

INTEREST OF THE STATE IN MAINTENANCE OF BUSINESS OPERATIONS IN AGRICULTURE OF SERBIA IN GLOBALIZATION CONDITIONS¹

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Abstract

In this paper, the authors show the importance of business continuity of business entities engaged in agricultural activity in the Republic of Serbia in the process of globalization. According to official data, over 50% of the population in Serbia is based on agribusiness. This sector produces food for people, has a significant impact on the environment, has a large share of GDP, which makes the state undoubtedly interested in the business of business entities in this field. The authors are considering the impact of the globalization process and the need to implement new knowledge in this field. In the study of the period from 2001 to 2018, the authors came to the conclusion that domestic companies need time, knowledge and financial incentives to adapt to the changes in the market brought about by globalization. Since the state, as well as the owner of an enterprise engaged in agricultural activity, is interested in the continuity of business in agricultural activity, it is recommended to provide such a policy, which will improve the standards in this activity and enable the continuous operation of business entities in the long term.

Key words: *agricultural activity, business continuity, globalization, diversification of activities, good of general interest.*

Introduction

For the assessment of the current state of agriculture in the Republic of Serbia, the authors used the official results of the 2012 agricultural census and other official statistics data (Statistical Office of the Republic of Serbia, 2013/I and Statistical Office of the Republic of Serbia, 2013/II). In Serbia, as a traditional agrarian country, the basic self-employed economic units in which farming is

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carried out in agricultural areas are agricultural holdings. According to the above census, there are 631,552 agricultural holdings in Serbia, which process a total of 3,861,477 ha of land. Of the total number of agricultural holdings, 628,555 are family, and 2,567 are enterprises, cooperatives, entrepreneurs and households in private and state or ownership of the church and religious communities.

The area of Serbia is 8.840.000 ha, of which the agricultural land is 5.700.000 ha, and arable land is 4.200.000 ha. So 73% of the whole territory of Serbia makes agricultural land. The private cultivated land is 87%, the average size of the holdings is 3 ha, the number of villages: 4,700, 55% of the population lives in rural areas and 45% of the active rural population works in agriculture. There are significant differences in Serbia regarding the quality of the land, the system of agricultural production and the socio-economic level of development, which is especially evident in comparison between the developed rural areas of Vojvodina and the undeveloped mountainous areas of central and southern Serbia. Agriculture and the nature of the Republic of Serbia are closely linked to natural resources, traditional agricultural landscapes and biodiversity of rural areas. Agricultural production systems have become broadly regionally differentiated.

Research of the Environmental Protection Agency of the Republic of Serbia, based on the EEA Approach (European Environment Agency), showed that the potential high-value agricultural areas in the Republic of Serbia in 2010 cover 1,187 million ha, which represents about 20% of the agricultural area. Most of these are grassy areas that cover about 1 million ha. Experts are of the opinion that the total area of agricultural land of these values is probably higher, since the assessment did not fully cover mosaic agricultural land or agricultural land inhabited by rare species.

When analyzing the rural economy of the Republic of Serbia, it is possible to notice the following:

- that Serbia has favorable natural conditions, but the production is underdeveloped because it is based on the exhaustion of natural resources,
- high share of agriculture in employment and gross domestic product (GDP),
- agricultural production insufficiently diverse, low level of productivity,
- high rates unemployment and unemployment rates for the younger population and women,
- Low self-employment rates (except in agriculture)

- modest knowledge and additional skills of the rural population, 97% of the rural population did not attend additional educational courses, and 54% do not have special knowledge and skills.

Rural infrastructure of Serbia is underdeveloped in most of the territory, investments in agriculture are low, mostly done in the renovation of existing systems and there are no investments in new ones. Social services are inaccessible and unsatisfactory.

The development of agriculture depends on external influences that are also constantly changing. At present, the process of globalization is the most important cause of changes in EU agriculture, which also has an unavoidable impact on Serbia. Globalization inevitably creates a new economic order based on the dominance of the market economy mechanism within each state and at the international level, the privatization of capital and property, market liberalization, the strong competition of other economic entities, new technologies, etc. The basic question that arises is the question of the impact of this new order that has been active for decades on the world economy, the economy of each country, on specific sectors including agriculture, all economic entities including the state, society and population.

Importance of agricultural activity in Serbia and possible directions of development

Agriculture plays a very important role in the social and economic life of every country, including Serbia. In addition to the advancement of its economy, especially in the higher stages of social development, the achievements in the development of agriculture have a growing impact on the expansion and strengthening of the global agricultural market. By the nineties of the last century, the decisive influence on the development of agriculture in our country had its industrial development and the growth of demand for agrarian products in the internal market, while the impact of the world market was not sufficiently achieved. At the beginning of the 21st century, with the establishment of economic relations with the world, a significant influence to the world market was expected to revive and develop agricultural production in our country, but such expectations could not be quickly realized due to the incompatibility of economic entities in our country's agriculture with the requirements of the world market, protectionism in the field of world trade in agricultural and other agricultural products.

Due to the undoubted importance of agriculture for the population, economic stability and sustainable development of Serbia, adapting domestic policies and legislation to the Common Agricultural Policy of the European Union (CAP) is very important, given that a number of advantages can be expected for the agrarian sector in Serbia. The CAP is adopted at the EU level, and is

implemented by the Member States. The main goal of this policy is to support farmers in order to provide them with a certain level of annual income, but also to enable farmers to raise the quality of their production and invest in new development opportunities.

In line with the CAP priorities, the primary goals of agriculture declared by Serbia are:

- Providing a quality and safe product
- Conservation of the environment and animals
- Raising the competitiveness of EU farmers
- Preservation of rural communities and strengthening of their position and self-sustainability.

Agriculture is the primary branch of the economy. It is present in all economic and political systems that accompany people in all regions and climatic zones. The economic activity of agriculture, even in the most developed countries of the world, in addition to the factors and phenomena created by humans, is determined by the conditions created by the forces of nature. This results in many forms of agriculture, which differ in their structure of production, type of products produced, efficiency, social and political conditions, etc. These differences, however, do not contradict the existence of common features and other similarities.

The basic factor of production in agriculture is the land, but due to the exceptional technological progress today, amount of land, is no longer the main determinant of the produced quantities. Agriculture faces dual demands: it is necessary to find a way to produce quality food for the population, while also taking care of nature conservation while preserving biodiversity. Ecologically sustainable agriculture that rationally uses natural resources is essential for the production of food and the quality of people's lives. For all this, the farmer needs all the time in the necessary financial support and permanent acquisition of new knowledge.

According to the Serbian Chamber of Commerce, the agriculture and food industry participate in the creation of a gross domestic product (GDP) of around 17%, but if one looks at the overall contribution of agriculture to other sectors of the economy, especially producers and processors of inputs and raw materials, this share exceeds 40% of total GDP -a. Thus, the great complementarity of sustainable rural development and overall economic development is evident.

Differences between rural areas of the EU and Serbia:

- Socio-economic structure:

- EU: 18% of the total population lives in rural areas; 8% of the economically active population is employed in agriculture; 20% of the active rural population is engaged in agriculture.
- Serbia: About 55% of the population lives in rural areas; About 33% of employees work in the primary sector; About 70% of rural households have the only income from agriculture.
- State of Agriculture:
 - EU: High productivity; Well-equipped farms over 20 ha; Support to agriculture since 1960.
 - Serbia: Low productivity; Poorly equipped small farms (an average area of 3.5 ha); Insufficient and insecure support to agriculture.
- Rural infrastructure:
 - EU: Well developed
 - Serbia; Poorly developed.
- Economic structure:
 - EU: Economic activities are diverse; New jobs in rural areas have been developed.
 - Serbia: Economic activities are monotonous; Poor appearance and development of new jobs; Poor social services.
- Education:
 - EU: Since the 1970s support for additional education; Well-developed advisory service
 - Serbia: The focus is on technical capabilities for agricultural production; Lack of training and knowledge in the field of management and marketing, only recently started informal education.
- Funds, financial sources:
 - EU: Existence of well-planned structural support funds; National funds; Donations; Pilot projects; Small municipal budgets (mainly for infrastructure)
 - Serbia: Insufficient funding.

Sustainable rural development is a very complex concept, especially in contemporary conditions of constant change and innovation and from the point of view of economic policy makers. The experience of especially developed countries shows that the directions of sustainable rural development in modern conditions, must be based on (Pašalić and Mrnjavac, 2003): a territorial and multisectoral integral approach, rather than a sectoral approach to development, encouraging networking and the formation of cooperative relations, and various partnerships, focusing on multiple positive synergetic effects and collective efficiency, preserving local identity and social capital, with creative adaptation to external changes and selective access to innovations, first of all, new technologies, promoting a qualitative rather than a quantitative approach to development, etc. (Pašalić and Mrnjavac, 2003). We should not emphasize the

extent to which the whole future socio-economic development is a fairly correct choice for the future directions of villages and agricultural development.

Agriculture has its own stages of development, as well as a special relationship in each phase, which is in constant change. The concept of rural development evolved from agrarian, industrial, to post-industrial rurality. In developed European countries, the rural development stages developed in the order indicated, but they often overlap, and can still be recognized in the same way today. The mentioned stages of ruralization do not change automatically, they are not realized identically in all regions, but within each country, there are generally different rural areas (Pašalić and Mrnjavac, 2003).

Compared to the developed countries of Europe, Serbia is in the stage of agrarian rurality, with a "step" towards rural industrialization. A large number of rural areas in Serbia are characterized by depopulation and economic underdevelopment, while at the same time urban parts of the country record higher concentration of population and economic activity. Due to this negative tendency, it is necessary to devise future directions for the sustainable development of rural areas, in accordance with their specificities and requirements of the domestic and international environment, whose influence is obviously unavoidable.

Persistence of business

The primary goal of every business entities, no matter what legal form it is, is to ensure continuity, ie, business continuity. Persistence appears as an appropriate principle of accounting, but also as an unwritten rule, that a legal entity intends to, at the very foundation, to last, perform activity, produce results. The individual objectives of the constituents are already different and are largely defined by ownership over the undertaking. When we talk about a corporation that Jensen and Meckling define as "one form of legal fiction" that serves as a chain of contractual relationships, distinguished by dividing residual rights to assets and cash flows that can be sold without seeking permission from other contracting parties (Jensen and Meckling, 1976), "we can to conclude that according to these authors, the economic entity is nothing more than a "chain of contractual relations", which is the most important goal of maximizing value for the owners. Although the goals that affect the essence of business are different, all legal entities, in the basis of their existence, have the need for continuity in work and the existence of indefinite time.

Therefore, the enterprise or the holding has a lucrative goal and the legal presumption of commerciality, that is, the target aspect of the business is the formation and business of acquiring and disposing of profits among the members of the company, that is, of the agricultural holding, with the prior payment of obligations towards all creditors and other persons entrusted with

the business operations (Rajnović et al., 2016). In economic literature it is undisputed that a business entity that operates in order to obtain profit is the basic economic cell of the society.

In contemporary literature, there are many different understandings of the terms of business continuity, that is, of sustainable business, but all the perceptions can in principle be classified as:

- state of the enterprise in which utility and level of consumption do not decrease over time,
- a state in which resources are used so that future production possibilities of humanity remain preserved,
- a state in which stocks of natural capital do not fall in time
- the state in which the resources are exploited to bring a sustainable return or increase.

Sustainable agrarian and rural development implies the preservation of land, water, plant and animal resources, is technically applicable, economically viable and socially acceptable.

Fundamental pillars of sustainable development are: economic, social and environmental. Sustainability in an ecological sense implies the preservation of natural resources and the environment by achieving long-term goals. In the part of the National Strategy of the Republic of Serbia dealing with the economic dimension of sustainable development, the basic assumptions regarding the economy of Serbia, which are based on knowledge, are the most important resource of today. Also, concrete objectives and selection of appropriate economic policy, further transitional flows, sustainable production and consumption, organization and other fields that are included in the concept of sustainable development of agriculture within the economic pillar have been presented. The model of sustainable development should be primarily created on the basis of the achievements of all scientific areas and as such should become part of the consciousness of all people. Sustainable development and its interaction with nature is difficult to imagine without its reliance on science and education, which means that the idea of the priority of education is the core of transformation according to the model of sustainable development of society and the state. During the transition to a sustainable development model, two new global functions are set up before the education system: neohumanistic and ecological. At the center of the analytical perception of neohumanism is the survival and progress of the entire humanity. On the other hand, humanism is most often associated with the perception of a person as an individual, respecting his rights and freedoms, and developing abilities. The ecological function in accordance with the sustainable development model refers to the

preservation of the entire ecosystem in order to ensure ecological conditions and resources for continuous development. In this regard, it is encouraging that the educational functions described are recognized in practice, since ecological content becomes an essential element of contemporary education systems in many countries, contributing to the development of ecological awareness.

Good EU practice

By continuing research and harmonization of regulations and good practices with the needs of agriculture, the competent authorities of the European Union have established additional priorities for improving agriculture in Europe, encouraging research and development (R & D), risk management, higher social inclusion rates, more efficient use of resources and better preservation of ecosystems. The slogan of the change is "Greener and more righteous CAP", which just shows that the main goal of the reform is awareness raising on better protection of the environment and resources, as well as on better and more efficient distribution of assistance to farmers.

It is expected that Serbia receive financial assistance in the period of EU accession, which can significantly influence the development of agricultural potentials as well as rural areas. In the previous IPA I program Serbia has already received significant funds for the improvement of agriculture and regional development, related to projects related to the improvement of the wine sector, harmonization of technical procedures in production with the best European practices, to improve food safety and quality standards, etc.

During the duration of this program, the EU launched a major project called "Garden of Serbia" (EU info centar, 2012), which aims to solve the problems in fruit, vegetable and flower production sectors, which are of exceptional importance because the value of plant production is 70% of the total agricultural production in Serbia.

One of the most demanding chapters of the EU accession, agriculture and rural development, accounts for almost one third of all EU regulations, which talks about the importance of regulating relations in the field of agriculture. These include, inter alia, all issues related to subsidies to farmers, marketing and sale of agricultural products as well as legislation related to the protection of geographical origin and traditional products and the issue of state interventions in agriculture since this issue is strictly regulated in the framework of the CAP in order to guaranteed the competitiveness of the agricultural sector in Europe, which implies liberalization of the market.

Probably the most important alignment with EU practice concerns the issue of subsidies to farmers, implemented in the EU at a regional level and which is quite complicated in its structure, because it identifies different categories of aid recipients, as well as the conditions under which they can receive this

assistance. In this context, the issue of environmental protection standards in the agricultural production sector was particularly highlighted, which, at the same time, with the reform, became a strict condition for receipt of subsidies.

Considering the external influence, Serbia expects the adjustment process, which must be implemented primarily because of the importance of this sector for all economic entities, including the state. It is known that there is currently great untapped potential in agricultural production in Serbia, especially in sectors such as wine, organic food and livestock breeding. For this reason, access to European Union funds is a good opportunity to increase the importance of agriculture in the economic development of Serbia and ensure the best possible placement of our products on the domestic and foreign markets.

Serbia's Stabilization and Association Agreement with the European Union (SAA)

The SAA, concluded between Serbia and the EU on April 29th, 2008. reached an agreement on the harmonization of Serbia's regulations with EU regulations and the establishment of a free trade zone, which implies the possibility of selling agricultural land to foreigners under the same conditions as domestic residents, starting from September 1st, 2017. This would completely equalize the rights of the citizens of Serbia and the EU in purchasing agricultural land, and with a huge difference in purchasing power, it is likely that the largest quantities of land would be sold to foreigners, as happened in Romania.

Serbia is the only country that is a potential EU member, that has committed itself by the SAA to fully liberalize the sale of agricultural land to foreigners, citizens of EU member states, prior to membership in the EU, and in particular, unlike a large number of countries in Europe, without a request for a transitional period, after acquiring the membership in EU.

Article 85 of the Constitution of Serbia, stipulates that foreign natural and legal persons may acquire the property right on immovable property under the conditions prescribed by law or international agreement.

At the end of 2016, there was a need to postpone the liberalization of trade in agricultural land, bearing in mind the situation and needs of the agricultural sector in Serbia, then in cases where ownership is unregulated, agricultural land, restitution of land in the restitution procedure, restoration of pits and grazing villages, harmonization of data from the register that keeps records of real estate with constitutional property categories, analogous to the solutions of the legal and institutional framework for disposal of agricultural land in the countries surrounding the EU members (Slovenia, Poland) the area of acquisition of property over agricultural land The Serbian Parliament adopted amendments to the Law on Agricultural Land, which in some sense restricted

foreign landowners from the EU countries to the purchase of land, fulfilling the requirements of the prescribed laws om.

According to the amended provisions of the law, a foreigner, a member of the EU country could purchase land under next conditions: must have at least 10 years of residence in the territory of Serbia, that is, in a local self-government unit in which he wants to buy land, to process it for at least three years, must have registered agricultural holdings, machinery and equipment necessary for carrying out agricultural activities and under these conditions, can acquire in private property up to two hectares of agricultural land.

The mentioned provisions of this law will certainly prevent the complete liberalization of agricultural land transactions, which was provided for by the SAA and at the same time postpone the acquisition of land by foreigners.

The impact of globalization on agriculture

Having in mind the activity of agriculture, globalization in this field of economy implies the opening of agriculture across national borders, with all its consequences. This is about the liberalization of the market in all segments including the field of agriculture. One of the basic assumptions of globalization of agriculture, analogous to the global economy as a whole, is the openness, and therefore the elimination of border barriers for the distribution of production factors, as well as the production and distribution of agricultural products. Given the specificities that characterize some of the factors of production in agriculture, the openness of the distribution must be understood in accordance with these specificities. Therefore, openness to cross-border traffic, e.g. land as a factor of agricultural production means the possibility of free, without any restrictions, traffic - buying land in any quantity and in any country. At the same time, in accordance with the process of globalization and the openness of the market of agriculture beyond national borders, it means undermining the unrestricted competition of business entities operating in all countries. From the point of view of agricultural producers, the negative effect of globalization in agriculture is the increase in price competitiveness and the development of the process of subordination of entities that produce agricultural raw materials for transnational companies that process or organize the processing of these materials (these are not just food, but other products based on raw materials from agriculture - leather products, chemicals, fuels, cosmetics, medicines, etc.) (Kowalczyk and Sobiecki, 2010).

The author's opinion is that the globalization of agriculture in microeconomic frameworks leads to:

- transferring resources from farmers to economically more powerful economies, processors, industry (powerful international corporations),

or at least subordinating domestic businesses to international corporations,

- changes in the use of land - from basic food production to luxury goods and non-food items, which will result from subordination of agricultural production to the principle of maximizing profits;
- the abolition of subsidies for agricultural production forced by supporters of the liberalization of trade in agricultural food products, which would further jeopardize the position of business entities in Serbia,

Globalization in agriculture brings risks arising from the spread of transnational corporations, which are the product of globalization. The threat of the expansion of transnational corporations for agriculture in Serbia and even the EU is the fact that their goals are purely commercial. For transnational corporations, agriculture is a supplier of raw materials at the lowest possible prices. Thus, removing all barriers to trade in the field of agricultural raw materials and food allows for a primary reduction in costs, which does not mean both the prices of finished products and the increase in the profits of transnational corporations. In an open competition for the procurement of the necessary raw materials, some European Union theorists believe that the EU has fewer chances than developing countries that can offer cheaper production, mainly due to cheap labor, favorable natural conditions and low ecological regimes, but forget about the fact that these countries came to foreign countries in the past or at least in step with the globalization of these countries, and have mastered cheap commodities.

In the liberalization of agricultural trade, they see the chance for export growth, improving the trade balance, the source of funds for necessary imports, and the growth of revenues from agricultural producers. In their expectations, however, they must count on the fact that this will not necessarily lead to poverty reduction in rural areas and improvements in the nutrition of their peoples. In the search for globalization of agriculture in developing countries, the difference in this process should be recognized in relation to other sectors of the economy. It should be noted that the benefits for this group of countries arising from globalization of agriculture are applied to agriculture at a specific time, at a certain stage of its development, based on specific production technologies and differences in natural and economic conditions of production. In other conditions and time, some arguments that show the benefits of globalization of agriculture for developing countries may disappear or not occur at all.

Business entities in Serbia are still not ready to respond to the challenges of globalization. It is realistic to anticipate certain changes in the new approach

and strategy of sustainable rural development of Serbia and strengthen the economic strength of business entities.

Transition and privatization

In the last 25 years, more precisely since 1989, Serbia is in the process of transition, which seemed to be an inevitable process, and it affected all the countries of Southeast Europe, part of Asia part of Africa and South America, all the countries that are in their economy had companies that operated with social or state capital, or majority social or state capital. The concept of transition is usually considered a transition from a planned, socialist (command) economy into a market economy, which generally functioned in the socialist states of the world. In addition to the changes in the economy, what was inevitable was the process of comprehensive organizational, political and other changes in these countries, initiated by transition. As the beginning of the transition in the world, it is considered the year of the fall of the Berlin Wall, the collapse of the Soviet Union, and some other dramatic events.

As a condition of transition, the process of privatization of state and social capital has started in Serbia, which has also begun in the process of redistribution of property rights in agriculture. Privatization was initiated by the Law on Social Capital (Official Law of RS, 1990), the Law on the Conditions and Procedure for Turning Social Property into Other Forms of Ownership and Other Regulations (Official Law of RS, 1991), and finally the Law on Privatization (Official Law of RS, 2005), which gave the privatization of social capital which ceased to exist in the territory of Serbia at the end of 2015.

At that time, although the significance of the agricultural structure was still large (as with the associated activities it had achieved close to 50% of the social product, and almost half of the total population lived in the countryside), agriculture was burdened with great problems and difficulties. Labor productivity was low, especially on agricultural holdings, obsolete equipment, insufficient utilization of production capacities, high dependence of agricultural production on natural conditions; minimum irrigation of areas only 2%, consumption of mineral fertilizers began to decrease, etc. Nevertheless, at the time of the sanctions, NATO bombing showed greater resistance to external influences, which enabled the domestic economy to fight with the then unfavorable events and a greater share of agriculture in the structure of the national economy (Bukvić, 2018).

Privatization of social enterprises and agricultural combines, as well as the Agricultural Development Strategy from 2005, gave the final judgment on the fate of socially owned enterprises in the field of agriculture, which envisaged compulsory privatization. According to official statistics at that time, there were 411 agricultural enterprises in Serbia that dealt with a total of 650,000.00 ha of land, which represented 15% of the total arable land. After only a few years

following the failure to fulfill obligations from the sales contract, a large number of new owners were massively terminated contracts, so the land was transferred to state ownership and resold most often in the bankruptcy procedure. It is estimated that 65,000 workers were left unemployed in the enterprises over which the privatization was carried out and about 50 sales contracts were terminated (Gulan, 2015). In this way, the privatization or purchase of land in bankruptcy resulted in a new ownership structure of domestic agriculture that produced the landowners, who have incomparably larger amount of land, than landowners had had before the Second World War. It is considered that the majority of privatized privatizations are characterized as preparations for secondary privatization - the sale of land to foreigners.

Restructuring of business entities

Timely restructuring is a tool that ensures the business continuity of business entities not only in agriculture but also in the economy of the whole country. The subject of the research was selected precisely for the purpose of pointing out the necessity of restructuring of economic entities in the field of agriculture, as soon as it is anticipated that circumstances that could endanger the economically rational business will be ensured, thus ensuring the continuity of the business of the households and businesses, and not only for those with observed or foreseeable problems in business, but also with other economic entities, because the structure of assets and capital become dysfunctional over time, which is why changes need to be made in order to maintain business stability. There are many cases, especially in capital companies in Serbia, where restoration is carried out only in order to get on time, that is, pro forma. It is incomprehensible that the restructuring measures of great importance are not only for the survival and improvement of the performance of each individual undertaking but also have a huge impact on the interest of all persons interested in the business of businesses, including the state in a sociological sense. Restructuring contributes to the improvement of the economic standard of not only the business entities that apply it, but also the entire economy of the country of the company's headquarters.

The creation of a stimulating environment by the state for the development of small and medium enterprises and entrepreneurship in rural areas (tax incentives, subsidies, loans under favorable conditions, etc.) contributes to the possibility of entering into some additional activities, diversifying the rural economy and retaining young people in the countryside, in agriculture and non-agricultural professions. Therefore, it is important to adopt a new and high quality strategic document in this area, for the coming period, in addition to all existing ones.

It is known that diversified knowledge-based agriculture, such as conventional agriculture producing quality food, organic agriculture that emphasizes the use of natural materials and processes, instead of chemical and synthetic

substances, autochthonous products with protected geographical origin, domestic traditional food, and functional foods to prevent or reduce the risk of certain diseases or for improving the body's functions and the well-being of the organism, along with the development of brands and domestic brand in the agrarian sector, provides opportunities for the development of industry, transport, storage, trade, services and other economic sectors in rural areas. Particularly organic agriculture can make a strong contribution to the sustainable development of rural areas, because it is socially, economically and environmentally sustainable and organic products are highly sought after in Western European countries.

Financing agriculture

Everywhere in the world farmers perform a very important function for each state and society as a whole, so they have a duty to act in the general social interest, respecting the good rules of socially responsible business. The business motto of business entities in agriculture must be based on three principles: successful, long and profitable business, being ethical and socially responsible (Vives, 2008).

On the other hand, farmers manage rural areas for the benefit of all of us. According to the provisions of the Law on Agricultural Land, agricultural land is good for the general interest. Farmers provide public goods of which the most important is the maintenance of our soil, landscapes and biodiversity, and care for them, providing food to mankind, thus protecting the general interest of each country. The market does not offer compensation for these public goods. Therefore, in order to compensate farmers for providing this service to the society as a whole, the EU offers support to farmers, which should also be done by Serbia much more. Climate change can adversely affect farmers. ZPP provides farmers with financial support to adjust their methods of work to the effects of climate change. Farmers know best how important it is to take care of natural resources, but they also depend on them in their everyday life and work. Due to the large contribution of agriculture to the interests of the states, the EU provides farmers with incentives for work in a sustainable and environmentally friendly way (Kowalczyk and Sobiecki, 2010).

In addition to identifying short-term and long-term objectives, measures and instruments for sustainable rural development policy, there are still important issues to be addressed that address the demographic problems of rural areas, creating an environment for a more dynamic development of rural economy, developing rural infrastructure, increasing the competitiveness of agriculture and development of non-agricultural economy, improvement of financing of rural development and increase of investment activity, increase of exports, harmonization with international standards and regulations, that is, provision and improvement of quality and food safety of food, realization of programs and

projects of sustainable rural development. In addition to the state, in the following period, local communities should have great importance for sustainable rural development. For all of this, it is necessary to strategically approach this area, including defining responsibility for sustainable rural development. The state and local self-government should find ways to approve and implement projects in the field of agriculture, as well as financing rural development, including securing financing from domestic and foreign sources through subsidies, favorable loans and international projects.

Conclusion

Based on the foregoing, it can be concluded that domestic agriculture requires the implementation of restructuring measures to ensure business stability, which certainly implies the application of knowledge and good governance rules to the business entity, which improves the economic efficiency of the undertaking over a longer period, which is the goal of not only the entity in which restructuring measures are applied, as well as all other persons interested in the business of business entities, and the state in a sociological sense, because stable business contributes to the development of the national economy as a whole. At the same time, the management of the entity in the field of agriculture should be regulated in accordance with the generally known principles of corporate governance, which are applied both in developed and underdeveloped countries of the world, because management is the main leverage for achieving business success, which should recognize the first signs of internal weakness as well as to anticipate the arrival of external factors that could endanger business and timely take certain defensive steps.

Although many strategic documents of Serbia point to the great importance of rural areas in terms of dominant territorial representation, population numbers, availability of natural and anthropogenic resources, participation of agriculture in employment, GDP and exports, the state has not yet created enough stimulating ambience for the development of these areas.

The National Rural Development Program of the Republic of Serbia has not yet yielded significant results, especially given the situation and problems in rural areas of Serbia. Sustainable rural development is one of the economic, social and environmental priorities in contemporary society. In this sense, the European Union gives a strong impetus to the social and territorial cohesion of rural areas and seeks to ensure more effective valorization of local development potentials, in accordance with the principles of sustainable development. A review of the strategy, policies and experiences of other countries, and above all the EU, is important from the point of view of Serbia's integration into the EU, the possibility of additional external financing, preservation and improvement of economic, cultural, social and ecological functions of rural communities,

especially given the fact that rural areas in the Republic of Serbia have been facing many structural and socio-economic problems for decades.

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ИНТЕРЕС ДРЖАВЕ У ОДРЖАВАЊУ ПОСЛОВАЊА ПРИВРЕДНИХ СУБЈЕКТА У ПОЉОПРИВРЕДИ СРБИЈЕ У УСЛОВИМА ГЛОБАЛИЗАЦИЈЕ¹

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Апстракт

У овом раду аутори приказују значај сталности пословања привредних субјеката који се баве пољопривредном делатношћу у Републици Србији у процесу глобализације. Према званичним подацима егзистенција преко 50% становништва у Србији се базира на агробизнису. Овај сектор производи храну за људе, значајно утиче на животну средину, има велико учешће у БДП, због чега држава има несумњив интерес за пословањем привредних субјеката у овој области. Аутори разматрају утицај процеса глобализације и потребу имплементације нових знања у ову делатност. У истраживању периода од 2001. до 2018. године, аутори су дошли до сазнања да је домаћим привредним субјектима потребно време, знање и финансијски подстицаји да се прилагоде променама на тржишту које доноси глобализација. Пошто је држава, исто као и власник привредног субјекта који обавља пољопривредну делатност, заинтересована за сталност пословања у пољопривредној делатности, препоручује се да обезбеди такву политику, који ће побољшати стандарде у овој делатности и омогућити континуирано пословање привредних субјеката на дужи рок.

Кључне речи: *пољопривредна делатност, сталност пословања, глобализација, диверзификација делатности, добро од општег интереса.*

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