and accounted for 63 % of the total employment in Serbia. Also, SMEs facilitated over 40 % of total exporting activities and 60 % of importing activities. This is the reason why SMEs are largely important for successful implementation of a transition process, having in mind that economic results of transition are far from expected (Stefanović et al. 2009). When observed through this prism, it is obvious that SMEs are most vital and rentable part of the Serbian economy (Republic Development Bureau 2008), which is why it is interesting to observe and analyze motivation and success factors, as well as problems of Serbian entrepreneurs, and to discuss its implications on other developing countries.

Using simple random sampling, several thousands of SMEs were selected from all over Serbia and the owners of these enterprises were sent an e-mail containing a questionnaire and detailed explanation of the purpose of the survey and its benefits, in order to motivate them to participate. In a 3 week period, 82 entrepreneurs answered the survey questions, but 3 of them were excluded because they were answered in an inappropriate manner. Thus, the final sample contained 79 SMEs, which is more than five observations per inquiry items as recommended by Tabachnick and Fidell (2007).

The questionnaire used in this study was originally developed by Hung M. Chu (Chu and Katsioloudes 2001) and has been used in studies of entrepreneurs across numerous countries, such as: Turkey, Vietnam, Romania, India, Kenya and Ghana (Benzing et al. 2005a, b; 2009; Chu et al. 2007; Benzing and Chu 2005). The questionnaire was translated into Serbian and checked for intertranslator consistency. The SPSS statistical software was used to process the obtained data.

The reliability of the survey instrument was satisfactory since the Cronbach's Alpha was relatively high for all three groups of items, respectively: motivation, success and problems of entrepreneurs. The Alpha for the motivation variables was 0.7759, for the success variables 0.7500 and for the problems 0.8427.

A five-point Likert scale was used to measure perceived motivation and success variables: 5 was "extremely important," 4 was "very important," 3 was "mildly important," 2 was "not very important" and 1 was "unimportant." A higher mean score on a variable indicates greater importance. As for the problems variables concerns, a five-point Likert scale was also used to measure perceived strength of problems: 5 was "a very serious problem," 4 was "a serious problem," 3 was "a problem," 2 was "a minor problem," and 1 was "not a problem."

Factor analysis was used to determine whether motivations variables were grouped together on significant factors. The Kaiser-Meyer-Olkin measure of sampling adequacy (Kaiser 1970, 1974) and Bartlett's test of Sphericity (Bartlett 1954) were used to test and establish the justification of factor analysis implementation. Principal component analysis, scree plot and component matrix were used to establish factors. Then, a principal component analysis extraction method with a

varimax with Kaiser normalization rotation method was used to determine the factor loading and communalities.

3.2 Sample Characteristics

As already mentioned, 79 SMEs constitute the sample, out of which only two enterprises can be labeled as medium (65 and 70 employees), which is only 2.53 % of the sample, while 6 of them are in a group of small enterprises (7.59 % of the sample), and the rest of the sample (71 enterprise) is in a group of micro enterprises (1–9 employees), which is 89.87 % of the sample. Thus, the vast majority of enterprises are micro enterprises.

All organizations in the sample are profit oriented, but the industry structure of the sample is very heterogeneous. There are various types of businesses, such as: manufacturing, retail, wholesaling, healthcare, etc.

The age of the enterprises are also heterogeneous. The youngest are several months old, while the oldest one is 30 years old. There are 49 enterprises 10 years old or younger (62.03 % of the sample), 28 enterprises between 11 and 20 years of age (36.44 % of the sample) and only 2 enterprises which are older (21 and 30 years of age, which makes up 2.53 % of the sample). The average age of enterprises in the sample is 8.61 years.

3.3 Results for Motivation Variables

The questionnaire for motivation of entrepreneurs contained 11 reasons for deciding to own a business. It has already been mentioned that the respondents were using a five-point Likert scale to give their opinion on the importance of each reason for them. The mean and standard deviation for each reason are presented in Table 1.

It was found that the most important reason for deciding to own a business is “To increase my income.” This is the same result as in a survey of Turkish entrepreneurs (Benzing et al. 2009), where this reason was also the first one. Given the fact that incomes in Serbia are relatively low when compared with the incomes in countries within the region and that purchasing power has decreased, it was quite expected that the desire to increase their incomes would be ranked first of the motivation variables. The second and third ranked variables are “To be able to use my past experience and training” and “So I will always have a job security”, respectively. The Serbian economy is struggling with a high rate of unemployment and the basic implication is that a lot of people think that their expertise would be better put to use if they would have their own business. The other implication is the fear of a losing a job. People need stability and they perceive that owning a business means a more secure job. The next four reasons have the mean score higher than 4. Those are: “To

Table 1 Mean score and standard deviation for motivation of entrepreneurs in Serbia

Motivation	Mean	Std. deviation
1. To be my own boss	4.08	1.269
2. To be able to use my past experience and training	4.58	0.691
3. To prove I can do it	4.27	1.184
4. To increase my income	4.63	0.701
5. To provide jobs to family members	3.18	1.551
6. For my own satisfaction and growth	4.15	1.075
7. So I will always have job security	4.56	0.780
8. To build a business to pass on	3.72	1.405
9. To maintain my personal freedom	4.14	1.174
10. To be closer to my family	3.39	1.445
11. To have fun	2.23	1.476

Source: Own research

Table 2 Principal component factor analysis (varimax rotation), factor loadings and communalities for motivation variables

Motivation	Factor 1	Factor 2	Factor 3	Factor 4	Communality
4. To increase my income	0.800				0.655
2. To be able to use my past experience and training	0.745				0.607
1. To be my own boss	0.694		0.418		0.698
3. To prove I can do it	0.502			0.440	0.488
10. To be closer to my family		0.767	0.321		0.704
9. To maintain my personal freedom	0.434	0.752			0.803
5. To provide jobs to family members		0.603		0.452	0.639
11. To have fun			0.776		0.624
6. For my own satisfaction and growth			0.764		0.666
7. So I will always have job security				0.811	0.721
8. To build a business to pass on		0.534		0.610	0.778
Variance	2.218	1.921	1.700	1.543	
Percentage of variance	20.166	17.466	15.458	14.025	

Source: Own research

prove I can do it,” “For my own satisfaction and growth,” “To maintain my personal freedom” and “To be my own boss”, respectively. All these reasons are implying the need for independency and belief that starting a business may lead to a more quality lifestyle.

The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.675 and Bartlett’s test of Sphericity was significant at 0.000. As shown in Table 2, a factor analysis led to four factors, which accounts for 67.115 % of the cumulative variance. These factors can be interpreted as: greater business achievement factor, independence factor, intrinsic factor and job security factor. These four factors are very similar to those obtained by Benzing et al. (2009) in a survey of Turkish entrepreneurs. In that study, there were also four factors: security factor, income factor, independence factor and intrinsic factor. While other factors are the same,

the only difference is between the “income” factor and the “greater business achievement” factor. Given that, under business achievement, income is the first parameter, it can be concluded that these two factors can be viewed as synonyms.

The first factor, referred to as “Greater business achievement,” consists of motives: 1, 2, 3, 4 and 9. They imply that entrepreneurs believe that they can achieve more by doing alone than doing for someone else. They are motivated to increase their incomes on their own, in an independent manner. This factor explains 20.166 % of variance. Entrepreneurs appear to believe that independence is very important in a country which is unstable and unpredictable in terms of economic growth and employment. In order to avoid possible downsizing, they are turning to themselves to secure income.

The second factor is referred to as “Independence factor.” It contains motives: 5, 8, 9 and 10. This factor accounts for 17.466 % of variance. Contemporary entrepreneurs want to be masters of their time. They need to be able to organize their time in the way that suits them. They are also trying to make balance between their professional and private life.

The third factor, which is named “Intrinsic factor,” consists of variables: 1, 6, 10 and 11. It accounts for 15.458 % of cumulative variance. This factor explains internal motives of entrepreneurs to start their own business. Entrepreneurs need to prove themselves to their environment and to achieve a significant level of personal satisfaction.

Finally, “Job security factor” is the fourth factor, which contains these variables: 3, 5, 7 and 8. This factor accounts for 14.025 % of cumulative variance. It signifies the importance of workplace security and employment continuity for the family members. Economic instability forces entrepreneurs to take care of themselves and their families.

3.4 Results for Success Variables

The questionnaire for success variables of entrepreneurs contained 17 variables. The respondents used five-point Likert scale to express their opinion on importance of each variable for business success. The mean and standard deviation for each success variable are presented in Table 3.

It was found that the most important variable contributing to business success of entrepreneurs is “Good customer service” and the second ranked variable is “Good product at competitive price.” This finding was expected due to the low purchasing power of people living in Serbia and the lack of adequate regulatory mechanisms in the Serbian market that should protect the customers during their purchasing transactions. “Reputation for honesty” is ranked third. Ranked fourth, fifth and sixth are “Ability to manage personnel,” “Good management skills” and “Maintenance of accurate records,” respectively. It is obvious that, the first three variables present some form of linkage between organization and its’ customers, and the next

Table 3 Mean score and standard deviation for variables contributing to success of entrepreneurs

Success variables	Mean	Std. deviation
1. Good management skills	4.27	0.858
2. Charisma: friendliness	4.13	1.005
3. Satisfactory government support	3.04	1.605
4. Appropriate training	3.00	1.423
5. Access to capital	4.16	1.103
6. Previous business experience	4.22	0.983
7. Support of family and friends	4.13	0.925
8. Marketing/sales promotion	3.80	1.067
9. Good product at competitive price	4.68	0.567
10. Good customer service	4.85	0.426
11. Hard work	3.70	1.113
12. Position in society	3.57	1.184
13. Maintenance of accurate records	4.24	1.065
14. Ability to manage personnel	4.34	0.946
15. Social skills	3.97	1.000
16. Political involvement	1.94	1.090
17. Reputation for honesty	4.54	0.781

Source: Own research

three variables occupy internal issues. It is very interesting that the variable “Political involvement” is on the last place of variables affecting business success, due to the fact that Serbia, similarly to other countries in the economic transition process, is a country where political engagement and business are strongly connected.

The Keiser-Meyer-Olkin measure of sampling adequacy was 0.636 and Bartlett’s test of Sphericity was significant at 0.000. As shown in Table 4, a factor analysis led to seven factors, which explains the 70.131 % of the cumulative variance. These factors are interpreted as follows: position in society, interpersonal skills, approval and support, competitive product/service, leadership skills, always to be informed and business reputation.

The first factor is called “Position in society.” It contains success variables: 3, 4, 8 and 16. Position in society can contribute to business success via contacts with a vast number of decision-maker in profit and non-profit organizations, government agencies and institutions. This kind of social network can enable the involvement of key decision-makers who can provide help in a variety of business situations.

“Interpersonal skills” is the second factor. It includes variables: 5, 14, 15, 16 and 17. Interpersonal skills include a variety of social abilities, such as: ability to understand others, ability to motivate and direct people, ability to empower, empathy, etc. These abilities are equally important with people inside an organization, as with the people outside of it.

Factor three can be referred to as “Approval and support,” and includes variables: 7, 8, 11 and 14. In order to manage a successful business, entrepreneurs need be approved by the people for whom they care, but also by the environment in

Table 4 Principal component factor analysis (varimax rotation), factor loadings and communalities for success variables

Success variables	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Communality
4. Appropriate training	0.853							0.760
16. Political involvement	0.728	0.344						0.706
3. Satisfactory government support	0.664				0.360			0.717
15. Social skills		0.823						0.723
14. Ability to manage personnel		0.633	0.370					0.695
5. Access to capital		0.619						0.527
17. Reputation for honesty		0.471			0.369		0.468	0.671
7. Support of family and friends			0.792					0.752
8. Marketing/sales promotion	0.325		0.748					0.772
11. Hard work			0.491	-0.372			0.405	0.606
9. Good product at competitive price				0.856				0.797
10. Good customer service				0.802				0.673
1. Good management skills					0.836			0.784
2. Charisma: friendliness					0.668	0.300		0.611
13. Maintenance of accurate records						0.836		0.744
12. Position in society					0.357	0.561		0.682
6. Previous business experience							0.766	0.703
Variance	1.995	1.901	1.784	1.775	1.765	1.387	1.316	
Percentage of variance	11.733	11.180	10.495	10.440	10.379	8.159	7.744	

Source: Own research

which they operate. They also need to gain support for their actions, because entrepreneurship means that they are walking on unsecured terrain instead of working for a stable income as an employee.

The fourth factor can be called “Competitive product/service.” It consists of success variables: 9, 10 and 11. In the era of global dynamic competition, which continues to increase in all types of industries, the ratio quality – price is more significant than ever before. On the other side, development of information and communication technology affects the increase of market transparency, which represent additional pressure on providing more competitive products/services.

The fifth factor, “Leadership skills,” contains success variables: 1, 2, 3, 12 and 17. The leadership can be defined as a process of “using noncoercive influence to direct and coordinate activities of the members of an organized group toward the accomplishment of group objectives” (Jago 1982). This factor can significantly contribute to the overall success of an enterprise, because it implies that employees are willing to recognize the entrepreneur as their leader, who inspires and motivates them to follow him in achieving organizational objectives.

“Always to be informed” is the sixth factor. It includes variables: 2, 12 and 13. Information regarding people and events inside and outside organizations are crucial for success of the entrepreneur. Quality decision-making can be sustained only if it is based on exact and precise information obtained in the right moment.

Finally, factor seven is called “Business reputation,” and includes success variables: 6, 11 and 17. Business reputation takes a lot of time to build. Long-term experience in business and maintaining of professional relationships with all stakeholders can establish a solid business reputation. An entrepreneur with a reputation has already earned trust in the market which can be helpful in acquiring business arrangements.

3.5 Results for Problem Variables

The questionnaire contained 15 problems facing entrepreneurs. As already mentioned, entrepreneurs were asked to express their opinion on the impact of each problem variable using a five-point Likert scale. The mean and standard deviation for each problem variable are presented in Table 5.

It was found that the “Weak economy” is the major obstacle for entrepreneurs in Serbia. Global recession had a strong impact on the Serbian economy, which especially affected SMEs in terms of their liquidity and solvency, because of the decrease in purchasing power. The second is “Unreliable and undependable employees.” It seems that Serbian entrepreneurs believe that they cannot rely on the majority of their employees. The reasons for lack of faith in employees should be investigated in order to bridge an existing gap between abilities of employees and knowledge and faith of entrepreneurs in those abilities. Employees should be given the opportunity to express themselves by giving them the full accountability and

Table 5 Mean score and standard deviation for problems of entrepreneurs in Serbia

Problem variables	Mean	Std. deviation
1. Unreliable and undependable employees	4.10	1.105
2. Too much competition	3.61	1.170
3. Unable to obtain short-term financial capital	3.67	1.217
4. Unable to obtain long-term financial capital	3.73	1.195
5. Too much government regulation	3.76	1.323
6. Limited parking	3.01	1.668
7. Unsafe location	2.84	1.427
8. Weak economy	4.48	0.945
9. Lack of management training	2.91	1.232
10. Lack of marketing training	3.03	1.143
11. Inability to maintain accurate accounting records	3.52	1.357
12. Complex/confusing tax structure	3.84	1.265
13. Complicated business registration process	2.92	1.542
14. Poor roads/transportation	3.23	1.527
15. Electricity problems	2.62	1.513

Source: Own research

responsibility for jobs they are doing. Ranked third and fourth are “Complex/confusing tax structure” and “Too much government regulation,” respectively. These problems indicate the lack of government commitment to deal with overregulated and complicated rules and procedures. “Inability to obtain long-term and short-term capital” were ranked fifth and sixth.

The Keiser-Meyer-Olkin measure of sampling adequacy was 0.727 and Bartlett's test of Sphericity was significant at 0.000. As shown in Table 6, a factor analysis led to five factors, which accounts for 70.106 % of the cumulative variance. These factors can be interpreted as: regulations problems, capital problems, infrastructure problems, lack of business training and location problems.

The first factor, “Regulations problems,” includes problems: 2, 5, 12, 13 and 14, and accounts for 15.837 % of variance. It is known that Serbia has a lot of regulations problems. They are one of the main constraints for the increase in foreign direct investments and development of entrepreneurship through the increase of new business start-ups and growth of existing SMEs.

“Capital problems” is the second factor. It includes variables: 3, 4, 5 and 8, and explains 15.425 % of variance. Shortage of short-term and long-term capital is due to the instability of the Serbian economy, which makes this country high-risk in terms of investments, which in turn affects the increase of interest rates.

The third factor can be named “Infrastructure problems.” It contains problem variables: 2, 6, 7, 8, 14 and 15, and accounts for 14.266 % of variance. Infrastructure in Serbia got better in terms of quality, but there is still a lot of work to be done, especially in the domain of vehicle transportation infrastructure (i.e. roads and highways).

The fourth factor is referred to as “Lack of business training.” This factor includes problems: 9, 10 and 15. It explains 13.073 % of variance. Among a vast

Table 6 Principal component factor analysis (varimax rotation), factor loadings and communalities for problem variables

Problems	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Communality
13. Complicated business registration process	0.808					0.769
12. Complex/confusing tax structure	0.723					0.650
14. Poor roads/transportation	0.584		0.304		0.418	0.699
4. Unable to obtain long-term financial capital		0.889				0.874
3. Unable to obtain short-term financial capital		0.858				0.799
5. Too much government regulation	0.535	0.574				0.637
7. Unsafe location			0.830			0.772
6. Limited parking			0.698			0.631
8. Weak economy		0.529	0.635			0.725
2. Too much competition	0.464		0.479			0.575
10. Lack of marketing training				0.896		0.848
9. Lack of management training				0.835		0.819
1. Unreliable and undependable employees					0.746	0.615
15. Electricity problems			0.315	0.383	0.652	0.675
11. Inability to maintain accurate accounting records					0.551	0.430
Variance	2.375	2.314	2.140	1.961	1.726	
Percentage of variance	15.837	15.425	14.266	13.073	11.506	

Source: Own research

majority of Serbiens, the lack of adequate knowledge and skills has been recognized as a problem that concerns the need for technology transfer in many enterprises in order to increase their competitiveness. The inadequate qualification structure of employees and inadequate technology in Serbian enterprises was already discussed by Jaško et al. (2006).

Finally, the “Location problems” is considered to be the fifth factor. It contains problems: 1, 11, 14 and 15, and accounts for 11.506 % of variance. Location problems are the result of two previous factors “Infrastructure problems” and “Lack of business training.” Combined, these two factors are contributing to the fact that the location is also becoming an issue.

4 Discussion and Recommendations

Based on the obtained results and their comparison with empirical findings in other countries, which are presented in the theoretical part of this chapter, some valuable conclusions may be drawn. First of all, four motivational factors resulted from this research: greater business achievement, independence, intrinsic factor and job security. These factors are obviously generic worldwide. Second, seven success factors resulted from the research: position in society, interpersonal skills, approval and support, competitive product/service, leadership skills, always to be informed and business reputation. The part concerning success factors indicates a wide variety of factors affecting success of entrepreneurs. The structure of these factors is mostly determined by the situation in the local environment. Third, five factors resulted from this research, in part, concerning problems facing entrepreneurs: regulation problems, capital problems, infrastructure problems, lack of business training and location problems. After analyzing these factors, it can be concluded that basic problems affecting entrepreneurs are generic worldwide (e.g. lack of capital, inadequate personnel, etc.), but nevertheless, there are differences (i.e., factors) that primarily depend on the current situation in the local environment (e.g. inadequate infrastructure, electricity problems, inadequate education structure of local population, etc.).

Research findings of this study concerning motivation are very similar to those obtained by Benzing et al. (2009) in the survey of Turkish entrepreneurs. In fact, since it was concluded in the previous section that the two-seemingly different factors could be treated as synonyms, it may be said that the same factors are motivating Serbian and Turkish entrepreneurs. On the other hand, success factors of entrepreneurs obviously differ from the Turkish factors. This study obtained seven factors, while the Turkish investigation revealed six factors. The nature of some factors can be viewed as similar, while others are completely different. As for the problems concerns, research findings of this study are very similar to those obtained by Benzing et al. (2009) in survey of Turkish entrepreneurs. Their results discovered that Turkish entrepreneurs face also five problem factors out of which four are the same. The only difference is that in this study "Capital problems" are identified as one of five factors, while in the study of Turkish entrepreneurs, it was the "Market problems" factor.

These results provide new insights related to the factors shaping the process of entrepreneurship in developing countries, which is an important contribution on the scholarly level. In this way, this research certainly represents contributions to a small amount of empirical research on this topic in developing countries. Thus, empirical studies, such as this one, are more than welcome to bridge the gap that exists between contemporary theory on entrepreneurship and SMEs, on one side, and poor practice in developing countries, on another side. Understanding motivational and success factors, as well as problems, can be helpful for entrepreneurs and their SMEs, because it could affect the increase of the percentage of successful ventures.

It can be discussed that, besides scholars, entrepreneurs and other practitioners in developing countries could benefit from this research. It is already well known that Serbian entrepreneurs must be more actively supported by the Serbian government. The development of entrepreneurship and SMEs ought to be one of the most important objectives of every country in the world (especially in developing countries, such as Serbia) and ought to have high priority in allocating the budget expenditures. In order to facilitate economic development, it is necessary to make significant improvements in the process of institutionalization of supporting SMEs. This can be achieved by creating an environment that will facilitate development of entrepreneurship through numerous stimulating activities, such as: incentives that would facilitate cooperation of SMEs and large enterprises and the creation of clusters, establishing organizations for providing assistance to entrepreneurs (e.g. associations of entrepreneurs, government agencies for SMEs development, business incubators, industrial parks, etc.) and providing easy access to capital.

Nevertheless, this research offers specific guidelines for the development of entrepreneurs. For example, motives of entrepreneurs can be viewed as enablers for new business ventures undertaken by some individuals, which is why the knowledge of these motives ought to provide the focal point for all relevant institutions. These motives ought to be the core of communication of these institutions in order to maximize the effectiveness of the promotion of entrepreneurship. As for the success factors concerns, they represent the key factors for business venture survival. Proper authorities and institutions ought to pay attention to these factors in order to foster an appropriate climate in which numerous enterprises will be focused on mastering. The problems that resulted from this research indicate that activities must be undertaken by relevant institutions in the near future in order to remove obstacles for the development of entrepreneurship. It is necessary for these institutions to: (a) reengineer all the processes that are focused on business regulation in order to simplify and make them more efficient in terms of cycle time; (b) foster the availability of capital through the measures undertaken by the central bank; (c) increase the investments in the education system, specifically in the professional education; (d) alter the education programs in elementary and high schools (it would be wise to establish the courses that directly support the development of entrepreneurship on this level of education, such as: entrepreneurship, personal finances, etc.)

However, this research has its limitations. First of all, Serbia is a country where the lack of transparency is the main issue in the area of entrepreneurship and SMEs. The inability to obtain wanted information concerning government strategy for entrepreneurship development, direct and indirect investments in the development and sustainability of entrepreneurship, effects of those investments, etc., had its impact on this research. The second limitation concerns the size of the sample. It would be quite interesting to obtain results of similar investigations on a much larger sample, which would produce more relevant results with greater probabilities to be generalized on the whole population of SMEs in Serbia. Finally, this research did not analyze structural problems of the SMEs sector and its impact on motivational factors, success factors and problems of entrepreneurs. This kind of research would be highly appreciated and welcomed.

5 Conclusions

Entrepreneurship and the development of SMEs are, without doubt, the future of each country, especially of developing countries. This is evident, keeping in mind that two thirds of employees in the EU are from SMEs and that 99.8 % of all enterprises are SMEs. This is why entrepreneurship and SMEs are a solid foundation for growth of the economy and development. Because of their size and agility, they also represent the most dynamic and most efficient segment of the national economy of any country, regardless of the stage of its economic development.

More than ever, it is obvious that without strong SMEs, it is practically impossible for a country to achieve a solid economic position internationally. Because of their distinct entrepreneurial role, they present a solid base for improving macro-economic indicators of a country, by attracting direct foreign investments, decreasing unemployment rate, increasing gross added value, exporting activities, etc.

This is why each country ought to define entrepreneurship, as well as the creation and support of SMEs, one of its' highest economic priorities. Only by creating a highly supportive environment, in which entrepreneurship would thrive, it is possible to increase the rate of successful start-ups which would become major job providers for generations of young people to come. In order to facilitate the creation of such a supportive environment, knowledge of the motivational factors of entrepreneurs would be more than welcome. Only if the institutions in charge of creating an economic atmosphere are aware of these factors, can they make adequate actions to improve the situation.

This research has continued a series of research on the topic of motivational factors of entrepreneurs which were conducted in several countries, by using the same methodological approach (Benzing et al. 2005a, b; 2009; Chu et al. 2007; Benzing and Chu 2005). On the other side, it certainly represents contribution to a small amount of empirical research on this topic in Serbia. The reason for this evident lack of empirical investigations on entrepreneurs may be found in the fact that Serbia is a country which is still in the process of economic and social transition. Socialism did not favor private property and entrepreneurship. Thus, empirical researches, such as this one, are more than welcome to bridge the gap that exists between contemporary theory on entrepreneurship and SMEs, on one side, and early stage of entrepreneurial development in Serbia, on another side.

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<http://www.springer.com/978-3-642-36576-8>

Entrepreneurship in the Balkans
Diversity, Support and Prospects
Ramadani, V.; Schneider, R.C. (Eds.)
2013, XXXII, 377 p., Hardcover
ISBN: 978-3-642-36576-8