

Chapter 29


Sustaining SME Management and Innovations in the Post–COVID Era

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ABSTRACT

The aim of this chapter is to point the importance of the sustainable functioning of SMEs for the national and global economy and provide answers that eliminate further risks to society as a whole. The subject of the research is the sustainability of medium-sized enterprises in Serbia. The purpose of this chapter is to find out how the negative effects can be mitigated post-COVID-19 crisis on the business of SMEs and the financial result of the company using the descriptive method. It considered the most common and nationally specific types of support and measures to facilitate access to credit and provided additional guarantees through established special guarantee funds. The contribution of the chapter is to point out the social and economic components of the sustainability of SMEs, government responsibility, and the responsible business strategies for overcoming the COVID crisis in the Western Balkans and the surrounding area.

INTRODUCTION

“The development of small and medium enterprises (SMEs) and entrepreneurship are conditioned by the changes that are taking place in the modern economy and society, putting a man in the first place, with all knowledge, information and creativity, that implies rapid adaptation, quality, innovation and flexibility of the business entity” (Sajfert & Ozegovic, 2009). Significant development of entrepreneurship is related to

DOI: 10.4018/978-1-7998-7436-2.ch029

reversals in the economic development of society, especially in transition periods. This is best illustrated by the transition from agrarian to industrial civilization, then to mechanical and today from mechanical to information civilization. According to Sajfert & Ozeovic, these changes were preceded by changes in the productive forces in the means of labour, in technology, knowledge, but also in the original needs of the societies. Based on the fact that modern humanity has faced an extremely unpredictable enemy, which is also very adaptable to changes, many things related to the economy and beyond, for the entire social community, have gained a new dimension. The pandemic of the COVID-19 virus has come to the forefront of the entire world public. As life always finds ways to survive, so does humanity adapt to a new situation. Can the rate of human adaptation correspond to the rate of virus adaptation in the future? Mankind is fighting against this invisible enemy on all fronts. The most significant and greatest losses are undoubtedly the losses of human lives. But, immediately after this tragedy of the human race, there is a loss of the economy on a global level. How to function and what new ways of life and business to find, remains the main task of modern civilization for survival. The economy (until recently) functioned on the principle of the largest possible volume and the highest possible income. In the crisis caused by the virus pandemic, sustainable business and a sustainable economy become important. Sustainable business means harmonizing the economy with environmental and social goals. SMEs are the carriers of the economy in many countries, as well as the main actors in the business (for example, France bases its business on family and small companies). Their impacts on the economy are different. Intensive processes of SMEs and entrepreneurship reduce inequality in income distribution - consequently through poverty reduction achieve an important social function creating jobs for poor people and women with fewer income sources. At the same time, they contribute to the efficient allocation of resources, ensuring a balance between greater labour availability and capital scarcity. SMEs are important for the progress of each country's economy, but a favourable business environment is also needed to encourage the business and development of this sector. Applying various techniques, but also applying entrepreneurial talents and skills, the functioning of SMEs before the COVID-19 pandemic was (according to the authors) much easier. Namely, SMEs management techniques were mostly based (observed in Serbia) on the leaders' skills and their management skills, trying to obtain the necessary funds, meeting legal norms, placing products and services (and to whom), from which suppliers procuring necessary raw materials for work. At the time of the COVID-19 pandemic, there was an extreme crisis where at once the business of SMEs was on the verge of collapse and stagnation. Besides, the skills that capable managers had, the situation required from the state to be maximally engaged in the way to encourage business, helping in small business, too. SMEs in Serbia, but also in the countries of the world had to face problems such as labour costs, payment of wages to employees, payment of fixed costs, how to obtain the necessary business materials - security business conditions was required (by the COVID-19 situation) from the employer (sufficient space for each employee, distance between employees, etc.). Therefore, it was no longer possible relying on own strengths within the company, but the outside intervention was necessary - „state aid measures“. In the following text of the chapter, the authors will write in more detail about the measures taken by the state of Serbia, to overcome the crisis caused by the pandemic.

The subject of the chapter is the research of the sustainability of SMEs business as well as innovation management in the situation caused by the Coronavirus pandemic, but also after the first wave of the pandemic, i.e. in the post COVID-19 era. For the purpose of the research, the authors used a descriptive method as well as a comparison method, comparing Serbia with other countries of the Western Balkans, i.e. with its neighbours. In that way, the authors emphasize the main goal of the paper, that is to point the importance of sustainable functioning of SMEs for the national and global economy, and to provide

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