

ECONOMIC DEVELOPMENT HOLDERS IN REPUBLIC OF MACEDONIA THROUGH THE BUSINESS DEVELOPMENT

HARUN TAIRI & NUHI SELA

Faculty of Economics, State University of Tetova, Tetova, Macedonia

ABSTRACT

With the liberalization of Macedonian economics, the external and local economic projections have increased evidently. SME's objective characterized with flexibility is to participate and compete with the foreign market. The private sector has an important role for every national economy and contributes in softening of the employment, the income from taxes, economic growth and the cultivation of market economy system as a key element in the economic development. The strategy of the economic development is closely tied with the business development, because it constitutes one of the strongest segments for one state, which as an objective has the creation of a positive-encouraging climate for the implementation of the investment politics and the export through the production which is focused in the human resources, in a way that the managers to increase the competition and the survival of their enterprises and the investments with high technology – novelties that change the organizational culture, enabling a life quality for the community or our society.

In this International Work we will explain the definition or structural comparison of the small and medium enterprises in the EU and Republic of Macedonia according to their sizes, the main holders of the economic development, expected moves of the GDP part of the macroeconomic politics and the empiric index of the Macedonian enterprises.

KEYWORDS: Economic Development, Macroeconomic Politics, Organizational Culture, Sectors, SMEs, Strategy

INTRODUCTION

Western Balkan countries change rapidly. With their transition from a centrally planned system to a market economy system, politicians, managers of private and public sector, workers are faced with new demands for transparency, reliability and quality. The EU works with the Western Balkans launched from the strategic to the region through the process of stabilization and association. This system brings together a range of assistance measures political, financial, commercial and technical including custom work, all aiming to promote the movement toward integration in an enlarged Europe. The stabilization and association agreements tailored to each country identify specific steps what must be taken by each country in the region to realize this objective. EU grants her assistance for the Western Balkans countries through her assistance program of the Community Assistance for Reconstruction, Development and Stabilization which is otherwise called CARDS.

Considering the difficult economic period in which the world is it is necessary cooperation between state institutions and business sector in order to reduce the impact on the domestic economy and holding of intensity of economic growth. Some economic analysts warn that a new euro zone crisis is a real possibility and that the most major economies have still difficult to provide a sustained increase in time. But over the main effects of the crisis and some good news from the U.S. Economy has become a lighthouse of faith but the risk of a new collapse is still present. Under this development of entrepreneurship is necessary in the market economy, as well as in society, in everyday work and lifestyle. **Today, the national strategy** (continuous program of the government) of the development of small and medium

enterprises (SME) provides basic orientation for the realization of the vision, goals and priorities set out in the field of entrepreneurship and small and medium enterprises for a long time period. Strategic goals are to increase the number of SME, increase the number of employment in SME, and increase the contribution of SME in the creation of gross domestic GDP (national strategy for development of small and medium enterprises, 2002 - 2013).

Classification of SMEs according to the law on commercial companies (Companies Trade) is prepared in accordance with the definitions used by the recommendations of the EU; these are practically shown in table number 1.

Table 1: Classification of Enterprises

	EU Definition for Enterprises ¹	Law on Trade Companies (2004)
Micro	Up to 10 employees	Up to 10 employees
	Annual turnover \leq 2 mill EUR	Annual turnover \leq 50.000 EUR
	Balance sheet total \leq 2 million EUR	Not more than 80% of the gross income should come from one client
Small	Up to 50 employees	Up to 50 employees
	Annual turnover \leq 10 million EUR	Annual turnover \leq 2 mill EUR
	Balance sheet total \leq 10 million EUR	Balance sheet total \leq 2 million EUR
Medium	Up to 250 employees	Up to 250 employees
	Annual turnover \leq 50.000 EUR	Annual turnover \leq 10 million EUR
	Balance sheet total \leq 43million EUR	Balance sheet total \leq 10 million EUR
Large	All others which do not fall under the above mentioned classification	All others which do not fall under the above mentioned classification

Source: European Commission, The New SME Definition: User guide and model declaration, Enterprise and Industry Publications, Brussels, 2005, p.14

So, for a period of three years in R. of Macedonia, European funds available, the competitiveness and growth of IPA, regional and rural development for small and medium firms. For 2011 are exploited, 98 million EU, for the year 2012 are exploited 105 million EU, and in 2013 will be used 117.2 million EU, (Sources issued by the Chamber of Commerce of the Republic of Macedonia)².

Hunger, the strategy defines as a set of managerial decisions and stock with which determine long - term performance of the enterprise³. The development of the economy, increase in the economic growth and domestic and foreign investments, as conditions for opening new jobs and better life of the citizens, are the main objectives of the Government for the next years.

The model of economic development promoted by the Government of the Republic of Macedonia is based on competitive and integrated economy that provides equal opportunities to everybody and that will be successful in the realization of the economic objectives: macroeconomic stability, rapid economic growth, and new employments. Such model, taking into consideration the specific features and the priorities of Macedonia for integration in the EU, is based on the EU strategy for economic development, known as Europe 2020⁴.

The increase in the economic growth is the main priority of the economic policy of the Government of the Republic of Macedonia in the forthcoming 4 years. More intensive economic growth is expected starting from 2012. The expected GDP movement's growth for the period 2012 – 2013 is between 4.0% and 5.0%, whereas for the period 2014 – 2015 it is expected for the GDP growth to reach 5.5% – 7.0%, if there is not any serious external turbulence. Given the highly uncertain environment, macroeconomic projections for 2012 are associated with numerous risks, which requires

¹ http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/index_en.htm

² Resource: Issued by the Chamber of Commerce of the Republic of Macedonia, www.mchamber.org.mk

³ Hunger, J. D., citing the act pg. no.3

⁴ Nuhi Sela, ICEIRD, 2012, Sofia, Bulgaria

monitoring and detailed analysis of recent macroeconomic developments in order to timely the monetary policy, associated with of the dept crisis in the euro area and expectations of adverse movements in foreign effective demand.

METHODOLOGY, THE CALCULATION - STATISTICS OF SLIPPERY AVERAGE FOR PERIODS OF TIME UNDER GIVEN GDP

Gross Domestic Product in Years (GDP)

Local slippery average is based on the series of statistic data. With their calculations the slippery average of time has a variation of different character. This is clearly seen through the chart with actual data taken from the state statistical bureau. Calculation of declining average with three and five data, table 2⁵:

$$m_1 = \frac{-7.5 - 1.8 - 1.1}{3} = \frac{10.4}{3} = -3.467$$

$$m_1 = \frac{-7.5 - 1.8 - 1.1 + 1.2 + 1.4}{5} = \frac{-7.8}{5} = -1.56$$

$$m_{17} = \frac{-0.9 + 1.8 + 3.5}{3} = \frac{4.4}{3} = 1.466$$

Table 2: Calculation of Declining Average

Year's	GDP	Declining Average	
		With Three Data	With Five Data
1993	-7.5	/	/
1994	-1.8	-3.467	/
1995	-1.1	-0.566	-1.56
1996	1.2	0.5	0.62
1997	1.4	2	1.84
1998	3.4	3.03	2.96
1999	4.3	4.066	1.82
2000	4.5	1.433	1.72
2001	-4.5	0.3	1.6
2002	0.9	-0.26	1.66
2003	2.8	2.766	1.64
2004	4.6	3.933	3.54
2005	4.4	4.666	4.58
2006	5.0	5.166	5.02
2007	6.1	5.366	3.92
2008	5.0	3.4	3.4
2009	-0.9	1.966	3.1
2010	1.8	1.466	1.66
2011	3.5	1.4	/
2012	-1.1	/	/

Average GDP for three years, for the year 1993 and for the year 2011 can not be calculated because we haven't sufficient data and can't be calculated the average GDP for five years 1993,1994,2010, 2011 and 2012, see figure 1.

⁵ Source: www.stat.gov.mk, no: 3.1.13.01, 15.03.2013.

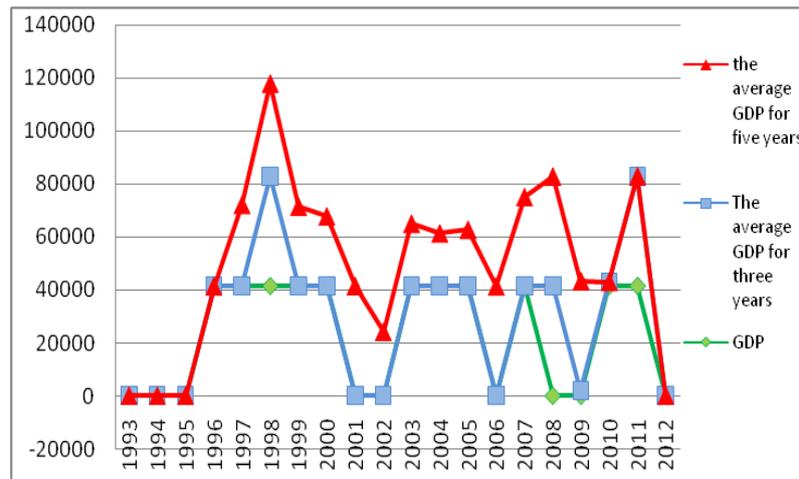


Figure 1: Graphical Presentation of the GDP

EMPIRIC INDEX AND FINDINGS

Employees each day more and more need for higher levels of education, the acquisition of different skills and behaviors, which helps them adapt to a working social environment always changing. The survey shows that the reason for this activity represents the number of employees with lack of skills to provide the maximum for the companies or industries, which faced with a lack of knowledge to complete in the regional market and beyond. The data collected from five local manufacturing enterprises surveyed by executive managers and owners of firms indicate that training of employees is a weight factor in the growth of business success.

The study shows that through technical improvement and development of new products replaced with the oldest are built discussions of the training policy how to strength their capacity in an environment where are operating economic activities which are based on business success. According to its recruitment of staff as a professional, ambitious and qualified should be done through efficient implementation of programs, which are: the continuous training of personnel to improve the results, professional growth and climbing the career ladder within the company structure; regular assessment and documented the work of each employee, in view of motivation and fulfillment of specific tasks to office work, motivation of employees in terms of promoting personal skills and increase work efficiency. Companies in countries with a developed economy of the market consider training as one of the most important functions for managing human resources. Employers in USA with the activities connected with training waste 59 billion dollars or something more than 1% to 2% salary resources⁶. The most well - known American companies, knowing the important role of the training to raise the production, quality and competition, in different forms of training for employees is invested from 3% to 5% of the cost of the salaries. That is the case, for example, with General Electric, US Robotics, WH Brady and others⁷. When considering the essence of development as a specific function as management of human resources almost all authors accept the definition under which “ development is connected with the achievement of new knowledge, skills and capabilities which individually allow to carry out new, more complicated affairs and positions and prepare them for the future and for the requests that arrive. That widens and expands all potentials and prepares them for future challenge and affairs⁸. In management of human resources exists a large number of definitions in assessing performance? That is a continuous process of valuing and leading the attitude and the results of the job in the work environment.

⁶Noe.Hollenbeck, Gerhart, Wright, Menadzmt ljudskih potencijala,Zagreb, 2006, str. 208.

⁷K.Kely, Motorola: Training for the Millennium, Business Week, 1994, pg 158-162.

⁸Fikreta Bahtijarevic – Siber, Management ljudskih potencijala, Golden marketing, Zagreb, 1999, pg 722.

The objective of respondents was to have a mirror in terms of employees has positive relationship in learning. The result of respondents shows that 37.2% of investment on a little learning is present, 36.4% is partially present and 26.4% is more present see figure 2.

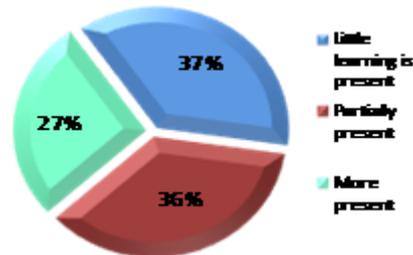


Figure 2: Result of Respondents

All this indicate that manufacturing enterprises terms of engagement of the work force shows positive climate in the execution of the work to improve firm performance. The efforts of an organization and training investment and training are entirely notions on the developing appropriate implement the economic and political system. The main components in conjunction with competition in local economic development regional and international. Considering that foreign investors require educated workforce should then be given more attention to the labor force and not passive job search.

CONCLUSIONS

A category of small enterprises are those that employ fewer than 250 people and who don't have annual turnover greater than 50 million euro, they play a central role in the European economy, as well as the Balkan countries that have had a socialist economy in the past. They are the main source of skills for leadership in enterprises. The practices from European countries that have already passed the stage of transition testify that the role of the small enterprises and medium enterprises has been essential in mitigating unemployment problems but also in mitigating the deterioration of foreign trade balance. Structural changes in the domestic economy, which should dominate the production and export growth and not rely on consumption or expenditure, different thread priority investments, providing fresh capital for business oriented in resources and potentials that owns the land, then re-education of the labor force and the war economy with stimulus funds and not repressive, so that citizens and firms to survive or exit from an unexpected crisis. Economic development and growth of gross domestic product based on export growth and productivity, is political and the general consensus of long-term program of state, as key issues for the country's economic development and European frameworks. One of the most important challenges to government policy is to provide educational opportunities for citizens of Macedonia, which are needed for the new time. Macedonia has significantly increased appropriations for education up to the level of 6% of GDP and has expanded access to higher education, especially on technical sciences and has achieved obvious need to use computers in public schools and universities. According to polls taken by the Statistical Office of Macedonia, the Western Balkan companies were approaching European standards, and in harmonization with EU legislation, Macedonia ranks by 42% after Croatia with 82% and Serbia with 66%.

REFERENCES

1. Abell, Derec, *The Strategic Point of Strategic Planning*, N.Delhi, 2003.
2. A. Pike, Rodriguez, J. Tammany, "Regional Economic Development", New York, 2006.
3. Armstrong M., *Human Resource Management Strategy and Action*, London,1992, pg. 282.
4. D. Horvat, M. Hovacic, "Manadzment u Malom Poduzetnistvu", Zagreb, 2005.

5. Dessker Gary, Human Resource Management, 11th edition, NJ, 2008, pg 88
6. David H., Mary J., Bruna de M., "Small and Medium Sized Companies in Europe, International case studies, Germany, 2003
7. Nuhi Sela, Small and Medium Enterprises - Possibilities and Perspectives 2011", Novi Pazar,
8. T. Fiti, Verica, H. Markovska, M. Beitmen, "Entrepreneur", Faculty of Economics, Skopje, 2007.
9. H. Aliu, Parimet e Marketingut, 2011, Tetova, Macedonia.
10. M. Buble; S. Pfeiffer, "Strateski Menadzment", Zagreb, 2005.
11. Poerter, M. and Miller, M., Competetive Strategy, n. York, 2002.
12. P.N. Mukherjee and T.T.kachwala, Operations management and Productivity Techniques, N. Delhi, 2009
13. Jackson E.S., Schuler S.R., Werner S., Managing Human Resources, USA,2009, pg. 63.
14. Eriola Mecaj, Human Resource Management, Tirana, 2010.
15. Fikreta Bahtijarevic – Siber, Management Ljudskih Potencijala, Golden Marketing, Zagreb, 1999, pg 722.
16. Sukul, LOMash and Mishra, Business Policy and Strategic management, Delhi, 2003.
17. Shyqyri Llaci, Manaxhimi, Tirane, 2010.
18. Will B., Milford B, Maja V., "Small Enterprises Development in South - East Europe, 2003.
19. World Bank Western Balkans Technology Fund, March, 2010
20. Report of Statistical Office of R. of Macedonia, no. 6.1.10.15 date 12.03.2011
21. www.mchamber.org.
22. www.stat.gov.mk.
23. www.crm.org.mk.
24. www.brr.gov.mk.
25. <http://ec.europa.eu/eurostat/euroindicators>.