Abstract: Of the total of twenty million of enterprises in European Union, 99% of small and medium enterprises. They contribute to the overall gross domestic product of EU with 60%. And they provide more than 80 million of workplaces. That particularly means that in SMEs sector, two thirds of employees of the total number of employees in private sector in EU is working. The phenomenon of globalization is undoubtedly related for the period of the 80’s, and a complete affirmation, expansion and superiority of the phenomena and globalization process is related for the period of the 90’s. In the last two decades, they represent the period in which it comes to the affirmation of new terms, such as: market globalization, globalization of business, global industry, global enterprise, global consumer.

Key words: globalization, enterprise

1. INTRODUCTION

Economic globalization is a natural and certainly necessary process and it is a product of the activities of market laws, international economic policies, states and international economic institutions and organizations, as well as transnational and multinational companies, as well as small and medium enterprises that want to participate in global market. Globalization of market and competition in such a way leads up to the creation of many opportunities for the acquisition of profit, which results in accelerated speed and greater competition, and on the other hand there are greater threats in the aspect of bigger market and creation of smaller interstate barriers. In order to avoid threats and/or use the opportunities, modern enterprises or the ones that want to be become that, need to select the transformation by which they will become stronger competitors. In today’s world of ruthless competition, each stagnation in development of particular enterprise, whether it is about a small or medium enterprise is a first step towards the liquidation of of the enterprise itself. The goal of each modern enterprise is to secure constant growth and development through the instruments of management and thus increase its own value. When this goal is accomplished, each modern enterprise needs to meet the expectations of various interest groups, such as enterprises’ owners, management, employees, suppliers, consumers, government institutions and the society as a whole.

Development of small and medium enterprises represents major factor of any modern economy. Small and medium enterprises stimulate private ownership and entrepreneurial skills. They are flexible and they can rapidly adapt to the changes of supply and demand in the market. They create employment, promote the diversification of economic activities, support the sustainable development and give significant contribution to export and trade. Development of small and medium enterprises is a complex challenge that includes greater number of directly interested parties in each sector of the state, as well as the economy.

Significance of small and medium enterprises for the economy is undeniable. All researches have shown that, globally, more than 90% of all jobs is done in small and medium enterprises. Small and medium enterprises employ two thirds of total labour of European Union. Approaching the European Union assumes the coordination of system environment and improvement of the atmosphere of entrepreneurship, private initiative, development of small and medium enterprises. This commitment is rooted in current global processes that prefer exactly the development of small and medium enterprises, using profit efficiency and proven benefits of the adaptability of small business, i.e. dynamic changes in economy.
2. COMPARATIVE ANALYSIS OF THE POLICY OF SMALL AND MEDIUM ENTERPRISES IN THE REGION

CROATIA

In the Republic of Croatia, there are framework documents that define the approach and policy of Croatian Government towards small and medium enterprises. Basic document is the Law on the Promotion of Small Business («Narodne novine» br. 29/2002), while the Crafts Act (Official Gazette, i.e. «Narodne novine» no. 49/2003), Law on Cooperatives (Official Gazette, i.e. «Narodne novine» no. 36/1995, 67/2001 and 12/2002) and the Companies Act (Official Gazette, i.e. «Narodne novine» no. 111/1993, 34/1999 and 52/2000) define the specific types of business of small and medium enterprises.

Strategy of the Government of the Republic of Croatia in the field of SMEs development is defined by the Program of Small Business Development 2003-2006. This program is adopted by the Croatian Government, and it is proposed by the Ministry of Small and Medium Enterprises, for the period of four years. Strategic goals of SMEs development are determined by the Program, as well as required preconditions for accomplishing those goals, incentives, carriers and cooperatives for the implementation of each measures, outlined sources of funds and monitoring methods. For operative application of the Program, the „Plan of Program Implementation“, by which the tasks of each carrier in the implementation of particular measure are determined. By analyzing previous movements in the field of small and medium enterprises, as well as the results of implementing the Program of Small Business Development 2001-2004, the following goals were set:

- Increase of the number of small and medium enterprises,
- Increase of the number of employees in small and medium enterprises,
- Increase of the share of SMEs in overall economy of Croatia (primarily GDP and export) with strengthening of the competition, improvement of technological development and companies networking,
- Strengthening entrepreneurial institutions for support and organization of education for entrepreneurship,
- Strengthening the role of local self-government in support to the economic growth and establishment of various forms of regional strategy.

Ministry of Small and Medium Enterprises, as central state organization, is responsible for development and implementation of programs. The Ministry adopts the Annual Program Implementation Plan, on the proposal of the carriers of the program. Funds for the implementation of the Annual Program Implementation Plan are provided by state budget and from other sources in accordance with the law. Report on the Annual Program Implementation Plan is submitted to Croatian Parliament. Ministry also supervises and monitors the implementation of the Program and Annual Program Implementation Plan, analyzes the results and prepares reports.

For encouraging the development of small business by the Law on the Promotion of Small Business, the Croatian agency for small business – HAMAG was established. Croatian Agency for small business, with the Ministry of Small and Medium Enterprises [9], is the main carrier of implementation of the Small Business Development Program. As professional body, its role is to adjust the implementation of incentives, directly implement them if it is responsible for that and monitor, analyze and report on the results achieved, on the foundation of accomplished cooperation with all other bodies and institutions that are included in encouragement of small and medium enterprises development. Tasks of the Agency are the following: implementation of financial incentives, especially giving
guarantees – providing professional support to entrepreneurship and other incentives to small and medium enterprises.

BOSNIA AND HERZEGOVINA

In the Federation of Bosnia and Herzegovina, problems regarding SMEs development are the responsibility of the Ministry of Development of Entrepreneurship and Trade. In accordance with the responsibilities of the Ministry, within organizational scheme, there is a Sector for Entrepreneurship Development. The Department for Promotion and Development of Entrepreneurship acts within this sector. Bosnia and Herzegovina adopted Medium-term Development (PRSP) 2004-2007, in which great attention is paid to the SMEs sector development. Conceptual basis for defining strategic goals of SMEs development is the document Entrepreneurial Society, prepared by the Ministry of Foreign Trade and Economic Relations 2001, as a framework document of economic development of Bosnia and Herzegovina.

Medium-term strategy of development lists the adjustment of policies to the recommendations of European Charter on Small Enterprises as top priority in strengthening the entrepreneurship and SMEs in B&H. Based on this, the „Law on the Promotion of Small Business“, which respects the recommendations of European Commission about the definition of micro, small and medium enterprises, was adopted in 2005. By the “Law on Promotion of Small Business” for the carriers of incentive policies in the context of SMEs development the following are determined: Government of the Federation and cantonal governments, Federal Ministry of Development, Entrepreneurship and Trade, relevant federal and cantonal ministries and institutions and units of local self-government. At the same time, B&H needs to create a policy whose objective is to modernize and restructure the industry, and also to strengthen the SMEs sector. According to the strategy, it is necessary to adopt the Strategy of SMEs Development in B&H (harmonized with European Charter) that defines the institutions and measures that lead up to the development of entrepreneurship and SMEs.

In addition to the preparations for development of the Strategy to support the development of SMEs, Medium-term Strategy of Development stresses the following as priorities:

- Establishment of legal and institutional framework for the support to entrepreneurship development,
- Establishment of a guarantee fund for support to small and medium enterprises,
- Encouragement of training and education for entrepreneurs and managers.

In addition, the elaboration of medium-term plans for development of administration and legal infrastructure that is necessary for country’s support to SMEs development takes place within the program of European Partnership for B&H.

Priority activities within this undertaking refer to:

- Strategy for Small and Medium Enterprises Development in B&H,
- Legal acts and bylaws necessary for statistical coverage of SMEs sector at the national level, in accordance with recommendations and good practice in European Union,
- Establishment of the institution for development and support to SMEs sector (Agency at the level of B&H),
- Formation of guarantee and credit funds in order to encourage SMEs at national level.

THE REPUBLIC OF SRPSKA

At the institutional level in the Republic of Srpska, in September 2004, the Agency for Development of Small and medium Enterprises was established in accordance with the
Law on Encouragement of the Development of Small and Medium Enterprises. Agency acts as legal entity and non-profit organization. In the system of state infrastructure, the task of the Agency is to monitor, coordinate and give the initiative in work to other subjects responsible for the development of SMEs at entity, regional and local level. Since 2002, the “Law on Encouragement of the Development of Small and medium Enterprises” is in force, it follows the definitions from recommendations of European Commission, both in the aspect of the intervals of enterprise’s size measured by the number of employees and in the aspect of enterprise’s size measured by annual revenue.

The Republic of Srpska has adopted the „Strategy for Development of Small and medium Enterprises in the Republic of Srpska 2006-2010”, which methodologically starts from the accordance with European Charter for small enterprises. Sectoral approach to the development of small and medium enterprises was developed by strategy, and having in mind the rather uneven regional development of the Republic of Srpska, a special encouragement of less-developed and border areas is predicted. For the realization of these activities, the formation of regional development centres of the Agency is necessary. For the development of SMEs, the priority is also the creation of developmental environment at local level, thus, in the Strategy, great attention is paid to the development of local institutional and entrepreneurship infrastructure: local agencies, departments for agriculture, info desks, business incubators and business zones.

Strategy for Development of Small and Medium Enterprises in the Republic of Srpska for the period 2006.-2010., also includes the proposals for amending legal regulations that would significantly facilitate the registration and formation of new small and medium enterprises. Strategy of SMEs Development in the Republic of Srpska defines a logical framework according to which annual plans of activities for the period 2006-2010. will be developed.

The most important social and economic effects that will be achieved by successful realization of the Strategy will be the increase of employment, increase of exports, reduction of payment deficit, more even regional development and strengthening of material basis for education, health and other important social activities.

For the accomplishment of the mentioned strategic goals for the period 2006.-2010., it is necessary to accomplish the following operational goals:
1. strengthening the financial support to SMEs and entrepreneurship.
2. acceleration of procedures and reduction of costs of registering businesses.
3. reduction of fiscal burden and tax policy towards SMEs.
4. strengthening the institutional support to SMEs development.
5. creation and development of entrepreneurial infrastructure.
6. partnership and clusterization of SMEs.
7. education of entrepreneurs.
8. strengthening the innovation and technologic competitiveness of SMEs.
9. strengthening the role of information and communication technologies in SMEs development.
10 internationalization of SMEs.

Monitoring the implementation of Strategy will be done by Republican Agency for Development of Small and Medium Enterprises in cooperation with Ministry of Economy, Energy and Development through four-month reports that will be submitted to the Government of the Republic of Srpska and annual reports to the Parliament of the Republic of Srpska.
MACEDONIA

At the institutional plan, there is significant support to the development of small and medium enterprises through the establishment and work of the Agency for Promotion of Entrepreneurship in May 2004. Agency for Promotion of Entrepreneurship -APPRM in Macedonia is a state institution established in order to realize the Programme of measures and activities for the promotion of entrepreneurship and strengthening the competitiveness of small and medium enterprises and other programmes of the Government that refer to entrepreneurship and SMEs.

APPRM has a major role at the national level for implementation and coordination of national and international support to SMEs sector. For the implementation of these activities, the Agency cooperates with the network of regional centres and agencies for the support to SMEs.

Strategic framework for the support to development of SMEs is defined by following documents: National Strategy of Development of Small and Medium Enterprises, Program of measures and activities for the promotion of entrepreneurship and strengthening the competitiveness of small and medium enterprises, European Charter for Small Enterprises, Law on Crafts, Law on the Agency for the Promotion of Entrepreneurship.

National Strategy of Development of Small and Medium Enterprises in Macedonia is built and approved in 2002 and it was adopted for the period of 10 years, i.e. to the year 2012.

The principle of the development of small and medium enterprises is completely in compliance with the policy of European Union, and development directions refer to:

Development directions 1: support for establishment of new enterprises
Development direction 2: strengthening the competition of the existing enterprises
Development direction 3: improvement of coordination and contacts with SMEs

General objective of the Strategy is: increase of the number of employees in SMEs to 100,000 in the period 2006-2012.

Objectives:

- Increase of the active SMEs through the establishment of 20,000 new enterprises in the period 2006-2012, and provide for the enterprise to be established in all regions.
- Increase of the number of employees in the existing SMEs for at least 40,000 in the period 2006-2012 and provide for all the regions to gain benefit from new possibilities for employment.
- Increase of the number of private consulting companies in all regions for at least 6,000 in the period 2006-2012, as well as the increase of the number of certified consultants to 5,000.
- Increasing the dialogue between decision-makers and SMEs, as well as the creation of new SMEs structures and mechanisms for SMEs.
- Activities for SMEs should be in accordance with appropriate EU directives and SMEs legislation should be in accordance with Aquis Communitaire.

Institutional goal is strengthening the dialogues between decision-maker and SMEs and the creation of new structures and mechanisms for future dialogue with enterprises so that their attitudes about all key issues could be presented before making the decision.

In 2004 and 2005, significant changes in the field of legal regulations that refers to SMEs. Many new laws were adopted and a few of them were changed by amendments. The new adopted laws are: Law on Enterprises, Law on Craft Activities, Law on Commerce, Consumer Protection Act, Law on Tourism, Law on Public Procurement, Law on the Establishment of the Agency for Foreign Investments, Law on Labour Relations.
SERBIA

The highest level of integral model for the support to the development of SMEs in Serbia are: the Ministry of Economy and Privatization with its two sectors (Sector for SMEs development and the Sector for private entrepreneurship) with the role that implies competencies in determination of strategic directions of the development of this sector, creation of stimulating business environment for establishment and operation of SMEs, definition and leading of the economic policy in this field and other jobs that are significant for the sector of SMEs and entrepreneurship, as well as Republic Agency for SMEs and Entrepreneurship Development and the network of 13 regional agencies/centres [7].

Serbia has adopted "Strategy for the Development of Small and Medium Enterprises 2003-2008". Strategic priorities are the creation of framework for sustainable, internationally competitive and export-oriented SME sector and, as a result of it, provision of economic and social growth in Serbia, which is reflected in:

- Increase of the living standard and reduction of differences between the average salary in Serbia and EU countries,
- Significant growth of employment,
- Stronger and more even development,
- Strengthening of international trade connections, especially with EU countries,
- Increase of the available resources for the other sectors, such as education, health, pension funds.

Serbian Government had 2 priority goals of SMEs development until 2007.

- Increase of the number of SMEs from 270,000 to about 400,000
- Creation of more than a million of new workplaces in SME sector.

Main strategic goals of the development of SMEs and entrepreneurship:

- Support to SMEs in priority sectors of the economy.
- Institutional support for enterprises and entrepreneurship.
- Removing legal and regulatory barriers.
- Public sector and SME.
- Financing of SMEs.
- Competitiveness of SMEs.
- New knowledge and skills for SME sector – education, training.
- Promotion of export for SME.
- Preparation of SMEs for digital era.
- Grey economy.
- Analysis of SMEs operation.
- Promotion of the Strategy of SME Development.
- Implementation of the national Strategy of SME and revision process.
- International support and technical assistance.

SLOVENIA

Government of the Republic of Slovenia established Small Business Development Centre - PCMG in 1992, with the aim to coordinate the network for support to small and medium business and programs for promotion of entrepreneurship. PCMG, i.e. current Public Agency for Entrepreneurship and Foreign Investments - JAPTI is an institution that functions within the Ministry of Economy. JAPTI coordinates entrepreneurial initiatives through the network for support of the small business and network of local business
centres and target groups include micro, small and medium enterprises. Work field refers to the development of services for the support of micro, small and medium enterprises, development of environment for support of entrepreneurship, development of entrepreneurial culture and coordination of EIC network and strengthening the quality of services and SME internationalization.

Government of the Republic of Slovenia – Ministry of Economy adopted „Program for strengthening entrepreneurship and competitiveness 2007-2013“ on 06.07.2006, which is implemented by Directorate for entrepreneurship and competitiveness within this Ministry.

Policy of entrepreneurship and competitiveness development is oriented on four key areas:
• **Stimulation of the development of entrepreneurship and entrepreneurial environment** (through the promotion and entrepreneurial training, voucher counselling, stimulation of entrepreneurship in specific target groups),
• **Development of knowledge in economy** (formal and professional education),
• **Development and innovations in economy** (development of logistics platforms-infrastructure-technologic parks, incubators, stimulation of research and development activities, development of innovations),
• **Stimulation of the development of small and medium enterprises from own and borrowed sources** (stimulation of investments).

This Program is an operative document of broader strategic documents, such as:
- Development strategy of Slovenia,
- National research and development program,
- Framework of economic and social reforms for increase of welfare,
- Reform program for the realization of Lisbon strategy in Slovenia, which is by its goals and measures in accordance with the Development Strategy of Slovenia. In order to reach developmental goals of Lisbon strategy, Reform program defines the following tasks:
  • First development task: competitive economy and rapid economic development, business environment and entrepreneurship development.
  • Second development task: two-way flow of knowledge for economic development and opening new workplaces, knowledge for development, and human resources development.
  • Third development task: efficient state.
  • Fourth development task: modern social state and higher employment (employment and increase of the supply in the labour market and improved social security system, stimulation of adaptation and mobility in the labour market).
  • Fifth development task: measures for reaching long-term development (better management of life space, long-term use of sources, regional development).

As a member of EU, Slovenia implements the principles of European Charter for Small Enterprises.

Of the existing regulations that refer to entrepreneurship and competitiveness, in Slovenia the following are in force: “Law on Support for the creation of entrepreneurial environment”, “Law on Amending the Law on Support for the creation of entrepreneurial environment“, “Regulation on the conditions, criteria and measures for the allocation of funds for implementation of entrepreneurial programs“, „Regulation on conduct and content of entities of innovative environment“, “Regulation on procedures for the
3. GLOBALIZATION OF SMALL AND MEDIUM ENTERPRISES AT THE LEVEL OF EUROPEAN UNION

Small and medium enterprises in Europe are the engine of European economy and the main drivers for reaching sustainable development and creation of new workplaces. Throughout Europe, there are about 23 million of SMEs, which is about 99% of the total number of enterprises, in which about 75 million workplaces were open. In March 2000, the Council of Europe adopted Lisbon Strategy or Lisbon Agenda that represents the development plan of European Union that has a goal for the Europe to become the most competitive and most dynamic economy in the world based on knowledge, until 2010. Lisbon Agenda represents a comprehensive strategy that has a goal to promote economic growth, strengthen the competitiveness and open new workplaces and improve structural and legal reforms, and simultaneously provide social cohesion and sustainability of the living environment.

Lisbon Action Program sets priorities that will help the Union and member countries to increase the productivity and create numerous and better workplaces. Action Program includes actions in three main areas:

- Make Europe more attractive place for investment and work,
- Knowledge and innovation for growth,
- Creation of numerous and better workplaces.

Medium-term revision of the strategy that is done in 2005 and offer significant possibilities to observe previous results and to intensify the efforts by EU and at the level of member countries and where it is necessary to take corrective measures in order to accomplish the goals of Lisbon strategy.

On behalf of EU, Commission for SMEs (within the Directorate for Entrepreneurship) takes care of small and medium enterprises, develops programs and implements the overall policy of member countries in the field of SMEs. At the level of EU, European Commission adopted comprehensive policy of SMEs development in 2005, which aims at securing that policy and activities of the Union are appropriate for SME and to contribute for the Europe to be more attractive for establishment of new enterprises and business.

New policy of the Commission that refers to SMEs seeks to apply the principle: «First think a little» in order for the business environment for SMEs to become more favourable, in order to reduce administration costs, simplify and accelerate the procedures, improve market approach, create new workplaces and increase dialogue and consultations with SMEs and create conditions for the increase of their competitiveness. In this way, the implementation of Lisbon program is clearly supported.

Modern policy of SMEs for growth and employment which was adopted in 2005 by European Commission aims at providing for all the aspects of EU policy that refer to the support to SMEs to be coordinated and the needs of SMEs are more assessed when developing this policy. Policy includes activities in 5 areas:

- Promotion of entrepreneurship and entrepreneurial skills,
- Improvement of the access of SMEs to markets,
- Elimination of bureaucracy,
- Improvement of development chances of SMEs,
- Strengthening the dialogue and consultations between SMEs and decision-makers.
This policy creates a political framework for activities of small and medium enterprises and integrates the goals of the existing instruments of policy, particularly European Charter for small and medium enterprises in order to create synergy and increase the transparency of the approach of European policy for SMEs.

European Charter for Small Enterprises was approved from the part of EU leader in 2000. By European Charter for small and medium enterprises, member countries of EU have obliged themselves to create favourable business environment for SMEs. Special activity at the level of EU is providing member countries to learn on experiences in creation and implementation of policies, so that the best practices could be applied and calls member countries and the Commission to take action to support SMEs in the following key areas:

1. entrepreneurial education and training.
2. cheaper and more rapid start-up.
3. better legislation and regulation.
4. the availability of skills.
5. improvement of on-line access.
6. utilization of single market.
7. taxation and finances.
8. strengthening technological capacity of small enterprises.
9. successful models of e-business and top business support.
10. development of stronger and more efficient representation of small enterprises.


4. SUPPORT TO SMALL AND MEDIUM ENTERPRISES IN EU

European Union has selected coordinated approach in development of SMEs. Within European Union, strategies that are adopted at the level of European Union are coordinated, as well as the strategy of each member country. Structure of the support system that is applied for implementation of strategy in the aspect of small and medium enterprises is wide and mostly includes the following segments:

1. Improvement of the environment of SMEs development in member countries:
   - Simplification of administration and legal environment,
   - Improvement of financial environment,
   - Improvement of fiscal environment,
   - Improvement of social environment,
   - Improvement of other relevant environments.

2. Programs and measures for SMEs:
   - Concentrated actions of EU members in helping SMEs, concentrated actions as a form of concrete support to development of SMEs in EU are based on the model of consultations between member countries of EU and Commission in order to change the unfavourable practice and promote better solutions. Until now, three fundamental issues are particularly explained: what are the requirements and needs of SMEs, what is the role of Government, what is the role of mediator. The recommendations for providing relevant information to SMEs were at the first place, then the need for decentralization of information and further gradually simplified administrations'.
   - Approaches to finances and credits and development of financial instruments for SMEs, Development of partnerships in relation bank-SME are in the first plan so that financial support would be purposeful. In EU, there is also a rather diverse scheme of financial instruments that are available to SMEs. In EU, there is EMGA-The European
**Mutual Guarantee Association.** In order to use EMGA scheme, it is necessary to be the member of that association. Its functioning is particularly important to those who intensively invest in SMEs.

3. **Strengthening the competitiveness of SMEs:**
- Research and technological development,
- Improvement of the quality of goods and services,
- Innovation processes and other improvements,
- Promotion of entrepreneurship,
- Other important supports (standards, knowledge improvements etc.).

5. **CONCLUSION**

Changes that the companies are faced with in the beginning of his century are the result of impact of many factors. The first factor is globalization – enormous growth of exchange and availability of new products and services, as well as dramatic increase of mobility of foreign investments, movements of people and international competitions. The following factor is the impact of modern communication technologies. Rapid changes of all the forms of technology provide a rapid approach to numerous forms of communication, with low costs, which leads up to opening the market for consumers throughout the world. These two factors have influenced the change of power in the market, from producer to consumer or end user. In that context, availability of information in the company, as well as determination of global brand names of products and services becomes the phenomenon of the global market.

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