# Development of Integrated Management Systems in SMEs in Serbia

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Due to processes occurring on the global market, enterprises have to pay more attention to meeting users' requirements. Namely, market competition has influenced a change in the enterprise's strategy and its orientation towards a customer, as an imperative of its business operations. In recent years, a process of integrating various management systems has been occurring, giving rise to the networking of several international standards aimed at creating the enterprise capable of meeting all customers' needs on the market. Conforming to the changes on the market, the sector of small and medium enterprises must comply with new business conditions, which is a considerable effort for the entire enterprise. Namely, market requirements for safe and sound food, permanent enhancement of production processes, measurement of customers' satisfaction, concern for the environment, social accountability, etc., stand for just a part of characteristics that SMEs have to possess in order to survive on the market. Therefore, to solve these issues successfully, a solution for SMEs may be in setting up clusters as a way to strengthen this sector in the process of business internationalization.

*Key words:* Integrated Management System, QMS, clusters

## The Basic Characteristics of Integrated Management Systems

An imperative of business activity for small and medium enterprises is to reach business excellence. Business excellence implies that SMEs continuously work on *enhancing the quality of business operations* of their organization based on the rise in each staff member's performance and knowledge. Achieving business excellence (winning the market position of an excellent enterprise) and creating

world class products and services cannot be connected with only one segment of business function of an enterprise or organizational entity, but they are a result of the collective work of all structures within the enterprise conforming to the predefined strict goals of business operations. Achieving business excellence in SMEs is viable in two ways, by implementing concepts of Total Quality Management (TQM) and the Integrated Management System (IMS). For small and medium enterprises, the first concept is rather difficult and cannot be achieved within a short time; hence, to reach business excellence sooner, they should implement the IMS concept.

IMS implementation comprises *integration of several international standards* such as Quality Management System (QMS), Environmental Management System (EMS) Occupational Health & Safety Management System (OHSAS) and Social Accountability (SA 8000). The integrated Management System (Sajfert, Đorđević, and Bešić 2006, 52), like the TQM concept, implies continuous enhancement of the quality of operations to reach business excellence. It is the matter of a permanent and organized quality enhancement of the enterprise's products and services – each organization must incessantly improve all segments of its business.

It is possible to find three factors that have an impact on the development of integrated management systems, and those are:

- Enhancement of the enterprise's overall features.
- Creation of frameworks for implementation of recognized standards for the management system subject to independent reviews (ISO 9001; ISO 14001; OHSAS 18001; SA 8000).
- Creation of an integrated scheme for independent controls of integrated management systems.

Implementation of IMS concepts provides certain benefits to enterprises: encouraging management, enabling a comparative advantage, attracting investments, improving and protecting brand reputation, increasing stakeholders' attention and satisfaction. Likewise, the IMS concept provides the following advantages:

- Avoiding duplicating instructions and efforts causing confusion.
- Providing the best practice and lessons that offer knowledge within all disciplines (safety, environment, quality).
- There is one annual program of internal audit that reduces hampering the internal management; however, care should be taken that audit includes a representative sample of the enterprise's IMS.

- Ensuring development of an individual set of requirements thus reducing the documentation system to the minimum.
- One report of an individual system represents a requirement.
- Training carried out in an integral system reduces its duration. (If single elements of the system are separated, this might result in doubling the process of training).

In practice, several models of integrated systems certification can be observed:

- Creating module certification enabling organizations to choose on their own in relation to which requirements they want to be certified and in relation to which standards (similar to the possibility in ISO 9001:2000 where there is now an opportunity to exclude certain requirements from chapter 7, with a confirmation that the organization actually does not apply such requirements). In such a way, the selection of assessors is facilitated because if the organization itself decides what not to apply, then it is easier to find an assessor who will certify them and consequently, certification would be financially more favourable.
- Concurrent certifications according to various standards and issuing of an integral certificate, which, however, give rise to repetition of the system requirements and engagement of several assessors for each standard respectively. In this case, certification would be more expensive. (Sajfert, Đorđević, and Bešić 2006, 53).

The crucial assessment of the achievement with respect to IMS implementation is the effectiveness of the continuous system enhancement process developed within the company. The IMS model illustrates a typical scheme for large enterprises that consist of different departments and operate at many locations. More SMEs will use a model with much lower scales. The same basic frameworks may be applied and defined as:

- System input
- Global management system
- Departmental/local management practice
- Special instructions and processes

The crucial element of documentation will be a mutual relationship between the input requirements and specific systems or procedures. This provides an easy verification in which all inputs must be worked out thus facilitating the audit when input requirements are changed. It is a good practice to define the departmental input and output data, as well as to encourage the culture of an internal chain

of information exchange. This will strengthen the concept that each department has a responsibility in delivery of a product or service within specific parameters referring to quality, health and safety, environment and any other requirement of the integrated system.

The appearance of a version of ISO 9000:2000, and particularly of an excellence model according to the TQM concept, provided conditions for a harmonized integration of individual management systems into an integrated management system of the organization. Requirements or elements of standardized management systems are set mutually compatibly. This enables all partial management systems to make an integral IMS with interconnected individual complementary elements of integrated systems (Sajfert, Đorđević, and Bešić 2006, 50). Integration of partial management systems is realizable in the following way:

- It makes it possible that each management system has its own interrelated documentation.
- It allows to be created documentation of the basic management system (QMS according to ISO 9001), and then to be expanded in line with other management systems' requirements.

If the enterprise wants to introduce an integrated system, it will face some challenges such as:

- The issue of methodology used to introduce an integrated system with a dilemma, like whether to take one or several consultants for each of the subsystems. However, there is a danger of forming parallel systems, as each consultant might have his/her own vision of the system and his/her own perception of the system requirements.
- Concern about excessive documentation that will choke the integrated system with a risk of having a documented system that is not applied or cannot be applied failing acceptance of a positive business practice.
- The issue of whether the requirements of standards themselves will be incorporated in the integrated system – there is a risk of wandering to some type of management without having much touch with management standards, making certification of such a system impossible.
- Concern over imposing uniformity of integrated systems, as well as uniformity of documentation itself that emerged when the first quality systems standards were developed (ISO 9001:1994) (Đekić and Radmanović 2004).

Among the overall number of the questioned entrepreneurs, 60.38% think that their enterprises do not possess elements of business excellence, while 66.67% think that there are no such SMEs on the domestic market. However, the problem in the answers to these questions lies in the fact that examinees themselves are still unaware of the idea of business excellence (Bogetić 2009).

Transition countries may benefit greatly from implementation of IMS in their enterprises – in that way, they will improve their competitiveness on the global market for a relatively short time. For domestic SMEs, IMS development is the only way to achieve the set goals. However, that process requires a few prerequisites:

1. Larger involvement of business services in informing entrepreneurs about the appropriateness of IMS implementation in their enterprises.
2. Through enactment of positive statutory regulations, the state will secure an easier implementation of QMS in the economy, such as the National Quality Strategy.
3. A more powerful entrepreneurs' initiative oriented towards introduction of QMS in SME (through established guilds, clusters and other types of SME associating).
4. Education of SME owners, as the most responsible people for successful implementation of QMS is a must for business services in the process of creating a favourable atmosphere (e.g., entrepreneurs are not aware of advantages of implementing QMS in SMEs).

### Application of The Integrated Management Systems

In the earlier period, in addition to implementation of the ISO 9000 standard it was important to administer occupational safety (Occupational Health & Safety – OHSAS). This system was compulsory in Germany under the Occupational Safety & Health Act, which resulted from the fact that no branch of industry could neglect the society and country with respect to environmental protection. These market requirements gave rise to SMEs's dependence upon application, certification or implementation of the environment management system. These segments represented a baseline for the commencement of work on the integrated management system.

A difficulty in the IMS implementation process may occur due to insufficient integration of the staff in its development and further introduction shown through examination of unaccepted and opaque management systems, which are rarely developed for a particular

enterprise. Also, Total Quality Learning (TQL) is not sufficiently represented, particularly in SMEs. To successfully implement IMS in SMEs, there is a number of good methods that, unfortunately, are not used.

IMS requirements from enterprises participating in this process can be reduced to the following elements (Mackan 2003, 2–3):

- Structure transparency
- Starting points of continuous improvement
- Increase in productivity and efficiency
- Certificating option
- Using synergy throughout integration
- Simple system managing even by insufficiently trained workers
- Consideration of the enterprise's individual features

In parallel with IMS requirements, there emerged the issue of its adequate implementation in the SMEs, which, among other things, included changes in the SMEs itself and development of qualification parameters for involved workers as well.

The IMS model is based on the manual conceived in five chapters:

1. Enterprise and management design
2. Products and services
3. Process design
4. Focus on the customer and procurement
5. Benchmarking and continuous enhancement

The IMS model meets the requirements of the ISO 9000 standard (including the revision of ISO 9001:2000), contents of ISO 14001, as well as the Safety Checklist of Contractors (SCC), and it successfully follows the idea of quality and productivity enhancement. The structures of standards and legislation are given in individual chapters. Subchapters containing recommendations for organizations are developed in all chapters. These recommendations tend to deliver the contents of standards in the simplest way to the staff concerned and often contain practical reasons for the existence of subchapters. The first chapter describes organization of the enterprise and management system. It also includes statements, roles and competences, documents creation and control, explanation of the enterprise's structure, and the staff potential included therein. The staff is given more relevance in relation to the international standard ISO 9000 where it was mentioned in the part related to training. In the second chapter, the focus is on the enterprise's products and services, while the third one presents a visualization of all processes

in the enterprise. The fourth chapter refers to customers, suppliers and contractors with special reference to the latter groups. It is a requirement of the environment management system, as well as OHSAS based on the point of view that the management system should not be restricted to the enterprise's boundaries and that inclusion of suppliers and contractors is necessary. This task is not always simple, especially for SMEs, which cannot just dictate terms to their suppliers or only appraise them. However, through this step, knowledge and employment of IMS can be available to the groups that did not need it before. Chapter 5 talks about the permanent development and enhancement, measurements efficiency appraisal and benchmarking. Benchmarking, although not part of the management system, provides starting elements in function of assessing, acting and discussing solutions to problems enterprises in the same industry. All of the five chapters and subchapters discuss most of the TQM activity fields.

The management system enables describing of enterprises' practice and, accordingly, it is indispensable to live and grow through experience and practice, that is to say, the staff is responsible for a continuous development of the system and ipso facto, they are involved in this project from the beginning. Development of the manual contents is associated with execution of further more complex tasks.

The strategy for IMS implementation in the enterprise is based on the above-mentioned requirements, and the first step is the making of a matrix. Matrices comprise all operations aimed at documenting all tasks, assigning responsibilities and fixing the time during the implementation process. Within this process of implementation, important activities, which are an integral part of implementation, are identified, arranged chronologically and assigned to an individual or a group. This process is schematically illustrated in table 1.

The initial meeting is attended by all of the enterprise's employees and executives. The subject of this meeting is to introduce the participants to the project and to present it. The second segment of the IMS implementation process is aimed at acceptance of the created vision by all employees, implying obligatory presence of all the people working in that enterprise. After the enterprise's policy has been created by the management, the general aspect of the management system functional development is presented and discussed, followed by a statement of quality control understanding, environmental protection and OHSAS. This step in the process of IMS implementation is connected with defining an equilibrium re-

TABLE 1 Integrated Management System implementation

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|---|---|
| 10 | Efficiency measurement (audit-team and appointees employee) |
| 9 | CI – circle (all employees invited) |
| 8 | Customer and supplier focus (appointees employee) |
| 7 | Human resource focus (appointee for quality) |
| 6 | Products or service (CEO) |
| 5 | Objectives (appointees employee and CEO) |
| 4 | Operation processes (project team) |
| 3 | Analyses e.g. environment (appointees employee) |
| 2 | Management policy (CEO) |
| 1 | Vision workshop (all employees and CEO) |
| 0 | Kick-off (all employees and CEO) |

Adapted from Mackau 2003.

lated to OHSAS, environmental protection and quality control by the responsible personnel. By analyzing, we form the basis for future goals and development of measures in those areas. In the fourth part, the project team tends to identify, observe and revise business processes. The project team includes the employees familiar with techniques for process analyzing and those who control current processes. This team is also responsible for creating directions and operating instructions. In the fifth step, the focus must be on development of goals through implementation of the process and analysis, precise definition of goals and subsequent development of the plan of actions. Employees responsible for this task and the management equally participate in this part of the process. The sixth step consists of descriptions of the management's needs related to products and/or services. Besides, the requirements of IMS elements make an integral part of descriptions. The seventh and eighth steps are similar. Namely, potential activities linked to these subjects were created by the team members and discussed with the management. As a result of these activities, the management passes a list of measures. A circle of continuous advancement requires creating an instrument that enables all employees to discuss internal problems in the enterprise and to find solutions independently of the management's activity. This circle ensures that the management system will not restrict structures and processes until they have been continually assessed and tested. The purpose of the control of efficiency is to create a team of internal controllers among the interested workers who in cooperation with others check goal achievements and efficiencies of action plans.

Results obtained after all these steps have been done are entered in the manual structure, and all other issues are covered by the enterprise's management. The final version of the manual has to be presented to the staff before implementation of the management system starts.

### The Indispensability of Application of the Integrated Management System for SMEs in the Republic of Serbia

There are several reasons why small and medium enterprises (SMEs) have to develop an integrated management system (IMS), and one of them is enhancement of the features of the enterprise itself. Yet, the crucial reason is that frameworks for implementation of recognized international standards for management systems, which are subject to independent controls, are created in this way (ISO 9001, ISO 14001, OHSAS 18001). Implementation of quality control is a starting basis for the arrival of other standards for managing business elements, and the objective is to achieve business excellence. IMS concept implementation is insufficiently represented in domestic SMEs. The data given in this paper are a result of the research that has been conducted within the development of the dissertation. The research has been conducted on the territory of the Republic of Serbia, the Republic of Montenegro and the Republika Srpska in the period from 1st October in 2005 until 25th March in 2006. During this period of research 56 directors gave their opinion on the subject of applying the concept of quality managing of small and medium companies (SMC) by an inquiry, as well as 52 experts for the development of SMC. The research was conducted directly through the structured questionnaire. According to the data of the international organization for the process of standardization in 2007 there were a 2,551 organizations which introduced the system of quality management according to the international standards ISO 9000.

Namely, among the total number of the interviewees who introduced a set of ISO 9000:2000, standard 71.43% of them are not even thinking of this concept of management. Likewise, among the total number of interviewed entrepreneurs, 65.22% do not think of introducing QMS into their enterprises. As the most frequent reason for non-implementation of QMS, 36.36% entrepreneurs point to the lack of entrepreneurs' awareness of the matter, while 18.18% of them think that the economic surroundings are unstable and that they currently do not need it (Bogetić 2009). Therefore, it appears that it is indispensable to keep entrepreneurs informed about quality, IMS, business excellence, etc. Business services, such as the Chamber of

Commerce of Serbia, Republic Agency for SMEs and Entrepreneurship Development, local self-government and entrepreneurs' associations have an important role in this segment.

Among the total number of experts, 57.14% think that the state should have the key role in the process of QMS implementation in SMEs. In experts' opinion, the most important assistance of the state is in the following segments: statutory regulations and legislation (25%), promotion (21.88%) and financial support for realization of implementation of QMS concept in SMEs. As a key state institution that will assist in realization of QMS implementation in SMEs, the most interviewes (36%) see this in the Ministry for Economy and Privatization. Besides, 19.23% of the interviewed experts think that in addition to the state, which has to do part of the job, relationships between SMEs themselves must be changed to improve implementation of the QMS concept. Namely, SMEs themselves must change their past inactivity not waiting for the state to help them at all times.

Under-engagement in the field of education represents a considerable problem in the process of enhancement of SMEs sector operations. More than a half of interviewees (51.91%) have received advanced training. The course they attended most often was improvement in the fields of management (44.19%), whereas the incidence of technical and technological improvement was somewhat lesser (34.48%). Researches show that SMEs owners are not ready for management improvement as a form of advancement in their enterprises' operations. Namely, as many as 64.71% of SMEs owners did not receive advanced training last year. The largest numbers of interviewed managers, 62.5% of them, mostly improved their knowledge of technical and technological skills, and only 31.25% of management. Consequently, an inappropriate knowledge of management leads to entrepreneurs' ignorance of the terms such as: quality, business excellence, integrated management systems, and the like. According to Masaki Imaja any delay in applying the latest technologies can be very expensive and the delay in applying the latest management techniques is expensive as well (Masaki 2008, 24).

When we talk about implementation of the quality management concept in SMEs, the interviewed experts feel that quality has been talked about for a long time, but little has been achieved in the national business practice, that is to say, quality has not been understood rightly. They believe (95.92%) that implementation of QMS in SMEs is necessary, and the commonest reasons for justification of such a claim are efficient organization management (24.64%), organization quality enhancement (22.46%) and better operations

(15.22%). Many of the interviewed experts, 78.72% of them, are not satisfied with implementation of QMS in SMEs.

SMEs can develop IMS most simply if they associate and establish a cluster. Thanks to the cluster, SMEs have a complete production process beginning from primary production (orchards, farms, etc.), and ending with final production and sales. Taking into consideration that there is big competition in the food industry, implementation of IMS is the best solution for further development of competitiveness. Clusters must keep working on products quality improvement, i. e., SMEs's production quality improvement.

Most of the interviewed experts, 60.78%, estimated the level of competence among domestic SMEs as average, whereas 33.33% of them deem it low. On the contrary, domestic entrepreneurs estimated their SMEs competitiveness as either satisfactory (39.62%) or average (37.74%). In experts' opinion, the main factors of development of domestic SMEs' competitiveness are:

- Quality, 18.29%
- Marketing, 10.98%
- Education, 8.54%

They also mentioned that domestic SMEs lack some elements for development of competitive capacity:

- Education, 21.88%
- Quality, 14.58%
- Management system, 13.54%

The results of a research which dealt with the analysis of domestic companies' competitiveness (May–June 2007, the territory of Serbia) point to the following: domestic companies are incapable of accepting knowledge as a business resource (50% of domestic organizations are basically classically oriented organizations), just over 50% of employees have some form of improvement, and almost 70% of entrepreneurs did not have any form of improvement in the former year. Even though they are aware of the necessity for quality development, the majority of organizations have not got the implemented system of quality managing (Sajfert, Bešić, and Petrović 2008).

To conform more easily to new market requirements, small and medium enterprises have to be oriented towards *standardization of their operational processes.* Standards enable the enterprise's operations to be much simpler and better for all the staff in the enterprise and for its partners. Thanks to standardization, customers are confident when buying products or services. Likewise, SMEs can benefit from standardization of their business processes because they

are characterized as rather disorganized, but by standardization of business processes, they can improve the enterprise structure. European Commission gives full consideration to the implementation of standardization in enterprises, particularly in the sector of SME and trades & handicrafts. In their Directive dated 26 October 2006, related to the financing of European standards, the European Parliament and EU Council state that it is necessary to support SMEs, especially small, micro and artisans' enterprises to be able to meet the requirements of these standards.

### The Activities of Small and Medium Enterprises in the Process of Application of the Integrated Management System in the Republic of Serbia

Small and medium enterprises in the Republic of Serbia insufficiently implement IMS in their operations, which considerably aggravates development of their competitiveness. There are many reasons for such a bad situation in this field. Firstly, entrepreneurs themselves are still inadequately knowledgeable about the IMS concept and its advantages. To that effect, very important is the role of the Chamber of Commerce of Serbia (CCS) and its regional centers, which have to promote much more the implementation of this concept in domestic SME. Likewise, one should not neglect the importance of the Republic Agency for Development of SME and Entrepreneurship (SMEE) for entrepreneurs and those who would like to become that. Namely, this republic institution has developed a network of centers in the Republic of Serbia so that it has a good opportunity to promote IMS implementation. Then, when one looks at a list of trainings conducted in these institutions' premises, it becomes obvious that least attention is paid to implementation of QMS, EMS and other standards in domestic enterprises. Therefore, in consequence of such inadequate activities, it happens that entrepreneurs do not know of terms such as business excellence, ISO standards, IMS nor the methods of their implementing. Due to their insufficient level of information, entrepreneurs have certain prejudices regarding implementation of QMS and other standards, costs of implementation, etc., which may considerably aggravate the process of their inclusion in the process of IMS implementation. However, some local self-governments, in cooperation with regional chambers of commerce, had launched an initiative in this field and thus encouraged local entrepreneurs to associate in clusters and in this way start implementing standards necessary for their operations (ISO 9001:2000 for the beginning). According to the results of a research

conducted among the organizations which had implemented the system of quality managing, the head effects of implemented QMS are: improvement of the customer relationship (42%), improvement of climate quality (22.4%), process improvement (19.1%), improvement of employees' participation (12.5%) (Majstorović 2007, 1–5). The next marks clearly justify the necessity of implementing the quality managing process on the basis of the ISO 90000 standard series into domestic companies on the international market.

The legal framework for standardization, accreditation, metrology and conformity assessment in Serbia still derives from the Assembly of Serbia and Montenegro which adopted (just before the breakup of the State Union) the following laws (all numbered No. 44/2005 in the Official Gazette of Serbia and Montenegro): (i) Law on Standardization; (ii) Law on Accreditation and (iii) Law on Metrology (Frota, Racine, and Majstorović 2009).

Consistent with the Strategy for Development of SME and Entrepreneurship in the Republic of Serbia throughout 2003–2008, adopted by the Serbian Government, one of 15 main strategic directions of development in the following five years is to develop this sector's competitiveness. There are several factors (external and internal) within the enhancement of competitiveness of SMEE, but implementation of the quality system is outstanding. Therefore, the Strategy for Development of SME and Entrepreneurship has defined that within the next five years, the Ministry of Science, Technology and Development in cooperation with the Republic Agency for Development of SMEs will prepare programs for implementation of the quality system in SME. Unfortunately, despite the set goals, realization of this part of the strategies had no results (Đorđević and Bogetić 2008).

With the purpose of further popularization of IMS implementation in domestic SMEs, an important role must be entrusted to experts who will speak through various types of promotional presentations to entrepreneurs about the functionality of IMS implementation for domestic enterprises as well as for consumers. Namely, consumers, as users of certified products and services, are not well informed about products' advantages, such as secure and safe food and similar. National experts in this field can talk through the media about the importance of IMS implementation for both the final user and the environment in which the enterprise operates. In this way, a positive ambiance is created that will contribute to much simpler and easier realization of IMS implementation in SMEs.

Entrepreneurs alone have an important role too, as thanks to their

initiative they can crucially influence the service offered to them by the local self-government and other institutions. The first cluster formed in the Republic of Serbia is the cluster 'Fruits and Juices,' whose goal was to make fruit-growers, cold-storage plants and juice producers associate and to sell final products on the markets of developed countries (packed frozen fruits, juices, brandy, etc.) instead of up to date semi-products. They also realized that they have to produce products that meet the criteria of international standards if they want to operate successfully on the markets of developed countries. Therefore, one of the priorities was *the group introduction of the quality management system* in SMEs – members of this cluster. Only in this way, is it possible to compete on an equal footing on EU and WTO markets. The example of the cluster 'Fruits and Juices' should serve other clusters planning to market their products in the markets of developed countries. The interviewed experts (95.92%) deem the group introduction of QMS in SME to be feasible, and as the reasons for this statement, they mentioned examples from practice (31.03%), flexibility (24.14%), the same production program and organizing (10.34%).

The role of the state in the process of IMS implementation was rather active in the last three years, particularly in connection with implementation of HACCP in domestic enterprises. The Ministry of Agriculture, Forestry and Water Resources Management of the Republic of Serbia, by its Decree on the Use of Stimulating Funds for Introduction and Certification of the Food Safety System, has had an effect on the increase of certified enterprises for two years already. Also, through the promotional action 'Think Early Enough', it is desirable to raise awareness of consumers' right to this kind of protection and to explain why it is important that a system of documented quality is available to the food consumer. According to the data of the Ministry of Agriculture, Forestry and Water Resources Management of the Republic of Serbia, *about 650 enterprises were involved in the process of implementation or certification of the integrated* HACCP/ISO *9001 by the end of 2006.* This number of enterprises is significant when we take into consideration the fact that in 2004, 85% of enterprises in this industry had never heard of HACCP. Considering that results from the last year proved good, *it has been planned to invite for applications for the use of stimulating funds intended for introduction and certification of the food safety system in this year too. It has also been planned very soon to pass enactments by which domestic food enterprises will be bound to implement the* HACCP *system if they want to continue operations on the home market.* However, the state's priority

in the field of legislation aimed at better implementation of the QMS concept in the domestic economy is to pass the National Strategy to Gain Quality, which will precisely define all elements that have an impact on creation of an adequate setting for implementation of the quality management system in the domestic economy.

## Conclusion

The examples of developed countries show that SMEs are one of the key elements in the process of development of national economy. Small and medium enterprises have managed to acquire great popularity in those countries that tend to advance their economy because of their features such as: flexibility, innovativeness, easier implementation of new management concepts, encouraging the young people as entrepreneurs, better cooperation within enterprises, etc.

The SME sector in the Republic of Serbia still does not implement QMS concept in their business operations to a sufficient extent. The cause for poor implementation of the QMS, domestic entrepreneurs find in inadequate knowledge of the matter, unstable economic environment and nonexistence of the current need. Because of such attitudes of domestic entrepreneurs, SMEs still fail to keep pace with enterprises from other countries with regard to competitiveness. Therefore, there is a necessity to permanently keep entrepreneurs informed about quality, IMS, business excellence, etc. An important role in this process is assigned to institutions such as: the Ministry for Economy and Privatization of the Republic of Serbia, Chamber of Commerce of Serbia, and Republic Agency for Development of SME and Entrepreneurship, local self-government and, certainly, entrepreneurs' associations.

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