

## The role and influence of entrepreneurship on the growth and expanding of small and medium enterprises in the Republic of Macedonia

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### Abstract

*Small and big businesses are the main carriers of the economic activities in the Macedonian economy and are of huge importance for the country's further growth and development. Business, in order to succeed in the business surroundings, where competition is tougher, they must create strategies that will contribute to their effective working. Productivity and economy are weak points in the Macedonian economy. Because of that specific attention should be paid to the national competitiveness and productivity, through the microeconomic reforms and with that cutting on the working costs in small and big businesses through cutting off tax burdens.*

*Entrepreneurship is most often compared to the number of tens or thousand newly founded businesses on all meridians on the earth, and are often expressed in that same direction. The idea and function of entrepreneurship is directly expressed, through the striving to confirm the massive trend of new businesses. Depending of the magnitude of a country, we can talk about tens, hundred thousand, million small businesses per year, where we find one or two cofounders, owners, entrepreneurs. At the same time this activity is the beginning of the achievement of the entrepreneurial chance, through an appropriate organizational form determined as a model of a rational behavior throughout the world.*

**Keywords:** *entrepreneurship, business, organizational form, productivity, economically, entrepreneurship.*

### **Introduction**

Relevance in relation to entrepreneurship and its specific occurrence in SMEs is a real challenge for research and study. Entrepreneurship takes a swing in modern economic conditions and survival. Being an entrepreneur means being a good businessman, competitor. In business where have entrepreneurial activity exercise positive business results, profit. Current economic conditions require the application of modern techniques and technologies that will bring them a step ahead of those who primenale can stake a higher competitive position in the market, their products are required, making good earnings. Existence of the small and medium enterprises is an important condition for a well-functioning market.

Entrepreneurship is associated with small and medium enterprises, large business, public sector, provides local and regional development, as well as in broader development frameworks. Entrepreneurship, his attitude toward employees and making real motivating activity make a synthesis that will lead to the achievement of pre-set goals. Blending business and personal life as well as making the balance between real formulas for a successful business. In the analysis in some countries make a decision on the presence of entrepreneurial culture and entrepreneurial knowledge, commitment and the Macedonian government towards this activity. Existing measures for pushing the entrepreneurship in all areas of business found that making a difference from an economic standpoint. The process of growth and development of SMEs is correlated with entrepreneurship, and in particular highlights the role and impact management. From analysis of the rich range of empirical research on the impact of entrepreneurship on growth and development of small and medium enterprises are distinguished several points of view:

- The process of growth and development of SMEs is correlated with the economic development of the Republic of Macedonia. Promotion of entrepreneurship will contribute to further increase the number of small and medium enterprises.
- The development of entrepreneurship is of great importance for enterprises across all forms of organization. Development of entrepreneurship should also be understood as a process that will allow qualitative dynamics of the growth of small and medium enterprises.
- If in the process of growth and apply economic principles are respected operation enables the realization of pre-planned business purposes entrepreneurs.
- The creation of a favorable business climate, managing technical changes and challenges in the enterprise allows the realization of entrepreneurial ideas and goals.

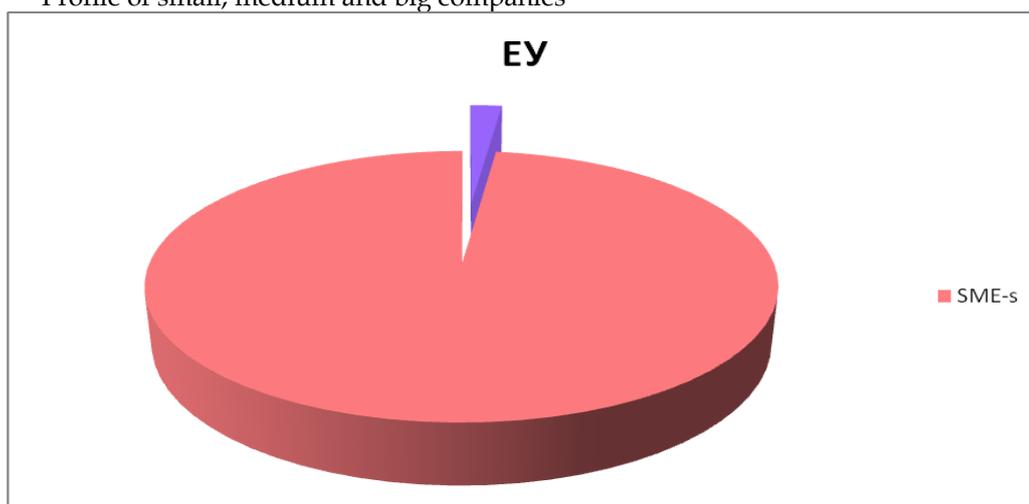
Although it required a lot of research in order to fully understand the dynamics of growth and development of small and medium enterprises, some elements already become clear to us. Previously mentioned is one of the most favorable conditions for the development Republic Makedonija. Considered that through research made in the proposed work will contribute to deepening the knowledge about the current process and encourage institutions in the Republic of Macedonia continue to provide and pursue measures develop an entrepreneurship and small and medium enterprises. Also the results of the research should help the economic sector of the Republic of Macedonia.

### **1. The role and the importance of small and medium enterprises**

The role and importance of SMEs is high as the EU Member States and for the world in general. SMEs in Europe represented 98%, while worldwide about 95%. For nearly ten years this figure was higher for the EU 99% and for the whole world 98%, the decline can be explained by the closure of a number of small businesses because of the global economic crisis.

EU Commission in 2010 published report after which she finds really small and medium enterprises represent the economic backbone of the Member States. The data indicate that in the stated year, the number of SMEs reached the figure of 20.8 million, of which 19. 200 000 micro enterprises with less than 10 employees. SMEs hired and more than two-thirds of the total employees in the EU or they account for 58.4% of the gross social product, while the number of large enterprises is 43 000 or they represent 0.2% of the total number of enterprises in the EU.

Picture no 1.  
Profile of small, medium and big companies



In the current economic conditions, the crisis is still there but with its flexibility they work and survive in an uncertain economic climate. The latest report indicates that in 2010, SMEs recovering from the crisis in 2009 and this year is considered the worst. However, the data indicate that the number of small and medium enterprises remained at the level of 2009 or 20.8 million. GDP grew by 3.4% in 2010 and 3.7% in 2011 thanks to the small and medium enterprises. Anticipated increase of employment lagged behind projections and still lag. Employment declined in 2009 to -2.7% due to the economic crisis in 2010 to -0.9%. It is about 823 000 lost jobs in SMEs in 2010, micro-enterprises were less affected. Great is the role of SMEs and representation in the industrial sector, construction, wholesale and retail trade, hotel, real estate, etc... Conditions for growth and development of SMEs in the EU are much improved in the period from 2005 - 2011. Progress made in improving access to the single European market, increasing the accountability of the public administration and promoting entrepreneurship. Within the EU Commission to make a study conducted 03-09 October 2011 in 37 European countries for SMEs, the findings are as follows: nine of ten companies are small or medium sized, and provide three jobs two and a driving force for growth, job creation and introduction of innovations. SME goals provide an additional 2.5 million jobs in the EU, because of their growth by 0.9% in 2011.

## **2. The impact of entrepreneurship on the growth and development of SMEs.**

The creation of entrepreneurship in different countries in the world, leads to a proliferation of companies with the aim of developing economic growth and improve the conditions of the population. SME development accompanied by an increase in the employment rate, increasing the standard of living in order to live comfortably and to stop social unrest that do not act like that, and Cal are constantly present.

"Around the world a growing number of people realize their dream of founding and working in their own businesses... Every year U.S. entrepreneurs start the between three and four and a half million businesses... Eighty-four percent of those who start businesses do it the first time. His enterprising spirit is the most important economic development in closer business history. Around the world, these heroes of the new economy to redesign business environment, creating a world in which their companies play an important role in the vitality of the global economy. With admirable power their businesses bring innovative products and services, continued technological boundaries,

creating new jobs, opening foreign markets, and in the process allow their founders to be doing what you most enjoy. <sup>1</sup>

Development of SMEs and entrepreneurship in contemporary economic literature is emphasized as a special benefit for her, because it allows:

- Creation of a large number of newly opened businesses;
- Creating better products on the market;
- Doing better customer service;
- Increasing the competitiveness of the market; etc...
- Increasing the employment rate;
- Utilization of labor resources and more.

Above benefits mean achieving high valorized effects and enables faster development and increased investment.

SMEs development in Europe is the pillar of the Lisbon Strategy which was launched by the European Council in March 2000, in order to enable the European Union to be the most competitive economy in the world by 2010. In the period 2002 - 2008, the number of SMEs increased by 13% or 2.4 million new SMEs, while 5% increased the number of large enterprises or only 200 new. Small and medium enterprises are holders of employment or an increase of 1.9 % per annum towards the large 0.8%. Statistical analyzes indicate that SMEs tend to be involved in Estonian exports accounted for 23%, Slovenia 21% Finska 19%. 80% of the number of SMEs in Europe formed in the period to 1980, the remaining 20% in the period from the eighties until today, as a result of the establishment of new or expansion of already existing enterprises. In the UK in the period 1979 - 1997 the number of SMEs has grown from 1.9 million to 2.8 million. If you make a synthetic frame dominance of SMEs in OECD countries is more than evident that was already previously elaborated. In recent years is the establishment of multinational SMEs cradle for innovation, mostly dealing with exports and 8.9% of small and 11, 9% of medium-sized enterprises.

SMEs have played a major role in increasing employment in many European countries. In Denmark, as an EU Member State which has employment of 66.6% is a characteristic that stays with a large number of small and medium enterprises owned by Danish farmers produce food three times more than he needed the Danish population. Known companies with interesting activities, such as pig breeding or production of pig meat products such as bacon, which is an important export product. E.g. of small businesses annually produces 1,890,571 tons of meat or EUR 3,662,623,489 total annual flow of this kind of production. Small businesses employ 80% of the total number of employees. Similar to other countries, like Germany with 70, 7% of employment, Estonia

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<sup>1</sup> Thomas Zimmer and Norman Scarborough, *Essentials of Entrepreneurship and Small Business Management*, Pearson Education International, 2005, P. 2.

69.6%, or Ireland 67.6%. These total employment percentage amounts of which 90% belongs to the employees in SMEs. In France, from the seventies to the present number of SMEs increased by 54%, employing 65% of the total employed population. In Japan, SMEs employed 60%, while in Ireland 90%.

In the U.S. there are over 20 million businesses in the nineties, and farmers are not involved in them. Of these, 74% are organized as companies with individual ownership, 18% as corporate and 8% as partnerships. In the U.S. the number of SMEs represents 96% of total business population. In Canada with 36% of participating SMEs in total exports, agriculture and forestry are present with 80%, transport and storage 90%, professional services 94%, construction 98%. SMEs comprise 30% of total U.S. exports. In the production of intermediate goods accounted for 41%. Characteristic formation of multinational SMEs identified a total of 555 by the U.S. Census Bureau versus 6 million SMEs that have been identified to date. Thanks to SMEs in the period 1979 - 1995 in the U.S. created 24 million new jobs. They come with 45% of GDP, while Europe accounted for 65% of GDP. Nowadays SMEs employed 71% of the working age population. The U.S. government has invested \$ 200 billion in SMEs in order to improve the quality of life and increase social humanitarian dimension.

SMEs will also absorb more than 60-70% of new employment future generations to come. SME big advantage is the potential for employment and capital using smaller values. Utilization of labor is higher in SMEs than in large ones. Previously mentioned fact that they account for 90% of total enterprises in most economies are credited with generating the highest rates of employment and involvement of a large part of industrial production and exports.

The SMEs sector has shown a key role in the overall industrial development of the economy in countries where there. In recent years the SMEs register high growth rate compared to the overall industrial sector. With his agility, dynamism and adaptability it is flexible to survive the economic crisis. They are characterized by adaptability to market conditions and compliance with the rules of the games that exist in it. SMEs are very important in the employment of low-skilled labor, the development of family businesses and self-employment.

### **3. Courses and conditions of the Macedonian economy**

SMEs are the basic carriers of economic activities in the Macedonian economy and are of great importance for further economic growth and development. Enterprises, so that they can survive in the environment where competition is more pronounced and sharper, you must create strategies that will contribute to more efficient work, like vulnerability, productivity and competitiveness of the Macedonian economy. Therefore, particular attention

should be paid to improving national competitiveness and productivity through increased microeconomic reforms<sup>2</sup>:

- Reduce operational costs small and medium companies through reducing tax burdens;
- Introduction of mandatory certification of Macedonian products intended for export, and imported products in Macedonia;
- Increase flexibility and mobility of the labor force, which implies the harmonization of labor law with the social partners;
- Increase the budget for science, research and development;
- Reforms in education, in accordance with the needs of the contemporary market economy and the establishment of a center for management education.

Finally, to improve the efficiency of businesses, the Government of Macedonia has developed a national strategy for the development of businesses in which special emphasis is placed on small and medium enterprises, taking into account that they are most common in the Republic. Macedonia. The most important goals are<sup>3</sup>:

- Simplification of the legal regulation and regulatory environment;
- Improving access to finance;
- Simplification of taxation;
- Improvement in policy making;
- Promotion of information and communication technology;
- Promote entrepreneurship, the development of the entrepreneurial spirit and entrepreneurial culture;
- Promoting competitiveness and innovation;
- Improving conditions for business development;
- Internationalization of businesses;
- Getting the international quality certification and safety standards such as ISO, HACCAP, TQM, etc...

Legal and regulatory environment still does not create favorable conditions for the development of enterprise and entrepreneurship in Macedonia. Although several measures have been undertaken (the introduction of one-stop shop, etc.) there are difficulties about the introduction of licenses. Access to finance is limited due to the complexity of the procedures of the banking system and financial intermediation. Lending to enterprises of the page commercial banks was inadequate, because of their indifference and fear of risk. In this regard, the need for greater participation of the institutions will enable microfinance. With the continuation of reforms and liberalization of the

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<sup>2</sup> Work program of the Government of the Republic of Macedonia, period 2006-2011

<sup>3</sup> Revised national strategy for the development of SMEs in the period of 2002-2013, the Ministry of Economy, Skopje, April 2007.

banking system, and financial intermediation, the future is expected to facilitate access to finance. The tax system also is not enough stimuli, and on the other hand, the tax administration is not efficient enough. In addition to tax cuts and the introduction of a flat tax, or tax credits for reinvestment of profits, other measures should be taken to achieve certain benefits in terms of taxation, is the possibility of monitoring the electronic payment of taxes and tax liabilities of by taxpayers. Internationalization of enterprises is accompanied by high costs and high financial and business risk. The main purpose of this is to reduce barriers to export and import fees, there is a greater awareness of owners of foreign markets, laws and regulations. Capital investments bring economic development, rather than unproductive costs. In Macedonia in 2011 entered 200 million foreign investment according to the Vienna Institute for Economic Studies which made analysis of Central and Eastern Europe. According to their estimate of Macedonia will still be at the bottom of foreign direct investment not only in the region but in the whole of Europe. According to estimates by the government in Macedonia that year entered 350 million Euros and will enter two billion by 2015. They will provide new jobs and improve the standard of living of the Macedonian population. If you make a parallel between the number of employees in 2004 and 2009, the number doubled. According to the National Bank of Macedonia who analyzed the favorable labor continued in 2009 despite the worsening state of the real economy. In 2008 the unemployment rate was 37.3%, in 2009 38.4%, while in 2011 was 32%, with a significant downward trend. The situation has declined due to the closure of many businesses because of the consequences of the economic crisis.

According to the National Bank in 2012 GDP will grow by 2.4% as a result of economic growth of 2.4%, down by 0.6% compared to the previous projection. Demand for Macedonian products abroad will decline significantly in 2012 and this will be the reason for this growth in the economy, this latest forecasts resulting from the analysis of the National Bank on the economic performance of the country at a time when Europe is facing a severe crisis and danger from recession. "Macedonia's main trading partners get negative votes for economic growth in 2012, the euro zone will enter a recession with a 1% decline in the economy," in such conditions it is realistic to expect that the Macedonian economy grew by 2.4% but the risks of further downward revisions of this projection are highlighted. <sup>4</sup>

According to the State Statistical Office latest data showed that gross domestic product of Macedonia in the last quarter of 2011. Grew by 0.2%, compared with the same period last year. If we analyze the structure of GDP

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<sup>4</sup> Interview of the Governor of the National Bank of the RM, Dimitar Bogov, Capital business magazine, no.641, 2012.

according to the expenditure method, you will see that the highest growth had gross investment, which in 2011 had an annual growth of 22.7%. Second highest growth of 3.7% is the consumption of the citizens. Exports have a negative effect on GDP as imports are greater than exports. Studies show that even 90% of GDP is generated by final consumption, in the consumption of the citizens and the state.

Total exports of Macedonian companies abroad in 2011 rose by 34.9%, according to the State Statistical Office that was \$ 4.5 billion. In 2011 it grew by 28.5% and it was 5.5 billion.

Macedonia has economic development there must be investment in research and development and it is rank Pakistan, Bolivia, Kazakhstan, and Kuwait. Apart barely 0.08% of GDP for science and research. According to the entire math, this is not enough if the country wants to become competitive in global markets, major investments are necessary not only for the desired entry into NATO and the EU, but also because of the indisputable fact that the scientific research development and economic development in correlative relationship. Government adopted a line of anti-crisis measures that will help the economy, and in particular SMEs. In the country, it can be concluded that there is economic growth as reported by the managers of the Macedonian companies that plan to increase the number of employees, and those who are working to increase wages.

These data are good for our country, but we should not forget the fact that Macedonia will always need financial help, and it depends on finding appropriate investment opportunities.

Although financial and economic conditions began to improve, the risk is still there, especially because of the large current account deficit and vague flow requirements and progress of the global economy and financial markets in the world. The policy of our country should move towards reducing risks and towards supporting growth. IMF forecasts that make that Macedonia's economy will gradually recover, as a result of the growth of trade partners, improved financial conditions and a relatively stable position of the Macedonian banking sector. Spillover from Greece's economic problems will be limited, say experts. However, Greece is one of the major business partners of Macedonia. Strikes in Greece may affect trade ties some enterprises that are dependent on the port of Thessaloniki. Another source of spillover is the international market capital. Increased investor concern about credit risk in the region is likely to result in tighter and more changing conditions for borrowing.

Table no. 1 for active business entities in the Republic of Macedonia in 2011

Sectors and activities	Total	%	0	1-9	10-19	20-49	50-249	250+
Total	73118	100	6674	60620	2754	1698	1187	185
Agriculture, Forestry	2969	4,1	231	2631	34	27	38	2
Mining	176	0,2	30	98	21	15	8	4
Processing industry	8155	11,2	550	6070	655	496	331	53
Electrical energy ,gas	98	0,1	48	37	2	4	4	3
Food industry	283	0,4	26	181	21	21	27	7
Building	4400	6	403	3512	272	150	57	6
Wholesale and retail	27468	37,6	1759	24509	769	326	97	12
Transport	6380	8,7	259	5841	182	91	31	6
Hotels and accommodation	4913	5,9	215	3738	261	79	18	2
Information and communication	1419	1,9	790	999	65	35	23	7
Financing and insurance	420	0,8	79	25	13	15	19	10
Activity in connection with real estate	450	0,6	98	316	19	12	4	1
Scientific activities	5369	7,3	480	4706	119	51	13	-
Administration	1319	1,8	329	855	51	44	24	16
Public activities and defense	203	0,3	8	29	38	51	51	26
Education	986	1,4	59	431	47	155	287	7
Activities for social health insurance	3246	4,4	37	2925	82	66	118	18
Art	1213	1,7	430	650	53	44	31	5
Other services activities	4257	5,8	1347	2838	50	16	6	-

Source: State Statistical office

Previously mentioned data are listed in the table. Apart from the sectorial analysis of the same importance and regional analysis, by looking at the regions can be seen in which region-city located highest concentration of enterprises. In Macedonia, in the largest cities dominate active enterprises. They are represented by 97% in terms of total number of enterprises. Kratovo is a unique city in Macedonia, where the number of small businesses is the smallest in terms of medium. In smaller towns there are medium-sized and large enterprises.

The number of enterprises in the Republic of Macedonia constantly increasing. In the last five years with linear growth, but during the crisis, there was no growth. After that situation, the number of enterprises in the Republic

of Macedonia increased by 17%, thus it can be said that the same trend continues, because the largest number of registered enterprises and small. Structural owned enterprises in the Republic of Macedonia are quite an important indicator when it comes to capital enterprises. By 2009, 95% of companies were private, 850 are registered as mixed, and 313 as a state. Small businesses are the most numerous. Employment is very important because it provides the means to meet their personal needs and the needs of households. Most economists and politicians would agree that reducing unemployment is the primary goal. Although great efforts, RM constantly trying to reduce the unemployment rate. According to data from the State Statistical Office the largest number of total active working population is employed in small and medium enterprises. It is emphasized and the layoffs of many employees of large enterprises for their reconstruction or separation smaller units and their employment in SMEs. Employment in small enterprises is on average 3.4 employees in medium 143, and at the large average number of employees is 667. The number of employees in small enterprises has been increasing steadily. The highest percentage of employment is 20% in Skopje and is moving in an upward trend, and in Bitola average growth is 19%. In smaller towns, the number of employees' decreases, thus coming to a logical conclusion about the level of development of these regions, which means the city of Skopje is at an advantage in the number and rate of employment. Unemployment is one of the biggest problems in the countries in transition, such a conclusion is not absent even RM, where the problem of rising unemployment, which in recent years has maintained continuous and serious problem at the same time, the real challenge facing the creators of economic and social strategies and policies. Although in recent years a number of efforts were made, some of them work out and some significant results have been achieved.

Our country is still in an economic crisis that imposes stricter regulations imposed by the National Bank. Banks are advised to refrain from ambitious plans of development and focus on liquidity. Macedonian banks have not changed the criteria for lending advantage in obtaining credit has all those companies with a good credit history. SME in 2010-2011 continued at the same pace to borrow. Macedonian banks policy is not aggressive when offering loans, no ads, no "running" on the market as it was in 2007-2008. Policy of the National Bank set a credit growth of at least 15%. Bankers argue that there is a tightening of credit policy and that change in the crediting of the real sector does not mean that there are liquidity problems. SMEs have credit problems, complain about the high interest rates and terms provided by banks to raise loans. Most banks expect an increased amount of credits, but continue keeping a cautious credit policy. About 40% of Macedonian banks for the first quarter, the expected easing of credit conditions. Especially for corporate loans, most

banks expect an increased amount of credits, but continue keeping a cautious credit policy, due to the risk of deterioration of the portfolio of limited funding sources. Banks prefer and continue to support healthy businesses that do not have structural problems and generate economic development.

According to the NB in 2011 there were high interest rates that remained high even after the reduction of inflation to a single amount. Pressure that made Governor of NB by reducing the interest rate on treasury bills from 4% to 3.75% in May 2012 led to what the bankers decided to cut the cost of money they lend to citizens and businesses to save profitability. With this reduction bankers argue that there is no room for maneuver, because the perceived increased risks in the economy, which limits opportunities for lending and in such conditions, the decline in interest rates on deposits by 0.5% is imminent move to preserve profits. Bankers and further stressing the fact that there will be a significant increase in credit support for SMEs. Their explanation boils down to the fact that still lacking credit requirements for quality projects, and risks in the real sector is still large, and enterprises do not have a good solvency. Banks will not immediately processed liquidity in the economy, so lending will increase gradually. The level of credit growth of 8% in 2012 has slowed, but still enough in these circumstances. It is necessary to create a new model of the restructuring of the real sector so that companies consider more financial support from banks. The current situation indicates that banks have the confidence to private enterprises and freeze it in terms of their lending and directed to the state to work with. High interest rates were a result of the action and other factors: high risk investing in the country, insufficient supply of capital for the provision of loans, issuance of treasury bills and budget bills, etc.. Entrepreneurs due to lack of bank loans were forced to borrow in individuals with high rent-seeking interest rates. Because of the serious issues in the financing of small enterprises, the Government of the RM mobilizing loans from international sources guaranteed by the Government itself. 18 credit lines were provided for the needs of SMEs. They were revolving principle, which means that the returned annuities established revolving funds, which are used for granting new loans to SMEs.

Financial support to small and medium enterprises in the Republic of Macedonia will provide benefits in many areas of economic life, will increase employment will revive the economy. We offer great benefits in terms of good geographical position, favorable climate, cheap labor, which will contribute to the development of the country. This will require the following measures:

- SME access to formal and informal sources of funding that will increase the possibilities easier to get to the funds.

- Removing the institutional and systemic constraints that influence the behavior of banks towards SMEs, so entrepreneurs mostly directed towards its own funding.
- Adoption of measures by the monetary-credit policy that will reduce the risk of financing entrepreneurial activity.
- Prediction of special funds to finance highly innovative monitoring activities or to cover that risk ventures.
- Implementation of financial consulting and training to small businesses in terms of using external sources of financing by banks.
- Further establishing the investment fund for SME development in certain areas and activities for which there is a public interest, insurance and fund risky investments.
- Establishment of special funds or sectors of the commercial banks in order to promote the financing of entrepreneurial activities.
- Although the funds in RM limited they still exist, but need to find ways to activate, including "dead" foreign currency savings and remittances people working in abroad. All these can be directed to the financing of entrepreneurial companies.
- Although municipal finances are bigger but they have to undertake all the activities of promotion, training of entrepreneurs, their information and connect with institutions and individuals-investors, with the aim of greater investment and faster growth.

#### **4. Goals of the research**

There are more goals but, as a general objective of the research would be research specific entrepreneurial management which affect the growth and development of SMEs.

All this is set in the composition with the characteristics of one of the most important factors for the development of entrepreneurship.

With any general purpose continuation and objectives as an upgrade of the overall goal, specific objectives of research are:

- Elaboration of the development and qualitative characteristics of entrepreneurship in the changed economic conditions and characteristics of the economic environment;
- Significance of the emergence and development of SMEs in economic development.

#### **5. Research methodology**

The research part of this paper is used for a combination of several methods, and labor is mainly based on inductive-deductive method, and the methods of analysis and synthesis. These methods are applied in the field of labor where

attention is paid to the theoretical aspects of this issue. To better illustrate the data, information and knowledge are used tabular and graphical method of presenting.

### **6. Result of the survey**

I believe that through research made in the proposed work will contribute to deepening the knowledge about the current process and encourage institutions in the Republic of Macedonia continue to allow and pursue measures for development of entrepreneurship and SMEs. Also the results of the research should help the economic sector of the Republic of Macedonia.

### **7. Summary**

The governments of the developed foreign countries encourage the entrepreneurial skills owing to the measures they take in order to give a vast support of the business. Consequently, there is the substantial acknowledgement of the ideas and prospects perceived by the entrepreneurs in the process of creating the initiatives for investments in small and medium-sized companies. Furthermore, small and medium-sized companies are market directed towards export increase and flexible adjustment of rising and fluctuating demands of the domestic and world market. Regarding the present day situation, the success can be subscribed to those firms i.e. entrepreneurs that are constantly involved in the process of learning, changing and adjusting to the competing conflicts within the market. That is indeed the base of achieving their most remarkable and rapid success.

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