ECONOMIC SITUATION IN THE CITY OF KRAJUGJEVAC

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Jasmina Dimitrijevic**

Abstract

Kragujevac economy is mainly based on metal-processing complex, and within it, the production of transport equipment and weapons. Loss of markets and cooperative relationship following the dissolution of the former SFRY in 1991 and the UN embargo in 1992, and the bombing of significant facilities in the business system “Zastava” in 1999, caused a negative impact on the socio-economic development of the city.

In addition to the technological lag behind developed countries, the city was faced with the problem of unemployment, so that in June 2004 it was named one of 13 devastated areas in Serbia.

After that, the city is making significant progress in economic development through the creation of a favourable business environment (adopted Local Economic Development Strategy 2007–2012, based on modern standards and defined set of stimulus measures for investors in productive activities; infrastructure supplied to industrial zone, support for self-employment and other), which resulted in bringing significant companies (“Fiat”, “Sigit”, “HTL”, “Promo Magneti”, “Johnson Controls”, “TPV”, “Metro”, “Mercator”, “Idea”, “DJS”, “Plaza”, “Supernova”, “TUŠ” and others) and promoting economic activity in the city. The creation of the joint venture “Fiat Automobiles Serbia” created the opportunity, together with local cooperation, to gradually start the engine of development, not only of the city but of the whole of Serbia.

These results influenced the fact that in 2007, before the arrival of “Fiat”, Kragujevac gained recognition of Club of Business Journalists: “City of the Future” Silver Cup. In 2008 the city was awarded the Golden Cup “City of the Future” and certification as a city with a favourable business environment, which was awarded by the National Alliance for Local Economic Development (NALED) and the Ministry of Economy and Regional Development.

Important economic development objectives of the city of Kragujevac include the following: infrastructure improvements; economic development and entrepreneurship; environment; rural development; improvement of health and social care; promotion of education and culture; development of sport and tourism.

Keywords: Kragujevac, Local development, Economic structure

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Introduction

Kragujevac is the administrative centre of the newly formed macro-region “Šumadija and Western Serbia”. By population this region is the largest in the Republic of Serbia, but in terms of income it comes in the third place.

Kragujevac economy is mainly based on metal-processing complex, and within it, the production of transport equipment and weapons. Loss of markets and cooperative relationship following the dissolution of the former SFRY in 1991 and the UN embargo in 1992 years, and the bombing of significant facilities in the business system “Zastava” in 1999, caused a negative impact on the socio-economic development of the city.

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These results influenced the fact that in 2007, before the arrival of “Fiat”, the city of Kragujevac gained recognition from Club of Business Journalists: “City of the Future” Silver Cup. In 2008 the city was awarded the Golden Cup “City of the Future” and certification as a city with a favourable business environment, which was awarded by the National Alliance for Local Economic Development (NALED) and the Ministry of Economy and Regional Development. Important economic development objectives of the city of Kragujevac include the following:

• infrastructure improvements;
• economic development and entrepreneurship;
• environment;
• rural development;
• improvement of health and social care;
• promotion of education and culture;
• development of sport and tourism (Anon. 2013f; Anon. 2007).
Geographic and geostrategic position of the city of Kragujevac

The city of Kragujevac is the administrative, economic, cultural, educational and health centre in central Serbia. It is located in the central part of Serbia, in Šumadija District, which in addition to the city of Kragujevac is composed of six other municipalities: Arandjelovac, Batočina, Lapovo, Knić, Rača and Topola (Anon. 2013a; Anon. 2013c).

According to 2011 data, the territory of the city of Kragujevac has a population of 179,417 inhabitants, whereby 150,835 inhabitants live in urban area, making it the fourth largest city in Serbia, and the first city according to the percentage of the urban population (Anon. 2013b).

The city is located at 44° 22’ north latitude and 20° 56’ east longitude at an altitude of 185 to 220 m. It stretches over 835 km² and is located 140 kilometres southeast of the capital of the Republic of Serbia – Belgrade. It is built on the banks of the river Lepenica in Kragujevac basin, where it touches the slopes of Šumadija mountains: Rudnik, Crni Vrh and Gledić mountains (Anon. 2013a; Anon. 2013c).

Figure 1: Displaying geographic position of the Republic of Serbia

Source: Spatial Plan of the highway infrastructure of corridor E-75

The city has an irregular diamond shape, with the longer axis in a north-south direction along the 38km line Resnik – Dulene, and short east-west axis with 27 km line Donje Komarice – Donje Grbice. From the east the city of Kragujevac borders
municipality Jagodina. The boundary goes through high mountainous land and areas of high Crni vrh (Anon. 2013h).

On the east, on the municipality Rekovac border, there are high elevations of Gledić mountains. In the southwest of the city, stretching over the high elevations of Gledić mountains not far from Dulene, there is the border to the municipality of Kraljevo. In the west is the border with the municipality Knić and northwest is municipality of Gornji Milanovac. On this side the border extends over Gledić mountains and the highest branches of the mountain Rudnik. (Anon. 2013a; Anon. 2013h)

**Figure 2: Displaying geographic position of the region**

Kragujevac is an industrial city, and a city with significant agricultural land. It has total land surface of 83.475ha, of which 63.9% belong to rural area and 36.1% of the territory belonging to urban area. Kragujevac has 57 settlements with an average size of 14.65 km² and 62 cadastral municipalities, with an average size of 13.48 km². Kragujevac has significant infrastructure advantages (Anon. 2013a; Anon 2013h; Anon. 2013c).

Distance from City of Kragujevac: (Anon. 2013a)
- Hungary 321 km,
- Bulgaria 150 km,
- Montenegro 250 km,
- Croatia 250 km,
- Bosnia and Herzegovina 150 km and
- Macedonia 316 km.
Kragujevac is linked to 4 main railroad directions: (Anon. 2013a)
- Kragujevac – Belgrade – Subotica – Budapest,
- Kragujevac – Niš – Sofia,
- Kragujevac, Podgorica – Bar (sea port) and
- Kragujevac Skopje – Thessaloniki (sea port).

Distance of the most important airports in the surrounding country: (Anon. 2013a)
- Nikola Tesla Airport in Belgrade, 140 km
- Constantine the Great Airport in Niš 160 km
- Future regional airport Lađevci Kraljevo 60 km.

The city is networked into the global knowledge economy through university as a suitable place of employment, life and work of young scientists and is a generator highly skilled and competitive workforce whose competencies match the needs of the economy. The city is a national centre for cultural and historical tourism with highly developed hospitality industry. Intensive agricultural production is the basis for the processing facilities (Anon. 2007; Anon. 2013e; Anon. 2013g; Jovanović 1995).

Kragujevac is a city with modern planning and urban arrangement, and respects the principles of conservation of cultural heritage. The city has a well developed road and railway network, developed utilities and available business infrastructure. Kragujevac is a “green city”, in which residents have a high level of awareness of environmental protection, and infrastructure and utility systems are functioning in accordance with the principles of environmental protection and rational use of energy (Anon. 2007; Anon. 2013b).

Kragujevac is a safe environment to live and work characterized by high degree of tolerance and good human relations (Anon. 2013a).

The formal and non-formal education system in Kragujevac is designed according to modern standards and is in the service of community development, including the need for lifelong learning.

City of Kragujevac, as an integral part of the Euro-region, has developed a network of regional institutions in which public, private and civil society act proactively on the basis of mutually developed partnerships. Local government is modern and updated and effectively cooperates with ministries, donors and investors (Veljković 1998; Veselinović 2009; Jovanović 1995; Jovičić 1994; Obradović 2007; Stojkov 1997).
Economic indicators of Kragujevac

The economic reality of a city can be measured in many ways and through a number of economic indicators. Most frequently used and most reliable economic indicator is gross domestic product per capita (GDP per capita).

Economic aggregate is calculated as the product of multiplication of the total number of employees in one region with the average gross wage per employee. It represents the economic activity of the city. Benefits of economic aggregate as an indicator are very clear, as it is easy to calculate and provides comparability. The main drawback is that it is based on average values (gross wages), and is less accurate than the gross domestic product per capita which is the total production of goods and services per capita achieved at the level of the city, regardless of ownership.

Economic aggregate of Kragujevac in its absolute value has a constant growth since 2005 to 2008, whereas in 2009 it was lower than the previous year. In 2010 and 2011 economic aggregate grew but did not reach the value of 2008. The largest growth of the economic aggregate over the previous years was present in 2007 at both the city level and at the level of the Republic of Serbia (Anon. 2013e; Anon. 2013f).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of employees</th>
<th>The average gross wage (*EUR)</th>
<th>Economic aggregate</th>
<th>Index of wage growth over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>53 985</td>
<td>273</td>
<td>14 737 905</td>
<td>101.8</td>
</tr>
<tr>
<td>2006</td>
<td>49 015</td>
<td>330</td>
<td>16 174 950</td>
<td>109.7</td>
</tr>
<tr>
<td>2007</td>
<td>49 044</td>
<td>417</td>
<td>20 451 348</td>
<td>126.4</td>
</tr>
<tr>
<td>2008</td>
<td>45 265</td>
<td>480</td>
<td>21 727 200</td>
<td>106.2</td>
</tr>
<tr>
<td>2009</td>
<td>41 192</td>
<td>439</td>
<td>18 083 288</td>
<td>83.2</td>
</tr>
<tr>
<td>2010</td>
<td>40 037</td>
<td>471</td>
<td>18 857 427</td>
<td>104.3</td>
</tr>
<tr>
<td>2011</td>
<td>39 497</td>
<td>490</td>
<td>19 353 530</td>
<td>102.6</td>
</tr>
</tbody>
</table>

Source: National Bureau of Statistics (* at middle exchange rate of 31.12. for that year)
Table 2: Overview of the economic aggregates of Serbia

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of employees</th>
<th>The average gross wage (<strong>EUR</strong>)</th>
<th>Economic aggregate</th>
<th>Index of wage growth over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>In total (<strong>EUR</strong>)</td>
<td>Index compared to the previous year</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>2 068 964</td>
<td>308</td>
<td>637 240 912</td>
<td>109.8</td>
</tr>
<tr>
<td>2006</td>
<td>2 025 627</td>
<td>377</td>
<td>763 661 379</td>
<td>119.8</td>
</tr>
<tr>
<td>2007</td>
<td>2 002 344</td>
<td>484</td>
<td>969 134 496</td>
<td>126.9</td>
</tr>
<tr>
<td>2008</td>
<td>1 999 476</td>
<td>516</td>
<td>1 031 729 616</td>
<td>106.5</td>
</tr>
<tr>
<td>2009</td>
<td>1 889 085</td>
<td>460</td>
<td>868 979 100</td>
<td>84.2</td>
</tr>
<tr>
<td>2010</td>
<td>1 795 775</td>
<td>521</td>
<td>935 598 775</td>
<td>107.7</td>
</tr>
<tr>
<td>2011</td>
<td>1 746 138</td>
<td>504</td>
<td>880 053 552</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: National Bureau of Statistics (** at middle exchange rate of 31.12. for that year

Graph 1: Comparative average gross income at the city level and the level of Republic of Serbia

Source: National Bureau of Statistics

Looking at the average gross wage per employee in the city, it was below the national average in all the years under review, recording a growth up to 2008. In 2009 there was a decline in earnings of 9% compared to the previous year. Nominal value of the average gross wage in the city during this period increased from 273 in 2005 to 480 euro in 2008, and in 2009 it dropped to 439 euro. After the decline, in the coming years earnings grew and in 2011 reached the highest nominal value of 490 euro (Anon. 2013e; Anon. 2013f).
Economic exchanges with foreign countries

Foreign trade of the city continued to grow since 2005. In 2012 foreign trade reached a value of nearly 490 million, which is 3.5 times more than in 2005. From 2007 to 2009, foreign trade is roughly the same, ranging between 318 (2007) and 334 million USD in 2009. In the first 11 months of 2012 volume of trade increased by 12.84% compared to the previous year (Anon. 2007; Anon. 2013e; Anon. 2013f).

Graph 2: Review of the total foreign trade of Kragujevac (in thousands of USD)

Graph 3: Review of import/export industry of Kragujevac (in thousands of USD)

Imports of goods from 2005 had continued growth till 2007; in 2008 there is a slight drop, only to continue to rise in period from 2009 to 2010. The value of imports in 2009 compared to 2005 increased 3.1 times. The highest value of imports was
recorded in 2010, when it stood at over 285 million USD. In 2011 and first eleven months of 2012 the value of imports decreased compared to 2010 (Anon. 2013e).

Exports of goods during this period grew until the year 2008, and compared to 2008 the value of exports in 2009 dropped by 38.7 million, which is a decrease of 31%. In 2010 there is an increase in exports, but does not reach the value of 2008. The trend in export growth resumed in 2011, reaching 166 million USD. For the first 11 months of 2012 the economy of Kragujevac for the first time in the reporting period recorded a surplus in foreign trade of 36.3 million. The value of exports during this period increased by 5.4 times (Anon. 2013e).

The main foreign trade partner in imports in the period 2005–2011 was the European Union (EU). In period 2009 to 2010, as many as 83% of imports related to the EU, 7% and 6% to the former republics of Yugoslavia excluding Slovenia and only 10% and 11% to all other countries. In 2011 EU imports decreased by 3% compared to the previous year (Anon. 2013e).

The most important trade partner in exports during this period is again EU, which accounted for 51% to 71% in this period. The second most important partner are the former republics of Yugoslavia excluding Slovenia, which participated in the export with 20% in 2005, 28% in 2006, 33% in 2007, 39% in 2008, and 33% in 2009. In the next two years, the share of exports to the former Yugoslav republics excluding Slovenia fell and in 2011 stood at 18%, but the value of exports to the EU grew (Anon. 2013e).

Graph 4: The most important trade partners of Kragujevac

The most important trade partners of the economy in imports in the period 2005 to 2009 were: Italy, Germany, Slovenia, Bosnia and Herzegovina, and since 2007 China. As for exports, the most important trade partners for this period are: Bosnia and Herzegovina, Slovenia, Montenegro and Germany (Anon. 2013e; Anon. 2013b).
Economic and Infrastructural Aspect of Local Development

Largest surplus was achieved with Montenegro and Bosnia and Herzegovina, and the largest deficit with Italy and China. The highest value of total trade in this period was with Italy, Slovenia and Germany (Anon. 2013e; Anon. 2013b).

Graph 5: Total foreign trade by countries in 2005–2009. (In thousands of USD)

[Graph showing trade values for BiH, Germany, and Italy with bars for import and export]

Source: Regional Chamber of Commerce Kragujevac

The most important trade partners of the economy in 2010–2011 when it comes to imports are: Italy, Germany, China, Slovenia, Bosnia and Herzegovina, Austria and France. In the past two years, most exports went to: Italy, Germany, Bosnia and Herzegovina, Slovenia, Montenegro and France. Surplus was recorded in trade with Germany, Bosnia and Herzegovina and Montenegro. In 2011 Kragujevac had the biggest surplus with Kosovo (100%) and the value of exports reached nearly $5 million. Also, there was a surplus with Croatia, Norway, Romania, Greece, Cyprus, France, the Russian Federation and the United States (Anon. 2013e; Anon. 2013b).

Graph 6: Total foreign trade by countries in 2010–2011 (in thousands of USD)

[Graph showing trade values for BiH, Germany, and Italy with bars for import and export]

Source: Regional Chamber of Commerce Kragujevac
Employment trends in the City of Kragujevac

The last decade of the 20th century was marked by economic sanctions from the international community and national economic collapse in almost all sectors of economic activity. Statistics in this period do not record a significant decline in employment, as workers who have actually lost their jobs continue to be registered as formally employed in order to maintain social stability. During 2007 there was a fire in “Zastava education and employment”, which resulted in an even greater decrease in the number of employees. The volume of employment of 55,515 people at the beginning of the period is certainly not a realistic reflection of the state of the economy, given that the number includes a large number of fictitious employees (Anon. 2013b).

Graph 7: The number of employees

In the years that followed, with the exception of 2004, there is a decline in employment. Despite help from the state and local government efforts to revive economic environment and investment activities since 2005, the level of employment has continued to decline again and in 2010 reached the lowest level of 40,037 employees. One reason for the downward trend in employment was intensified process of privatization, especially in 2005 and 2006 (14 privatizations), when the number of employees decreased. A significant number of people were engaged in the area of “gray economy” that official statistics do not include. It is reasonable to assume that the actual level of employment was higher than the official figures (Anon. 2013b).

In 2012, for the first time there is recorded employment growth, so that in September 2012 the number of employees was 41,457 persons, which is 1,960 more than in December 2011. The trend of the volume of employment in the analyzed period, in addition to the nominal employment, was influenced by the global economic crisis, which had a significant negative impact on our economy as well as in the neighbouring countries (Anon. 2013b).
According to the data of the Statistical Office, in late 2011 (data for 2012 were not available) 30,721 people were employed in enterprises, institutions and organizations and 8,776 people in private enterprises (self-employed people and their employees). In comparison to 2001, in 2011 employment in enterprises, institutions and organizations has decreased by 30.3% or 13,375 persons. During the reporting period, the volume of employment in this field is varied. Until 2003 there was a decline in employment, followed by an increase in the next two years, and then again a negative trend (Anon. 2007; Anon. 2013b).

**Table 3: Structure of employees in the City of Kragujevac**

<table>
<thead>
<tr>
<th>Year</th>
<th>Staff</th>
<th>Employees of enterprises, institutions and other organizations</th>
<th>Persons who are self-employed</th>
<th>No. Emp. per 1000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In total</td>
<td>Women (%)</td>
<td>In total</td>
<td>In total</td>
</tr>
<tr>
<td>2001.</td>
<td>55515</td>
<td>49</td>
<td>44096</td>
<td>11419</td>
</tr>
<tr>
<td>2002.</td>
<td>53509</td>
<td>49.1</td>
<td>41350</td>
<td>12159</td>
</tr>
<tr>
<td>2003.</td>
<td>51448</td>
<td>48.2</td>
<td>38066</td>
<td>13382</td>
</tr>
<tr>
<td>2004</td>
<td>56565</td>
<td>50.3</td>
<td>42013</td>
<td>14552</td>
</tr>
<tr>
<td>2005</td>
<td>53985</td>
<td>46</td>
<td>42090</td>
<td>11895</td>
</tr>
<tr>
<td>2006</td>
<td>49015</td>
<td>42.7</td>
<td>40253</td>
<td>8762</td>
</tr>
<tr>
<td>2007</td>
<td>49044</td>
<td>41.8</td>
<td>39254</td>
<td>9790</td>
</tr>
<tr>
<td>2008</td>
<td>45265</td>
<td>42.7</td>
<td>34692</td>
<td>10573</td>
</tr>
<tr>
<td>2009</td>
<td>41192</td>
<td>44</td>
<td>32075</td>
<td>9119</td>
</tr>
<tr>
<td>2010</td>
<td>40037</td>
<td>45.3</td>
<td>31764</td>
<td>8273</td>
</tr>
<tr>
<td>2011</td>
<td>39497</td>
<td>47.8</td>
<td>30721</td>
<td>8776</td>
</tr>
</tbody>
</table>

Source: National Bureau of Statistics
In the field of private entrepreneurship, employment during this period decreased by 23.2% or 2,643 people. Number of employees in private enterprises in 2001–2004, constantly grew and in 2004 reached the highest level of employment of 14,552 people. In the coming years the volume of employment fluctuated with the tendency to fall and in 2010 the lowest level was recorded with 8,273, and in the 2011 it grew by 6%.

Comparing the initial and final year of the period it can be seen that the proportion of employees in these groups, compared to the total volume of employment, remained almost unchanged. Years 2003 and 2004 were favourable to persons who are self-employed, amounting to 26%. The lowest proportion of employees in private enterprises was recorded in 2006 and 2010, when it was only 18% (Anon. 2013b).
The participation of women in the total number of employees in all the years under review was below 50%, except in 2004 when it was 50.3%. In the years after 2004 the participation of women decreased, and in 2008 fell to 42.7%, which is a decrease of 6 percentage points compared to the base year. The absolute figures are even worse for this population. While in 2001 the number of female employees was 27,202, in 2011 it amounted to 18,880. The fact that employment fell by one third points to the problem of gender inequality and the status of women in the labour market (Anon. 2013b).

Employment by sector of economic activity

According to statistics, the majority of employees in the city belong to the manufacturing sector. The share of this sector has been dominant throughout the period. A slight increase in employment in other sectors could not compensate for a large number of jobs lost in manufacturing. (Anon. 2013b)

Increase in employment, compared to 2001, was recorded in the following sections in 2010: production electricity and gas, construction, trade, transport, financial intermediation, public administration, education, health care and other community services. Looking at the absolute values, the most significant increase was in the public administration sector and education (Anon. 2013b).

Table 4: Employment by sector of economic activity

<table>
<thead>
<tr>
<th>Year</th>
<th>In total</th>
<th>Agriculture, forestry and water management</th>
<th>Mining and quarrying</th>
<th>Manufacturing</th>
<th>Production of electrical, gas and water</th>
<th>Construction</th>
<th>Wholesale and retail trade</th>
<th>Hotels and restaurants</th>
<th>Transport, storage and communications</th>
<th>Real estate and financial intermediation</th>
<th>Real estate and financial communities</th>
<th>Public administration, Social security and insurance</th>
<th>Education</th>
<th>Health and social work</th>
<th>Other public, Social and personal services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>44096</td>
<td>468</td>
<td>-</td>
<td>20034</td>
<td>1381</td>
<td>1648</td>
<td>3950</td>
<td>996</td>
<td>2404</td>
<td>864</td>
<td>2263</td>
<td>1376</td>
<td>3236</td>
<td>4749</td>
<td>727</td>
</tr>
<tr>
<td>2002</td>
<td>41350</td>
<td>358</td>
<td>-</td>
<td>12172</td>
<td>1396</td>
<td>1446</td>
<td>2756</td>
<td>750</td>
<td>1931</td>
<td>582</td>
<td>1495</td>
<td>1433</td>
<td>11420</td>
<td>4889</td>
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</tr>
<tr>
<td>2003</td>
<td>38066</td>
<td>295</td>
<td>-</td>
<td>11210</td>
<td>1438</td>
<td>1408</td>
<td>2504</td>
<td>346</td>
<td>1936</td>
<td>536</td>
<td>1246</td>
<td>1518</td>
<td>10096</td>
<td>4770</td>
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</tr>
<tr>
<td>2004</td>
<td>42013</td>
<td>454</td>
<td>5</td>
<td>11827</td>
<td>1448</td>
<td>1667</td>
<td>4233</td>
<td>306</td>
<td>2378</td>
<td>550</td>
<td>1498</td>
<td>1588</td>
<td>10061</td>
<td>4999</td>
<td>999</td>
</tr>
<tr>
<td>2005</td>
<td>42090</td>
<td>429</td>
<td>6</td>
<td>14852</td>
<td>1461</td>
<td>1678</td>
<td>4405</td>
<td>251</td>
<td>2877</td>
<td>610</td>
<td>1199</td>
<td>1635</td>
<td>6649</td>
<td>5029</td>
<td>1011</td>
</tr>
<tr>
<td>2006</td>
<td>40253</td>
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<td>16804</td>
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<td>1501</td>
<td>3989</td>
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<td>2815</td>
<td>723</td>
<td>1129</td>
<td>1628</td>
<td>3476</td>
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<td>1028</td>
</tr>
<tr>
<td>2007</td>
<td>39254</td>
<td>480</td>
<td>5</td>
<td>15666</td>
<td>1460</td>
<td>1531</td>
<td>3683</td>
<td>268</td>
<td>2818</td>
<td>714</td>
<td>1136</td>
<td>1763</td>
<td>3599</td>
<td>5070</td>
<td>1064</td>
</tr>
<tr>
<td>2008</td>
<td>34692</td>
<td>358</td>
<td>8</td>
<td>10575</td>
<td>1476</td>
<td>1674</td>
<td>3764</td>
<td>296</td>
<td>2765</td>
<td>692</td>
<td>1258</td>
<td>1801</td>
<td>3676</td>
<td>5224</td>
<td>1128</td>
</tr>
<tr>
<td>2009</td>
<td>32075</td>
<td>312</td>
<td>15</td>
<td>8609</td>
<td>1508</td>
<td>1682</td>
<td>3805</td>
<td>323</td>
<td>1898</td>
<td>785</td>
<td>1168</td>
<td>1875</td>
<td>3734</td>
<td>5172</td>
<td>1189</td>
</tr>
<tr>
<td>2010</td>
<td>31764</td>
<td>243</td>
<td>16</td>
<td>8026</td>
<td>1519</td>
<td>1452</td>
<td>3729</td>
<td>339</td>
<td>1822</td>
<td>808</td>
<td>1490</td>
<td>2054</td>
<td>3737</td>
<td>5350</td>
<td>1182</td>
</tr>
</tbody>
</table>

Source: National Bureau of Statistics – Municipalities in Serbia
Unemployment in the city of Kragujevac

Statistics show that the number of unemployed people varied. During the first three years of the period it increased, and in 2004 declined by 15.3% over the previous year. Already in 2005 unemployment is rising which continues until 2007, when it reached the number of 25,020 people. Over the next three years the number of unemployed falls to 23,711 in 2008 and to 21,660 in 2010. At the end of 2012 the number of unemployed has decreased by 3.6% compared to the previous year and amounted to 21,676. According to the structure of unemployment during the period, the share of first-time job seekers decreased from 67.5% in 2001 to 34.9% in 2011. The number of unemployed unskilled workers recorded an increase in absolute and percentage terms; their share in the total number of unemployed ranges from 6,053 in 2001, 8,361 in 2007, to 6,190 in the last observed year (Anon. 2013b).

Table 5: Unemployment – Structure

<table>
<thead>
<tr>
<th>Year</th>
<th>In total</th>
<th>First-time job seekers</th>
<th>No qualifications</th>
<th>Women</th>
<th>Per 1000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>In total</td>
<td>%</td>
<td>In total</td>
<td>%</td>
</tr>
<tr>
<td>2001.</td>
<td>19704</td>
<td>13295</td>
<td>67,5</td>
<td>6053</td>
<td>30,7</td>
</tr>
<tr>
<td>2002.</td>
<td>23592</td>
<td>14625</td>
<td>62</td>
<td>7527</td>
<td>31,9</td>
</tr>
<tr>
<td>2003.</td>
<td>25195</td>
<td>15118</td>
<td>60</td>
<td>8104</td>
<td>32,2</td>
</tr>
<tr>
<td>2004.</td>
<td>21351</td>
<td>13509</td>
<td>63,3</td>
<td>6046</td>
<td>28,3</td>
</tr>
<tr>
<td>2005.</td>
<td>23514</td>
<td>13127</td>
<td>55,8</td>
<td>7651</td>
<td>32,5</td>
</tr>
<tr>
<td>2006.</td>
<td>24298</td>
<td>12579</td>
<td>51,8</td>
<td>8235</td>
<td>33,9</td>
</tr>
<tr>
<td>2007.</td>
<td>25020</td>
<td>11552</td>
<td>46,2</td>
<td>8361</td>
<td>33,4</td>
</tr>
<tr>
<td>2008.</td>
<td>23711</td>
<td>10410</td>
<td>43,9</td>
<td>7952</td>
<td>33,5</td>
</tr>
<tr>
<td>2009.</td>
<td>23517</td>
<td>11499</td>
<td>48,9</td>
<td>7395</td>
<td>31,4</td>
</tr>
<tr>
<td>2010.</td>
<td>21660</td>
<td>11529</td>
<td>53,2</td>
<td>6313</td>
<td>29,1</td>
</tr>
<tr>
<td>2011.</td>
<td>22431</td>
<td>7836</td>
<td>34,9</td>
<td>6190</td>
<td>27,6</td>
</tr>
</tbody>
</table>


In the category of unemployed increased participation of women was recorded. It ranges from 59.3% in 2001 to 55.7% in 2011. Looking at absolute figures, the number of unemployed persons in the female population grew. It was highest in 2007, amounting to 14,406, while in the next three years it declined and in 2011 again started slowly growing reaching the figure of 12,484 people (Anon. 2013b).
The largest share in unemployment, according to age, constitute unemployed persons of 50 years of age and over (27%), followed by people of 30 to 39 years (23%), 40 to 49 years (22%), 25 to 29 years (14%), 20 to 24 years (14%) (Anon. 2013b).

According to the level of education, the highest proportion in the structure of unemployed falls on people with III and IV level of education (56.4%). They are followed by people with first and second level of education (27.6%). Those with higher levels of education have a share of 16% in the structure of the unemployed. If we observe the qualification structure of the unemployed female population, there is also dominance of people with vocational qualifications and the first and second level education (Anon. 2013b).

**Conclusion**

Regions designed and created by people according to the specific characteristics of geospatial. Issues of regionalization and decentralization are concerned because of the
individual and social groups. To develop the city of Kragujevac is formed Business innovation center, whose powers and functions are reflected in the following:

• marketing;
• maintaining existing and attracting new and expanding local business operations;
• contact and direct support to the local business community;
• support the strategic planning process;
• encourage funding;
• developing workforce.

Of the key recommendations those that stand out are incentives for the creation of new SMEs and to attract foreign investments, as well as regulations (regulations, orders, directives) in economic development.

Regionalization of Serbia is necessary because it has to adjust to the demands of the European Union and harmonize its administrative-territorial organization with NUTS, as was already done in many countries in Central and Eastern Europe.

The problems of regionalization of Serbia – and within it of the Central Serbia – should not slow down the inevitable process, because the future social and economic effects are well above the difficulties that might arise. Special organizational and legal measures are needed to resolve the risk of increasing the administrative apparatus and the potential conflicts of competence with municipalities.

One of the aims of methods and procedures for regionalization and decentralization is to use the regions as objects of development and entities in directing and managing development. In all this, the role of Kragujevac and Šumadija and Western Serbia is irreplaceable in both economic as well as the geo-political aspects.

City of Kragujevac, as an integral part of the Euro-region, has developed a network of regional institutions in which public, private and civil society act proactively on the basis of mutually developed partnerships. Local government is modern and updated and effectively cooperates with ministries, donors and investors. The city has a well developed road and railway network, developed utilities and available business infrastructure.

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