

Review paper

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SELF-EMPLOYMENT AND ENTREPRENEURSHIP AS A CHOICE: AN EXAMPLE OF SERBIA

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Abstract: The transition to a market economy in Serbia still hasn't created a good enough environment for entrepreneurship to flourish. Entrepreneurship is more commonly manifested as a result of the push effect- the need for work and survival, and it's success is the result of the pull effect- recognizing business possibilities and market chances. The economic crisis has further increased unwanted demographic movements, especially inside migration of younger and more educated population from rural areas to bigger cities. The only way to battle the high unemployment rate of women and the young in Serbia is to create more attractive conditions for the development of entrepreneurship. That can be accomplished by bettering the macroeconomic ambience of business as well as by funding the need for start-up capital. The first priority is to create the conditions necessary for safe and long term business development.

Key words: entrepreneurship, self-employment, young entrepreneurs, women entrepreneurs

Introduction

Entrepreneurship is very complex discipline. There is a broad agreement among the researchers that it is necessary to study many different fields in order to contribute to the knowledge body of entrepreneurship. One of the themes that is in focus of researcher's attention is a relationship between entrepreneurship and unemployment. Connecting unemployment and entrepreneurship exists since Oxenfeldt (1943) who argues that individuals who are faced with unemployment and low prospects for earnings will dedicate themselves to self-employment as a promising alternative (*push* effect). Later, researchers have observed that entrepreneurial possibilities can also be a result of *pull* effect, which is usually related to the prosperity of economy and previous successful entrepreneurial activities. Many factors that can be classified into wide categories of economic, political, technical-technological, personal etc., which affects the relations of self-employment and unemployment, were the focus of attention of the

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researchers. In the last decades, the importance of different demographic factors is observed, and in this paper we focus on age (young generation) and gender.

Studies of entrepreneurship and unemployment in different countries have shown that each country has its own specificities, from economic situation and level of development to national culture. Literature on entrepreneurship generally lacks the studies of different demographic factors by countries. In this paper, we will analyze the approach to entrepreneurship and self-employment of the young and women in Serbia. Level achieved and effects of self-employment, institutional and financial support to this process will be observed through the experiences of developed countries, as well as through comparison with practice in Serbia. The aim of this paper is to evaluate the impact of the studied demographic factors (age and gender) on relations of self-employment and unemployment in Serbia and to point to the necessity of incentives to self-employment of the young and women in Serbia.

Increase of the participation of young entrepreneurs and women-entrepreneurs and their ability to create jobs for themselves and others is important both from the standpoint of the growth of economic activities and prosperity of overall economy in Serbia and for the improvement of their general position in society. Due to big regional differences in Serbia and actuality of problems, this research has also included the regional aspect.

Methodological concept of research

Research for the needs of this paper was carried out in December 2011. The research included 101 respondents of final years of five higher education institutions in Belgrade (Faculty of Economics, Faculty of Entrepreneurial Business, Faculty of Business Studies, Belgrade Business School – High School of Professional Studies, High professional school for propaganda and public relations - Elit College). Gender structure of the sample: women – 56.4%, men – 43.6%. A condition was set for the respondents not to be older than 25. The subject of our study was the attitudes of respondents.

By studying the regional aspect for city centres, we have determined the areas that gravitate to the following cities: Belgrade, Novi Sad, Niš and Kragujevac. Everything else was territorially classified as the rest part of Serbia.

For the processing of data collected in research, we have used Chi-square test (χ^2) – method for the determination of statistical significance of differences in frequencies of respondents by variable categories in relation to the frequencies expected. In order to determine the connection between two variables, Chi-

square test was also used, as well as Pearson's contingency coefficient (C) – measure of intensity of connection between two categorical variables. Having in mind that all the tables used in processing were of equal dimensions, a direct comparison of contingency coefficients obtained for different pairs of variables is possible.

The approach to self-employment of the young and women-entrepreneurs

In world literature

Relations between entrepreneurship and unemployment are complex. Some studies find that unemployment leads to the increase of entrepreneurial activities (Reynolds, Miller & Makai, 1995, Evans & Leighton, 1990, Blau, 1987), while in other studies we observe the opposite effect, i.e. unemployment reduces the entrepreneurial activities (Garofoli, 1994, Audretsch & Firtch, 1994). Entrepreneurial possibilities are seen in antitheses of hypotheses *push* („refugee“) and *pull* (Schumpeter's) effect. *Push* effect implies situation where an individual can be encouraged to found a new company in conditions of negative work prospects (unemployment, job uncertainty). In case of *pull* effect, individual is primarily encouraged by business prospects (Ritsila & Tervo, 2002) which will most likely happen in the period of economic prosperity.

When considering the impact of entrepreneurship on employment, Audretsch et al. (2002), based on studies in OECD countries argue that increase of entrepreneurship rate has a negative effect on unemployment stressing the significance that entrepreneurship can have in reduction of employment. According to Thuriku et al. (2007), effects of self-employment and starting a small business on unemployment and vice versa are too long and we shouldn't expect rapid results. The authors suggest policy carriers that jobs creation and unemployment reduction would serve better by focusing more on innovative and high growth entrepreneurship, rather only on encouraging the unemployed to become entrepreneurs.

Certain authors (Faria, Cuestas, Mourelle, 2008; Parker, 2004) see entrepreneurship as one of the main powers of contemporary economic growth, fundamental task that affects the reduction of employees as much as possible. Such a perception is widely adopted from the part of politics creators and Government's decision makers. Literature encourages the politics creators and decision makers in Governments to promote the entrepreneurship, which should always keep the pace with the encouragement of economic growth.

Scientists have studied different demographic indicators that affect the entrepreneurship and self-employment. For the purpose of our study, we will limit on age and gender. When it comes to the young, studies show that unemployment rate of the young tends to be significantly above the unemployment of middle-aged people. According to Blanchflower and Oswald (2007), younger than 25 (in 32 European countries plus the USA) prefer the self-employment in relation to the older than 25 (only in two Scandinavian countries and the USA, the situation was reversed). However, in all the countries examined rates of self-employed younger than 25 were much less. As a main reason for such a situation, authors mention the lack of capital.

According to Startiene and Remeikiene (2009), the young people are willing to assume the risks, but they do not have financial resources, or specific business experience. Older generations have more possibilities to start independent business due to more efficient use of accumulated experience and expertise, supported by skills and financial stability. According to Aldrich (1999), age is strongly and positively correlated with work experience, encouraging the development of entrepreneurial skills and attitudes. According to success in business in relation to the age, results of the studies are different. Cressy (1996) points out the role of entrepreneur's human capital, particularly the age of entrepreneur and suggests the model which assumes that probability of the survival of the new company is a growing function with the age of entrepreneurs. However, research such as Harade (2003) carried out in Japan, finds that young entrepreneurs tend to be more successful. Findings of the studies such as this one are significant, among other things, for encouraging the young to become entrepreneurs.

The second important demographic indicator to which we dedicate our attention in this paper refers to female entrepreneurship. According to OECD (2004), female entrepreneurship is an important, unused source of economic growth. Female entrepreneurship creates new jobs for it and others and also provides a society with different solutions for management, organization and business problems, as well as the studying of entrepreneurial possibilities. However, women are still a big minority of all the entrepreneurs. In compliance with *Global Entrepreneurship Monitor* (GEM), world database for all the countries that take part in GEM, entrepreneurial activities are lower for women than men (GEM base, Minniti, Arenius, Langovitz, 2005). As Becker (1993) points out that it is traditionally believed for women that they are lower level of human capital, because they are more part-time hired or because they abruptly stop to work when they get children (Becker, 1993). According to Startiene & Remeikiene (2009), lower status of women still tends to be based on feminism

and discrimination theories, explanation of the existing phenomena within historically formed stereotypes and difference between male and female nature.

Situation in Serbia

Unemployment is one of the key problems in Serbia. The existing economic activities and slowed down rate of gross domestic product in the republic do not provide the increase of employment. Comparing the unemployment rates for three years back, according to the data of the Statistical Office of the Republic of Serbia, total number of unemployed is increased which matches the situation of global economic crisis (table 1)

Table 1. 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
2011	23.7

Source: Statistical Office of the Republic of Serbia (2012)

In accordance with global tendencies, in Serbian scientific public and among the creators of political decisions, entrepreneurship is seen as a key factor of growth and generator of employment. The more because *entrepreneurship can release the economic potential of the young people and to be the source of employment and development and simultaneously to increase their economic independence* (Vuković, 2009, 139).

Government of the Republic of Serbia has adopted the Strategy of poverty reduction (2003) where the development of entrepreneurship is marked as a significant element of economic growth of Serbia and poverty reduction, and self-employment and *start up* are defined as key segments of entrepreneurship development. In National strategy of sustainable development (2008), development of competitive market economy and balanced economic growth are marked as one of the priorities, where among the main activities for their

achievement there are development of small and medium enterprises, encouragement of innovations and promotion of entrepreneurship.

Government of the Republic of Serbia has also adopted the Strategy for developing competitive and innovative small and medium enterprises for the period 2008 – 2013. Strategy (2008) is based on five pillars:

- Pillar 1 refers to potential entrepreneurs, conditions for establishing a enterprise and encouraging the development of micro enterprises within the SME sector.
- Pillars 2-4 determine specific forms of supporting SME for growth and development, i.e. transformation of micro towards small and small towards medium enterprises. Pillar 2 refers to the improvement of managerial skills, pillar 3 to the improvement of financing and taxation, and pillar 4 to the promotion of exports and innovations.
- Pillar 5 is aimed at the improvement of general business environment, regardless of the size of enterprise.

However, in addition to widely proclaimed support to entrepreneurship, in comparison to other countries in transition, Serbia is not so successful in creation of new business and new workplaces. Share of self-employment in employment out of agriculture is about 5% in Serbia, while it is more than 10% in Slovenia, Hungary, Poland and Czech Republic, and about 14% in countries of OECD and EU-15 (Brkanović et al., 2007).

Observed for the last three years, movements of the number of micro, small and medium enterprises in Serbia according to data of the National agency for regional development are given in Table 2.

The National Agency for Regional Development collects and processes the data and publishes them in annual Reports on Small and Medium-sized enterprises and entrepreneurship in compliance with the Eurostat methodology by combining the data bases of SME sector from different sources: Statistical Office of the Republic of Serbia, Serbia Business Registers Agency, Tax Administration, etc. Due to the complexity of methodology and because of the combining data from different sources, the Reports for a certain year are published in the last quarter of the following year. The data has been collected this way since 2008.

Self-employment and entrepreneurship as a choice: an example of Serbia

Table 2. Number of enterprises and number of employees for the last three years in Serbia

Republic of Serbia		Micro		Small		Medium	
		Value	%	Value	%	Value	%
2008	Number of enterprises	290 359	95.7	10 415	3.4	2 675	0.9
	Number of employees	444 158	47.2	214 136	22.8	281 865	30.0
2009	Number of enterprises	302 484	96.1	9 873	3.1	2 470	0.8
	Number of employees	412 457	47.3	200 954	23.0	259 129	29.7
2010	Number of enterprises	306 669	96.3	9 614	3.0	2 257	0.7
	Number of employees	385 440	47.3	194 450	23.9	234 695	28.8

Source: National agency for regional development (2009, 2010, 2011)

As it can be seen from the table, the number of small and medium enterprises was reduced in the last three years, while the number of micro enterprises was increasing. However, in all three categories of enterprises, the number of employees has dropped.

Overall economic environment for entrepreneurship in the Republic of Serbia is unfavourable. Macro economic conditions for business in Serbia in recent years are determined by inherited economic structure from pre-transition period, economic policy after the year 2000 and consequences of the global economic crisis. Economic system of Serbia is burdened by structural discrepancies, obsolete technology, high manufacturing costs, inefficiency, low investment level and small exports. Country's debts are enormous for the economy of such capacity, and the created monopoly structure of big trade chains has additionally caused high illiquidity of economic subjects. In such conditions, entrepreneurship climate in Serbia is deteriorated, which is also pointed out by the research of *Global Entrepreneurship Monitor* (GEM), according to which index of total entrepreneurial activity of Serbia in 2009 is 4.9 and it shows that among 100 adult persons, less than 5 persons are entrepreneurially active, while this indicator in 2008 was 7.6 (GEM, 2010).

Business of economic subjects in Serbia is burdened by extremely high tax liabilities. A special problem that seems destimulative to starting own business, and thus to employment as well is the information that taxes and contributions on workers' earnings are 65%. In addition to various tax forms that are established on republic (VAT, property tax, income tax) and local level (tax on a firm, compensation for construction land), a big part of economy is developed

out of the control of tax bodies, i.e. in so-called grey economy. Reform of tax system is necessary in order to stimulate the activities that create value added also for business in devastated areas, which contributes to the employment of young people.

Adequate financial support to entrepreneurship implies a wide range of loans that are characterized by flexible conditions adapted to the needs and business activities of entrepreneurs. In addition to the height of interest rates, condition necessary is harmonization of lending period with time duration of business cycle or project. For investment loans such as purchase or construction of business space and equipment, appropriate grace period is also necessary. Bank loans in Serbia are too expensive for starting entrepreneurial activity, and financial support of state institutions is insufficient (Fund for development, incentives for self-employment, local bodies). In order to help the beginners in business, the country has introduced programmes of *start up* lending with payment deadline up to five years in 2007. Until 2010, 9 billion dinars were placed, and for 2011 one billion is predicted (Fund for development, 2011).

Due to limited institutional capacities in Serbia, necessary reform of public sector wasn't performed in the aspect of depolitization and professional management of public companies and state institutions. An overall regulation reform (ORR), announced for so long, and has never practically lived. According to the study of National alliance for local economic development (2010), small and medium enterprises and entrepreneurs are often left at the mercy of administration and obstacles of bureaucratic nature. Big problem are bureaucrats who control procedures and make them complicated, because complicated procedures are a source of their influence, especially when they *go hand in hand* with the possibility of arbitrary decision-making. A special problem is in particular activities (construction-obtaining building permit etc.), which significantly influences the inflow of foreign and domestic investments to those activities. Big obstacle is a discrepancy of domestic regulations and legislation of EU (undefined property over construction land), as well as tardiness and inefficiency of entire judicial system.

In existing conditions of economy in Serbia we cannot expect better results when it comes to self-employment of the young and women. Structure of administrative unemployment by the age is given in table 3 according to the data of National employment service (NES) из 2010.

Table 3. Administrative unemployment according to the age

Age		%
15 to 24	101 601	13.93 %
25 to 34	197 813	25.75 %
35 to 44	171 597	23.64 %
45 to 54	172 457	23.66 %
55 to 65	95 052	13.13 %
Total	729 520	100 %

Source: National employment service (2010)

Data in table are given in relation to overall administrative unemployment, i.e. they are based on data on registered unemployed persons that are registered at the NES. According to the Survey on labour that is conducted in accordance with standards of International Labour Organization (ILO), unemployment rate of the young in 2010 was 46.1% (NES, 2010). With the young, work in grey economy is rather expressed, as well as accepting of jobs below the qualifications that they own (NES, 2010).

According to the study on the employment of the young and migrations in Serbia (Vladislavljević et al., 2010), entrepreneurship is worth more as a result of *push* effect, i.e. need for work and survival, and less and a result of *pull* effect, i.e. recognition of business possibilities and opportunities in the market. Young unemployed people have less access to business information and much worse or none access to resources, including ownership over capital, land and real estate. In Serbia, grant programmes without guarantees, for beginners for starting their own business, are not yet developed sufficiently. The most significant mechanisms of support to private sector are the funds of the Fund for development. Over the last three years, young entrepreneurs had the priority in obtaining these loans (however, the information of precise number of the young who have used the funds of Fund for development is not available, since the Fund does not publish such data).

According to the data of National employment service (2011) of the total number of unemployed registered in the end of 2010, 52.69% are women. Of the total number of unemployed persons registered at the National employment service, the majority are women aged from 25 to 29 – 14.5 %. Data on employment rates by the age and gender are given in table 4.

Table 4. Employment rate in Serbia by the age and gender (2009)

Employment rate		Age 15-19	Age 20-24	Age 25-30	Age 30-65
Gender	Male	52.1	61.6	75.4	88.0
	Female	35.4	51.6	70.8	84.7

Source: Republican Bureau of Statistics

Although female entrepreneurship is widely promoted by public and private organizations, according to Government's data in Serbia women are owners or have a share in ownership in 25% of all economic entities, and in 17% of companies in Serbia women are simultaneously owners and managers. Key findings of the research carried out by *Global Entrepreneurial Monitor* (GEM) point to the fact that, observed by the gender, in Serbia entrepreneurial (LEDIB, 2010). In the early phase of entrepreneurial activity, readiness of women to activate in business is 5.06%, and for the men 12.11%. However, the situation often changes in Serbia and the number of female entrepreneurs increases, particularly in urban environments. Different motives drive women to become entrepreneurs out of economic reasons to the desire for proving their creative abilities out of the traditional framework.

Serbia is a country of big regional differences. Regional disproportions in the level of development in Serbia are higher in Europe. Of 150 municipalities, 46 are in the group of extremely undeveloped, with the development level below 60% of the republican average. Of that number, 27 local self-governments are included into devastated areas and their development level is below the half of country's average.

Regional differences are clearly observable from economic characteristics of different regions, urban centres and rural areas. According to the data from 2006, the city of Belgrade had 21% of the total number of republican population employed 29.6% of population, and it participated with 25.6% in the creation of national income of processing industry and more than a half of highly educated workers were employed in Belgrade. On the other hand, in undeveloped parts of central Serbia (Toplički, Jablanički and Pčinjski district, Old Ras) 8% of all workers were employed, which has contributed only 5% of national income of processing industry. As one of the problems of undeveloped areas in Serbia, above average lack of entrepreneurial initiatives is observed. (National strategy of economic development of the Republic of Serbia, 2006). According to one study of the evaluation of poverty in Serbia for 2006 (Krstić, Sulla, 2007), poverty is more significant more in case of rural than in case of urban population (13.9% as opposed to 5.2%). The relationship of rural towards urban poverty has increased in the period 2002-2006 from 1.8 to 2.7. About two thirds of poor population has lived in 2006 in rural areas.

According to Radović et al. (2011), the worst regional trends of the employment of the young are recorded in economically the least developed areas, so that average earnings and standard in them are the lowest. Regional disparities have

affected the migrations of the young from the rural into urban environments that have the highest potential for the development of economy. Population in undeveloped areas in Serbia is reduced, and migrations from those areas into developed areas do not stop. According to the first data from the last census in Serbia held in 2011, the number of population was increased in only 22 municipalities in Serbia and mostly in cities, in Belgrade (11 Belgrade municipalities), Novi Sad, Niš, Kragujevac, Novi Pazar (Republican Bureau of Statistics, 2011).

Results and Discussion

In sample studied there were more female persons - for more than 10% (figure 1). There is no statistically significant difference in the number of respondents who plan and who do not plan to become entrepreneurs (figure 2 and figure 4) (Chi-square=0.485; df=1; N=101; p=0.486).

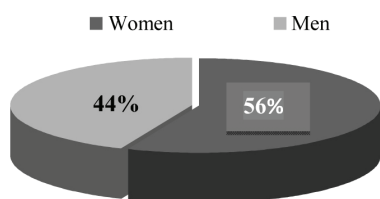


Figure 1. Gender structure of the sample

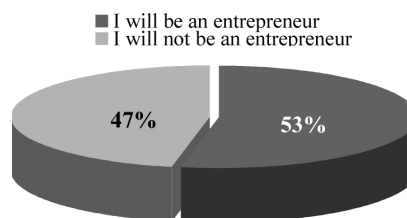


Figure 2. Professional plans of respondents

Gender has no influence on professional choice of respondents related to entrepreneurship, i.e. there is no connection between respondents' gender and the fact whether he plans to become entrepreneur (Chi-square=1.955; df=1; N=101; p=0.162). Most respondents would start entrepreneurial undertaking in (figure 3):

- city centre (Belgrade, Novi Sad, Niš, Kragujevac) – 78.2%
- rest part of Serbia – 21.8%, (figure 3), (Chi-square = 32.168; df=1; N=101; p<=0.001).

In addition, there is no connection between the respondents' gender and the fact whether he would start entrepreneurial undertaking in city centre or in the rest of Serbia (Chi-square=2.758; df=1; N=101; p=0.097).

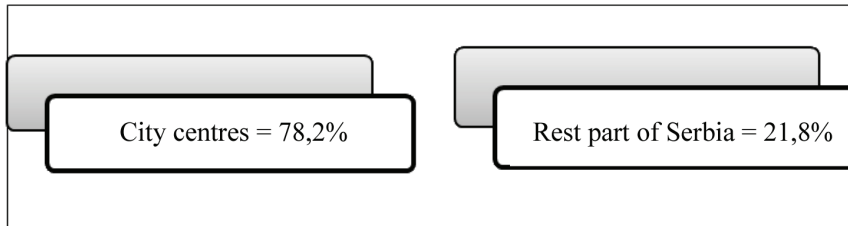


Figure 3. Regional aspect of starting entrepreneurial undertaking

When it comes to special obstacles for women in order to deal with entrepreneurship, 30.7% of respondents believe that there are such difficulties and 69.3% negates them (figure 4). This difference is statistically significant because the majority of respondents believe that there shouldn't be any special obstacles for women (Chi-square=15.059; df=1; N=101; $p \leq 0.001$).

On the other hand, there is connection between that gender and the fact whether respondent believes that there are special obstacles for women, i.e. whether respondent believes there are special obstacles for women or not, it does not depend on his gender (Chi-square=8.011; df=1; N=101; $p \leq 0.005$; C=0.271; $p \leq 0.005$).

For example, 42.1% of women believe that there are certain obstacles and 57.9% think that they do not exist. When it comes to men, 15.9% think that the obstacles exist and 81.4% that they do not exist.

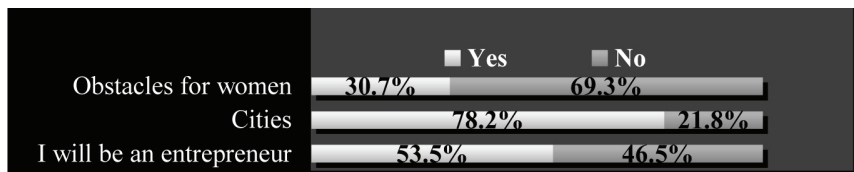


Figure 4. Combination of different indicators

Factors that influence self-employment, particularly of the young and women in Serbia are:

- Economic environment
- Manner of obtaining initial capital
- Taxes and tax system
- Bureaucratic obstacles.

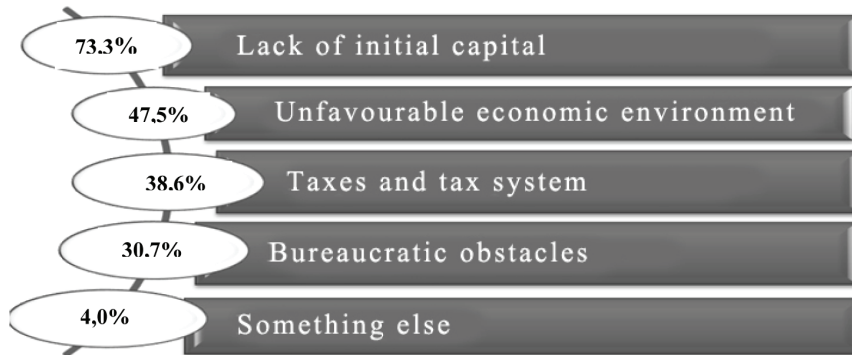


Figure 5. The biggest obstacles to self-employment of the young and women

In the same way, those are the greatest problems towards the study as well (figure 5). There is a connection between the fact whether a respondent plans to become an entrepreneur and the fact whether he believes that the lack of initial capital is a problem (Chi-square=4.233; df=1; N=101; $p \leq 0.05$; C=0.201; $p \leq 0.05$). 64.8% of those who plan to become entrepreneurs and 83% of those who do not plan it believe that it is a problem.

There is a certain connection between the fact whether a respondent plans to become an entrepreneur and whether he believe that taxes and tax system are a problem (Chi-square=3.664; df=1; N=101; $p \leq 0.05$; C=0.187; $p \leq 0.05$). 38.9% of respondents who plan to become entrepreneurs and 21.3% of respondents who do not plan it believe that taxes are a problem.

There is no connection between whether a respondent plans to become an entrepreneur and whether he believes bureaucratic obstacles are a problem (Chi-square=2.490; df=1; N=101; $p=0.115$). Similarly, there is no connection between those that plan to become entrepreneurs and those that believe that unfavourable economic ambient presents a problem (Chi-square =1.777; df=1; N=101; $p=0.183$).

Conclusion

One of the key ways to overcome high unemployment in Serbia can be found in self-employment and entrepreneurship. Although, it can be said that there have been certain efforts in entrepreneurship promotion in Serbia, they are not enough. One of the reasons is that the promotion resulted in *push* effects that are more egzistential than progressive. However, it should be more concentrated on

pull effect, induced by economy prosperity creating entrepreneurial opportunities.

Current, very unfavourable business climate in Serbia, beside the accompanying global economic crisis, is not stimulative for entrepreneurship and self-employment. However, in spite of the situation, more than a half (53.5%) of educated, young respondents confirmed that they want to become entrepreneurs. That is in compliance with the opinion of Blanchflower and Oswald that the youth prefer self-employment. The attractiveness of entrepreneurship as the only career path is not questionable which confirms opinions in literature about entrepreneurship as an important source of employment (Audretsch et al, 2002; Vuković, 2009).

According to the research data, a considerable majority of respondents, 73.3%, specified the lack of capital as the main obstacle to self-employment, which is in compliance with the research of Blanchflower and Oswald. Although the unfavourable economic ambient was ranked as the second with 47.5% respondents, there are a significant difference between these two factors. This is an important result and it signifies that many would become entrepreneurs despite unfavourable economic ambient, if they had necessary capital. Policy makers and high-level government decision makers should create conditions and find out ways to make easier access to necessary capital for the youth.

The taxes and tax system, as well as bureaucratic obstacles, were the responses of about a third of the respondents (38.6%, i.e. 30.7% respectively) which presents a significant share and means that in future the efforts should be directed towards improvement, i.e. certain tax policy changes and eliminating and reducing unnecessary bureaucratic obstacles.

The research has shown that sex of respondents does not influence their decision to become entrepreneurs. This means that young, educated female population prefers entrepreneurship to the same extent as male population, which is not in compliance with the current situation in Serbia where the number of female entrepreneurs is considerably smaller comparing to the number of male entrepreneurs (only a fourth), but also comparing to the countries with data in GEM database (Minniti et al, 2005). When it comes to obstacles, more than two thirds of respondents think that there are no significant obstacles which would disable women in their entrepreneurial endeavours, but when it comes to sex, 42.1% women consider that there are some obstacles. The results show that significant percentage of respondents think that there are some obstacles and that they should be overcome. It is also necessary to overcome stereotypes and

rooted assumptions on the roles of male and female professions, promote female entrepreneurship, support female entrepreneurial activities and networks.

What the research result shows is the utmost attractiveness of towns comparing to the rest of Serbia, since 78.2% respondents replied that they would start an entrepreneurial endeavour in a town. The respondents' attitudes are in compliance with the data on Serbia as a country of great regional differences and migrations from rural areas to urban areas, the census results that show the population increase in big cities and the reduction in all other parts of Serbia (Statistical Office of the Republic of Serbia, 2011) and literature (Радовић et al 2011; Крстић, Sulla 2005). Policy creators and government decision-makers should work towards reducing regional differences and better attractiveness of rural areas and small towns, including numerous stimulative measures that would support the attractiveness of these areas and the development of entrepreneurship.

Supporting the self-employment of the young and women would have to be one of the generators of economy as a whole. It should always be taken into consideration when adopting different strategies, guidelines, recommendations for which it is not important to be only declaratively adopted. In the same way, it is also significant for them to be essentially implemented and supported.

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