

SMALL, MEDIUM AND MICRO TRADE ENTERPRISES IN THE SERBIAN ECONOMY

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Abstract: *The paper analyses small, medium and micro trade enterprises, including entrepreneurship, in the Serbian economy in the period from 2000 onwards. The paper emphasizes the importance and the advantages and disadvantages of small, medium and micro enterprises in relation to large enterprises. Using the methods of analysis, comparison and synthesis the paper researches the role and position of small, medium and micro trade enterprises versus large trade enterprises in the Serbian economy. It shows the contribution of small, medium and micro enterprises to Serbian trade and the features and changes of their role which happened in the observed period. Therefore the paper is relevant to economic researchers especially those researchers interested in trade-related issues as well as small, medium and micro enterprises related issues.*

Keywords: *small enterprises, medium enterprises, micro enterprises, trade, Serbia.*

1. INTRODUCTION

There is no generally accepted or universally agreed-on definition of small business. Size standards are basically arbitrary, adopted to serve a particular purpose. For example, the definition of a small business by the U.S. Small Business Administration varies depending on the industry, but the criterion of 500 employees is the starting point and it defines a small business as having fewer than 500 employees. So, understanding a small business is dependent on our definition of small and the firm's growth potential. [1]

According to Art. 6 of the Serbian Law on Accounting, legal entities and entrepreneurs in Serbia are classified into micro, small, medium and large legal entities, depending on the average number of employees and business income in the business year and the value of total assets determined on the balance sheet date of the regular annual financial report. Micro legal entities include those legal entities and entrepreneurs that do not exceed the limit values of two of the following criteria on the balance sheet date: 1) average number of employees ten; 2) operating income of EUR 700,000 in RSD equivalent; 3) the value of total assets on the balance sheet date of EUR 350,000 in RSD equivalent. Small legal entities are those legal entities and entrepreneurs that on the balance sheet date exceed the limit values of the two criteria referred to in paragraph 2 of this Article, but do not exceed the limit values of two of the following criteria: 1) average number of employees 50; 2) operating income of EUR 8,000,000 in RSD equivalent; 3) the value of total assets on the balance sheet date of EUR 4,000,000 in RSD equivalent. Medium-sized legal entities are those legal entities and entrepreneurs that on the balance sheet date exceed the limit values of the two criteria referred to in paragraph 3 of this Article, but do not exceed the limit values of two of the following criteria: 1) average number of employees 250; 2) operating income of EUR 40,000,000 in RSD equivalent; 3) the value of total assets on the balance sheet date of EUR 20,000,000 in RSD equivalent. Legal entities and entrepreneurs that exceed the limit values of the two criteria from paragraph 4 of this Article on the balance sheet date are classified as large legal entities. [2]

Trade enterprises can be defined as an economic entity or organization that mediates in the exchange of products and money between producers i.e. suppliers and buyers i.e. consumers. A trading company can also be defined as a complex system of organizing resources and processes which operates in a dynamic and multi-conditioned environment with the aim of creating new economic values for its owners and for the consumers themselves [3].

The paper researches the role and position of small, medium and micro enterprises (SMEs) including entrepreneurship (SMEEs), versus large ones in Serbian trade in the period from 2000 onwards. Through the following sections, emphasizing the importance and advantages and disadvantages of small, medium and micro enterprises in relation to the large ones, the paper will show the contribution of small, medium and micro enterprises, including entrepreneurship, in relation to large ones to Serbian trade and the features and changes of their role which happened in the observed period.

2. THE IMPORTANCE OF SMEs AND ADVANTAGES AND DISADVANTAGES OF SMALL TRADE ENTERPRISES OVER LARGE ONES

The importance of small, medium and micro enterprises (SMEs) is manifold. SMEs provide new jobs; absorb surplus labor from large systems; introduce innovations as they are carriers of new ideas and innovations; encourage competition; assist large enterprises as suppliers and distributors; contribute to more efficient business and cost reduction on both sides by cooperating with large companies, thus affecting the improvement of the competitive position of the national economy; achieve efficient production of products or provision of services; accelerate local economic development and contribute to a more diverse economic structure of the country and its dynamism.

SMEs play a significant role in the economies of almost all countries, as shown by a number of indicators (Table 1), such as number of enterprises, number of employees and gross value added (GVA). In most countries, in the Serbian economy as well, SMEs make up over 99% of the total number of companies, employ over 60% of the total number of employees and generate more than 50% of GVA (Table 1).

Table 1: Business indicators of SMEs in the EU, the region's countries and Serbia

Country	Year	Number of enterprises (000)	Number of employees (000)	GVA (EUR, billion)	Number of workers per enterprise	GVA per worker (EUR, 000)	SMEE participation in the non-financial sector		
							Number of enterprises	Employment	GVA
EU-28	2017	24.291,4	94.599,4	4.045,4	3,9	42,8	99,6	65,1	57,4
	2016	23.172,3	91.738,8	4.045,4	4,0	44,1	99,8	66,8	57,4
Bulgaria	2017	339,8	1.491,3	17,3	4,4	11,6	99,8	74,7	63,1
	2016	336,0	1.467,7	15,7	4,4	10,7	99,8	74,8	63,3
Croatia	2017	148,9	707,6	14,1	4,8	19,9	99,7	69,1	60,6
	2016	147,5	692,3	13,5	4,7	19,5	99,7	69,4	61,4
Hungary	2017	569,1	1.869,7	34,4	3,3	18,4	99,8	68,9	53,9
	2016	551,2	1.860,4	30,3	3,4	16,3	99,8	69,6	53,5
Romania	2017	483,6	2.609,3	23,1	5,4	8,9	99,7	64,9	34,6
	2016	465,6	2.600,1	31,9	5,6	12,3	99,6	65,4	52,8
Slovenia	2017	141,9	455,6	14,4	3,2	31,7	99,8	72,5	64,1
	2016	138,9	440,7	13,3	3,2	30,2	99,8	72,9	64,6
Serbia	2018	375,8	917,1	12,6	2,4	13,7	99,9	67,8	60,8
	2017	357,2	873,5	10,9	2,4	12,5	99,9	66,0	56,7
	2016	340,1	837,5	9,9	2,5	11,8	99,9	65,7	56,2

Source: [4].

Larger and smaller trading enterprises do not face the same problems in business. Also, on different bases, they realize different advantages and disadvantages in their business. Both can achieve advantages on certain grounds as well as disadvantages. Smaller trading enterprises can most often benefit from larger ones on the following grounds: (a) smaller trading enterprises have fewer conflicting operational and development goals. Their organizational structure is less complex, and their number of employees is smaller. Usually, individual goals are compatible with the goals of a small trade enterprise, as opposed to large trade enterprises with a more complex organizational structure, a larger number of organizational units, a larger number of employees and a larger number of different individual goals; (b) smaller market areas, with less solvent demand, are most often suitable for smaller trading enterprises; (c) the characteristics of the products themselves sometimes mean that smaller trading enterprises have an advantage, especially those products to which the consumer is accustomed and products that involve a significant amount of personal services; (d) have greater flexibility and ability to adapt to market conditions; (e) be able to have more direct and intimate contact with consumers, allowing them to see more accurately current and future consumer needs and requirements; (f) are able to operate with lower overheads, which creates certain reserves for them to differentiate the "supply package" according to selected market segments; (g) certain advantages are manifested in their growth potential. At a certain stage of growth, they may gain more or lose less than larger trading enterprises; (h) can more precisely define the narrower segment of consumers, and this is mainly in geographically isolated narrower urban and rural areas. Of particular importance here are consumers with pronounced seasonal fluctuations in demand (such as seasonal purchases, tourist spending, recreation, shopping during travel), as well as consumers who have preferences for small family businesses in the service sector. [3]

These advantages are accompanied by the weaknesses of small compared to large trading enterprises. Smaller trade enterprises are not protected from the competition of larger ones, which, in modern conditions, are increasingly gaining an international character. Economically, it is quite clear that it is almost impossible for small trading enterprises to

compete successfully with larger trading enterprises in mass market areas. While in these areas, large firms supply a larger number of market segments, smaller firms supply only one narrower segment. Multi-affiliate enterprises are in the most favorable position. One of the most common limiting factors for small businesses is scarce capital. That is why they are not able to develop their network in more markets or to develop marketing activities more widely. In addition, the average operating costs of small trading enterprises are usually higher compared to large trading enterprises, because they are not able to use the effects of economies of scale. The shortcomings are also manifested in the field of innovation, where smaller trade enterprises mostly take over innovations from larger ones, because they do not have a developed material or personnel base. There is an opinion that "there is no competition between big and small, there is competition between big and big, as well as between small and small" [5]. Small stores can be positioned in the market if they take into account the location. The most important thing is to be as far away from the hypermarket as possible. In large stores it is all in one place and often at prices significantly lower than those in smaller stores. That is why it is important that small stores are as far away from large stores as possible [6].

3. FINDINGS

According to the latest available data (which are data for 2018) in the non-financial part of the Serbian economy, in 2018, there were 376,382 business entities, which is 18,627 (+ 5.2%) more than in 2017. Almost the entire number of economic entities belongs to the sector of small and medium enterprises and entrepreneurs (SMEEs), in which 375,842 economic entities operated, which generated RSD 1,573.8 billion of gross value added and employed 945,783 workers (Table 2). Gross value added (GVA) of the SMEE sector has grown significantly in recent years, so that the level of GVA exceeded the value from 2008. The growth of gross value added was accompanied by the growth of employment, so that the employment of this sector slightly exceeded the level of 2008 [4]. The sector of small and medium enterprises and entrepreneurs (SMEEs) is an extremely important segment of the Serbian economy: it accounts for 99.9% of total active enterprises, employs 2/3 of employees in the non-financial sector, generates 60.8% of GVA of the non-financial sector, 42.3% of non-financial sector exports and 58.7% of non-financial sector imports (Table 2).

Table 2: Business indicators of SMEEs and large enterprises in the Serbian economy

	SMEEs		Large enterprises		Total		Share of SMEEs (%)	
	2017	2018	2017	2018	2017	2018	2017	2018
Number of enterprises	357.234	375.842	521	540	357.755	376.382	99,9	99,9
Number of employees	873.462	945.783	449.963	478.630	1.323.425	1.395.746	66,0	67,8
Turnover (RSD, million)	7.164.098	8.016.252	3.763.035	4.027.617	10.927.133	11.779.287	65,6	68,1
GVA (RSD, million)	1.325.728	1.573.802	1.014.194	1.101.798	2.339.922	2.587.996	56,7	60,8
Export (RSD, million)	716.645	803.619	1.095.675	1.168.657	1.812.321	1.899.294	39,5	42,3
Import (RSD, million)	1.256.385	1.489.994	1.048.062	1.168.147	2.304.447	2.538.056	54,5	58,7

Source: [4].

The structure of the SMEE sector is dominated by micro enterprises, of which there are 362,106 (this number also includes entrepreneurs) with a share of 96.3% in total number of SMEEs. According to the form of organization the most numerous are entrepreneurs which there are 272,969 that are 72.6% of the SMEE sector and limited liability companies which there are 97,473 that are 25.9% of the SMEE sector (Table 3 and Table 4).

Table 3: Number and structure of economic entities in the non-financial sector, 2018

Organization form	SMEEs	Large enterprises	Total	
	Number	Number	Number	Structure (%)
Enterprises	102.873	540	103.413	27,5
Entrepreneurs	272.969	-	272.969	72,5
Total	375.842	540	376.382	100,0
Structure (%)	99,9	0,1	100,0	

Source: [4].

Table 4: Number and structure of economic entities in the SMEE sector, 2018

Organization form	Micro	Small	Medium	Total	
	Number	Number	Number	Number	Structure (%)
Enterprises	89.137	11.219	2.517	102.873	27,4
Joint Stock Company (JSC)	809	184	171	1.164	0,3
Limited Liability Company (LLC)	84.736	10.621	2.116	97.473	25,9
Other	3.592	414	230	4.236	1,1
Entrepreneurs	272.969	0	0	272.969	72,6
Total	362.106	11.219	2.517	375.842	100,0
Structure (%)	96,3	3,0	0,7	100,0	

Source: [4].

Observed by size of enterprises, as in previous years, small and medium enterprises dominate on SMEE sector by all observed indicators, so that 13,736 enterprises generate 52.8% of SMEE employment, 61.7% of SMEE turnover, 60.1% of SMEE gross value added (GVA), 77.9% of SMEE exports and 77.9% of SMEE imports (Table 5).

Table 5: Business performance indicators of the SMEE sector by size of enterprise, 2018

	Micro		Small		Medium		SMEEs	
	value	%	value	%	value	%	value	%
Number of enterprises	362.106	96,3	11.219	3,0	2.517	0,7	375.842	100,0
Number of employees	432.968	47,2	225.030	24,5	259.118	28,3	917.116	100,0
Turnover (RSD, million)	2.963.367	38,2	2.312.610	29,8	2.475.694	31,9	7.751.671	100,0
GVA (RSD, million)	592.398	39,9	394.477	26,5	499.324	33,6	1.486.198	100,0
Employment per enterprise	1,2	-	20,1	-	102,9	-	2,4	-
Earnings per employee (RSD, thousand)	861,1	-	1.034,6	-	1.190,4	-	1047,5	-
Turnover per enterprise (RSD, million)	8,2	-	206,1	-	983,6	-	20,6	-
GVA per enterprise (RSD, million)	1,6	-	35,2	-	198,4	-	4,0	-
Export (RSD, million)	161.808	22,1	194.158	26,6	374.671	51,3	730.637	100,0
Import (RSD, million)	302.727	22,1	497.868	36,3	569.315	41,6	1.369.909	100,0
Commodity balance (RSD, million)	-140.919	22,0	-303.710	47,5	-194.643	30,4	-639.272	100,0
Export/import ratio		53,5		39,0		65,8		53,3

Source: [4].

In the period 2008-2018 the number of SMEEs increased by 23.9%, which is 72,393 enterprises. Within that, the number of entrepreneurs increased by 27.1% (which is 58,150 enterprises), micro enterprises by 18.0% (which is 13,597 enterprises) and small enterprises by 7.7% (which is 804 enterprises) while the number of medium enterprises decreased by 5.9% (which is 158 enterprises). The number of large enterprises decreased by 4.9% (that is 28 enterprises) in the observed period. [4]

The sectoral concentration of SMEEs is unchanged compared to previous years: Trade and Manufacturing have dominated in all indicators of business performance. [4]

When it comes to the trade sector of Serbia, it is noticed that the development of the Serbian trade sector in the previous two decades was more intensive in relation to the development of the overall Serbian economy. From 2002 to 2014, the gross value added (GVA) of Serbian trade grew at an average annual real rate of 8.0%, which is a significantly faster growth compared to the total Serbian economy. [7]

In the structure of trade enterprises by number, smaller economic entities predominate, so that in the trade sector of Serbia micro enterprises are the most numerous. [6]

The structure of trade economic entities by size in the Serbian economy, observing only enterprises, is characterized by the dominant share of micro enterprises of 90.37%, on the basis of which a wrong conclusion could be drawn about the advanced concentration. However, when we look at the cumulative share of micro enterprises and entrepreneurs in the total number of trade economic entities (11.86% + 86.88% = 98.74%), it is clear that the concentration is still in its infancy (Table 6).

However, if we look at the aggregate share of medium and large enterprises (0.18% of the total number of enterprises and entrepreneurs in trade), it can be argued that the share of the smallest economic entities in the Serbian trade is overemphasized (Table 6).

Table 6: Structure of Serbian trade economic entities by size, 2013

	Number of wholesale, retail and motor vehicle companies	Share (%)	Number of enterprises and entrepreneurs	Share (%)
Micro	30.324	90,3	30.324	11,86
Small	2.776	8,27	2.776	1,09
Medium	387	1,15	387	0,15
Large	67	0,20	67	0,03
Entrepreneurs		0	222.152	86,88
Total	33.554	100	255.706	100,00

Source: [7].

There is a tendency for the total number of registered enterprises in Serbian trade to decline. It is characteristic that the number of smaller enterprises is declining, and the number of the largest enterprises is growing. [6]

In the period 2007-2013 there is a downward trend in the number of registered enterprises in the trade of the Republic of Serbia. In this period, the total number of enterprises in the economy of the Republic of Serbia increased by 13.0%. However, the number of registered enterprises in the trade of the Republic of Serbia has decreased. According to official statistics in 2013, there were 33,554 enterprises compared to 34,205 enterprises in 2007 (which is a decrease of 651 enterprises, i.e. 1.9%). In the total number of enterprises in the Republic of Serbia, the share of trade enterprises in 2013 was 38.3% compared to 44.2% in 2007. [7] It is characteristic that the number of smaller enterprises is declining, and the number of the largest enterprises is growing. In the observed period from 2007 to 2013, the number of micro enterprises decreased by 511 or 1.7%. In the observed period, the number of small enterprises decreased by 102 or by 3.5%, as well as medium-sized enterprises by 40 or by 9.4%. On the other hand, the number of large enterprises increased by 2 or 3.1%. [7] These trends indicate the beginning of the process of consolidation of economic entities in the trade sector.

However, in the structure of trade enterprises by number, smaller economic entities still predominate. Micro enterprises (up to nine employees) were the most numerous in 2013 and they included 30,324 micro enterprises, i.e. 90.4% of the total number of enterprises in the trade of the Republic of Serbia. The number of small enterprises (from ten to 49 employees) was 2,776 (8.3%), medium (from 50 to 249 employees) 387 (1.2%), and large (over 250 employees) 67 or 0.2% of the total number of enterprises in the trade of the Republic of Serbia. [7]

Serbian trade is also characterized by a significant increase in the degree of internationalization. In that respect, among the realized ones, the acquisitions of Delta Maxi by the Belgian Delhaize Group stand out, as well as smaller acquisitions by the Agrokor chain Idea and the Slovenian Mercator. There is also the arrival of international trade enterprises in the country and the opening of new facilities of international traders. After a long domination of locally oriented domestic traders, since 2011 the leading positions have been occupied by foreign trade enterprises. Long-announced investments were made by well-known retail chains such as Ikea and Lidl [6]. This shows enlargement and strengthening of the role of large trade enterprises in the Serbian economy.

The structure of turnover in trade enterprises is changing, albeit slowly, in favor of medium and large enterprises. The share of micro enterprises in 2013 was 24.4%, compared to 27.6% in 2007; the share of small enterprises in 2013 was 28.1%, compared to 32.1% in 2007. In contrast, the share of medium-sized enterprises in 2013 increased significantly to 23.5%, compared to 18.4% in 2007, and the share of large enterprises in 2013 increased slightly to 24.0%, compared to 22.0% in 2007. With such a structure of turnover, trade in the Republic of Serbia can still be characterized as traditional, insufficiently concentrated and, consequently, insufficiently developed. [7]

In the structure of value added created in trade enterprises (without entrepreneurs), smaller enterprises still predominate, although their share is declining. The share of micro enterprises in the newly created value of trade in 2013 was 21.1%, while in 2007 it was 29.6%. The share of small enterprises in 2013 was 29.2% compared to 32.8% in 2007. The share of medium-sized enterprises in 2013 was 22.6% compared to 19.4% in 2007, and the share of large enterprises in 2013 was 27.1% compared to 18.3% in 2007. The high participation of micro and small enterprises in the creation of added value indirectly indicates higher margins paid by consumers serviced by these enterprises usually in less developed areas of the Republic of Serbia. [7]

The SMEE sector has a significant role in the foreign trade of the non-financial sector of Serbia, participating with 42.3% in exports and 58.7% in imports of the non-financial sector of Serbia (Table 2). At the same time, the SMEE sector contributes to the creation of a negative foreign trade balance (deficit) of the non-financial part of the Serbian economy.

In foreign trade, the SME sector as a whole has a deficit. In 2018, the foreign trade deficit of SMEEs increased and amounted to RSD 639.3 billion (expressed in EUR amounted to 5.4 billion). This was mostly influenced by small enterprises, which achieved a decline in exports (by 1%) and growth in imports (by 10%) and the largest deficit of RSD 303.7 billion (expressed in EUR it was 2.6 billion), while only entrepreneurs reported a surplus of RSD 0.9 billion (EUR 7.7 million). For the third year in a row, large enterprises recorded a surplus in foreign trade, which in 2018 amounted to RSD 0.5 billion (EUR 4.2 million). [4]

The foreign trade activity of the SMEE sector is dominated by the sectors of Manufacturing (which accounts for 56% of exports and 28% of imports of the SMEE sector in 2018) and Trade (which accounts for 33% of exports and 60% of imports of the SMEE sector in 2018). [4]

The SMEE sector recorded foreign trade deficit in 2018 in the amount of RSD 639.3 billion due to higher value of imports (which amounted to RSD 1,369.9 billion) in relation to exports (which amounted to RSD 730.6 billion). The largest deficit was recorded in the Trade sector (which amounted to RSD 580.8 billion) followed by the Transport sector (RSD 33.8 billion), Electricity supply (RSD 30 billion) and Construction (RSD 28.4 billion). The surplus in foreign trade within the SME sector was realized by the sectors of Manufacturing (which amounted to RSD 31.6 billion) and Agriculture (which amounted to RSD 11.3 billion). [4]

According to the regional aspect, the largest part of the SMEE sector trade deficit was recorded by SMEEs from the Belgrade region (RSD 545.9 billion, what is 85.3% of the SMEE sector trade deficit), and the trade deficit was also recorded in the regions of Vojvodina (RSD 45.9 billion that is 7, 2% of the SMEE sector trade deficit), Šumadija and Western Serbia (RSD 37.1 billion that is 5.8% of the SMEE sector trade deficit) and the Region of Southern and Eastern Serbia (RSD 14.4 billion that is 2.3% of the SMEE sector trade deficit). [4]

In 2018 a total of 39,350 enterprises were engaged in foreign trade activity (which makes 10.5% of the total number of enterprises in the non-financial sector) including 15,565 exporters (what is 4.1% of the total number of enterprises) and 23,785 importers (what is 6.3% of the total number of enterprises). The number of exporters from the SMEE sector (15,203) compared to 2017 increased by 241 enterprises (1.6%), while the number of importers (23,357) is higher by 506 business entities (2.2%). Although micro-enterprises are the most represented in terms of the number of exporters and importers of the SMEE sector (46.8% and 53.9%, respectively), the largest value of foreign trade of SMEEs is generated by medium-sized enterprises (51.3% of SMEE exports and 41.6% of SMEE imports). [4]

Analysis of trade competitiveness of MSPP focusing on the export competitiveness can be done from different aspects. After the 2009 crisis, in the period 2010-2018, the foreign trade activity of economic entities in the Serbian SMEE sector has been constantly increasing. The highest growth in exports was achieved in 2012 of 15.7% and imports of 18.0%. In 2018 compared to 2017 exports grew by 4.7% and imports by 9.9%. Results of exports and imports in the period 2013-2018 are satisfactory (average growth rate of exports was 9.6% and average growth rate of imports was 8.9%). Within the SMEE sector, real export growth in 2018 compared to 2017 was achieved by entrepreneurs (5.5%), medium (3.2%) and micro enterprises (1.5%) while small enterprises recorded a decline of 0.6%. [4]

The growth of the deficit of 18.4% in 2018, which was recorded by SMEEs, is a consequence of high growth in micro (23.4%) and small enterprises (19.2%). The trade balance of large enterprises in 2018 is balanced. [4]. The coverage of imports by exports of economic entities decreased in 2018 (it amounts to 74.8%, and it amounted to 78.6% in 2017). While large enterprises have a balanced trade balance, for economic entities operating in the SMEE sector, the coverage of imports by exports amounts to 53.3% and decreased by 2.7 structural points compared to 2017 (Table 7).

The higher foreign trade orientation of the economy is indicated by a higher percentage of the total turnover generated by exports. A large increase in the share of exports in turnover is recorded by both large enterprises and the SMEE sector, but twice the value of the coefficient for large enterprises indicates a higher export orientation of large enterprises compared to the SMEE sector (Table 7).

Table 7: Export competitiveness indicators

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Foreign trade balance (RSD, billion)	SMEE	-477	-352	-341	-365	-474	-419	-436	-452	-511	-539.739	-639.272
	Large	-166	-131	-180	-182	-167	-39	-52	31	55	47.613	510
	Total	-643	-483	-521	-547	-641	-458	-489	-483	-456	-492.126	-638.762
Coverage of imports by exports (%)	SMEE	36,5	43,9	49,9	52,3	51,3	55,3	57,0	58,4	56,7	57,0	53
	Large	66,1	67,3	68,6	70,0	74,1	94,6	93,2	96,2	106,0	104,5	100
	Total	48,2	53,0	58,5	60,1	60,4	72,4	72,5	74,9	78,2	78,6	74,8
Share of exporters in the total number of enterprises (%)	SMEE	4,3	3,9	3,9	4,0	4,1	4,3	4,2	4,4	4,3	4,2	4,0
	Large	64,8	62,9	63,7	62,0	61,1	60,9	60,7	62,6	65,1	65,5	67,0
	Total	4,4	4,0	4,0	4,1	4,2	4,4	4,3	4,5	4,4	4,3	4,1
Share of importers in the total number of enterprises (%)	SMEE	7,5	6,4	6,2	6,2	6,5	6,7	6,4	6,5	6,5	6,4	6,2
	Large	79,0	75,2	78,6	76,7	73,5	73,5	74,9	74,7	79,6	78,5	79,3
	Total	7,6	6,6	6,3	6,3	6,6	6,8	6,5	6,6	6,6	6,5	6,3
Share of exports in turnover (%)	SMEE	5,9	6,3	7,3	7,7	8,8	9,1	9,6	10,1	10,1	10,0	9,4
	Large	13,8	13,0	15,8	15,5	15,9	21,6	22,5	25,2	27,4	29,1	29,0
	Total	8,5	8,5	10,2	10,4	11,2	13,5	14,1	15,2	16,1	16,6	16,1
Exports per employee (RSD, thousand)	SMEE	292,0	315,6	417,2	508,4	637,9	675,4	758,7	792,4	799,1	820,5	796,7
	Large	706,3	620,6	952,2	1.015,7	1.136,9	1.642,0	1.397,7	1.922,1	2.213,2	2.435,0	2.441,7
	Total	427,8	417,2	597,2	684,5	812,3	1.015,1	1.098,9	1.179,9	1.284,6	1.369,4	1.360,8
Imports per employee (RSD, thousand)	SMEE	799,7	718,8	835,5	972,3	1.244,7	1.220,7	1.331,9	1.355,9	1.409,2	1.438,4	1.493,7
	Large	1.069,0	922,6	1.388,2	1.450,3	1.533,8	1.735,4	1.851,9	1.997,2	2.088,2	2.329,2	2.440,6
	Total	888,0	786,7	1.021,4	1.138,2	1.345,7	1.401,6	1.514,8	1.575,9	1.642,3	1.741,3	1.818,4

Source: [4].

In 2018 compared to 2017 in the SMEE sector the total volume of foreign trade increased by 6.5% (in the Manufacturing industry it increased by 7.7%). Within the SMEE sector, foreign trade was increased by: entrepreneurs (by 6.4%), micro enterprises (by 7.9%), small enterprises (by 7.2%) and medium enterprises (by 5.3%). In large

enterprises, the total volume of exchange increased by 8.9% (in the Manufacturing industry it increased by 6.7%) as shown by the data in Table 8.

Table 8: Real growth/decline rates 2017/2018

	Foreign trade			Export			Import		
	Total	SMEEs	Large enterprises	Total	SMEEs	Large enterprises	Total	SMEEs	Large enterprises
Economy total	7,7	6,5	8,9	-4,5	-1,9	-6,1	-9,2	-8,3	-10,2
Manufacturing industry	7,0	7,7	6,7	-5,4	-7,0	-4,8	-7,9	-7,2	-8,2
Low-tech	2,7	5,7	0,7	-2,0	-4,8	0,0	-3,5	-6,2	-1,7
Medium-low-tech	14,7	11,2	15,9	-10,3	-10,9	-10,1	-15,1	-9,3	-17,2
Medium-high-tech	3,8	3,8	3,8	-4,2	-2,9	-4,4	-3,1	-4,4	-2,6
High-tech	3,0	17,6	-5,4	-2,6	-25,0	6,3	-3,3	-10,4	5,0

Source: [4].

The export competitiveness of the SMEE sector remains unsatisfactory. Even the indicators of the Manufacturing industry do not show an improvement: the coverage of imports by exports according to technological complexity has slightly decreased (Table 9).

Table 9: Coverage of exports by imports according to the size of the company and technological complexity (%)

	2008			2017			2018		
	Total	SMEEs	Large enterprises	Total	SMEEs	Large enterprises	Total	SMEEs	Large enterprises
Economy total	48,2	36,5	66,1	78,6	57	104,5	74,8	53	100,0
Manufacturing industry	100,1	73,9	125,8	120,9	108,5	126,5	117,8	108,3	122,0
Low-tech	98,8	105,3	91,4	140,9	146,5	137,4	138,7	144,3	135,1
Medium-low-tech	112,4	70,3	136,6	97,6	91,4	100	92,7	93,0	92,6
Medium-high-tech	123,6	75,4	170,6	135,9	97,4	149,2	137,9	96,7	152,5
High-tech	29,9	14,5	81,0	78,6	57	104,5	88,0	46,0	137,7

Source: [4].

Thanks to the export competitiveness of large companies, the Manufacturing industry has a surplus in foreign trade. However, the structure of total trade, and especially exports, is unfavorable. The growth of Serbian exports in the transition period was generally not accompanied by a significant increase in its qualitative structure, but was achieved on the basis of production based on low technology, low-skilled labor and a significant share of primary raw materials. The unsatisfactory level of low competitiveness of Serbian exports continued in 2018, which still reflects the structure of exports according to factor intensity. The exports of the SMEE sector are dominated by products of the lower stage of finalization and lower added value (raw materials and labor and resource-intensive products) which is characteristic of less developed countries. In order to improve the competitiveness of exports, it is necessary to change the structure of exports in favor of more price and quality competitive products of a higher degree of processing i.e. finalization, which is possible only by investing in modern technologies that lead to increased supply, reduced production costs, more efficient use of production factors, improvement of product characteristics and growth of export revenues. [4]

In order to improve the export competitiveness of Serbian products it is necessary to work on changing the structure of exports (which is now largely based on exports of metals, such as steel, raw materials, a small number of industrial products and food) in favor of more technologically complex high-finalization products that create higher added value per unit of product. The change in the structure of exports should be accompanied by an increase in the geographical diversification of exports with the strengthening of positions in the current export markets. Strengthening export competitiveness through the transformation of the export structure is possible only with a significant growth of business and investment activities of domestic and foreign enterprises that base their business on high technologies, knowledge and innovation.

4. CONCLUSION

The research of the role and position of small, medium and micro trade enterprises, including entrepreneurs, versus large trade enterprises in the Serbian economy in the period from 2000 onwards shows different findings depending on the observed aspect, business activity and related indicator. Small, medium and micro enterprises as well as large

enterprises have made different contributions and different impacts on the Serbian economy and trade in different periods. In general, larger and smaller trading enterprises do not face the same problems in business. Also, on different bases, they realize different advantages and disadvantages in their business.

As the findings in the paper show, the importance of small, medium and micro enterprises, including entrepreneurs, is manifold. SMEEs play a significant role in the economies of all countries making up over 99% of the total number of companies, employ over 60% of the total number of employees and generate more than 50% of GVA. For the Serbian economy the sector of small and medium enterprises and entrepreneurs (SMEEs) is an extremely important accounting for 99.9% of total active enterprises, employing 2/3 of employees in the non-financial sector and generating 60.8% of GVA of the non-financial sector. The structure of the SMEE sector is dominated by micro enterprises and the most numerous are entrepreneurs according to the form of organization. Also small and medium enterprises dominate on SMEE sector by all observed indicators. In the previous period the number of SMEEs increased by 23.9%, which is 72,393 companies, while the sectoral concentration of SMEEs is unchanged: Trade and Manufacturing dominated in all indicators of business performance.

The structure of trade economic entities by size in the Serbian economy is characterized by the dominant share of micro enterprises about what it can be argued that the share of the smallest economic entities in Serbian trade is overemphasized. It is observed a downward trend in the number of registered enterprises in the trade of the Republic of Serbia, where the number of smaller enterprises is declining (although smaller economic entities still predominate in the structure of trade enterprises by number), and the number of the largest companies is growing. These trends indicate the beginning of the process of consolidation of economic entities in the Serbian trade sector. Serbian trade is also characterized by the arrival of international trade enterprises and enlargement and strengthening of the role of large foreign trade enterprises reflecting a significant increase in the internationalization degree of Serbian trade.

It is also observed that the structure of turnover in trade enterprises is changing, albeit slowly, in favor of medium and large enterprises as well as that with existing structure of turnover Serbian trade can still be characterized as traditional, insufficiently concentrated and insufficiently developed. In the structure of value added created in trade enterprises, smaller enterprises still predominate, and the high participation of micro and small enterprises in the creation of added value indirectly indicates higher margins paid by consumers serviced by these enterprises usually in Serbian less developed areas.

The SMEE sector has a significant role in the foreign trade of the non-financial sector of Serbia participating with 42.3% in exports and 58.7% in imports and contributing to the creation of a foreign trade deficit of the non-financial part of the Serbian economy. This is mostly influenced by small enterprises, because of their decline in exports and growth in imports, while large enterprises record a surplus in foreign trade. Although micro-enterprises are the most represented in terms of the number of exporters and importers of the SMEE sector, the largest value of foreign trade of SMEEs is generated by medium-sized enterprises. It can be also seen a higher export orientation of large enterprises compared to the SMEE sector. The export competitiveness of the SMEE sector remains unsatisfactory. The structure of total trade, especially exports, is unfavorable, because the exports of the SMEE sector are dominated by products of the lower stage of finalization and lower added value that is raw materials and labor and resource-intensive products. In order to improve the export competitiveness, it is necessary to work on changing the structure of exports in favor of more technologically complex high-finalization products that create higher added value per unit of product accompanied by an increase in the export geographical diversification with the strengthening of the current export market positions. This is possible only with a significant growth of business and investment activities of domestic and foreign enterprises that base their business on high technologies, knowledge and innovation.

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