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FACULTY OF ECONOMICS

DEPARTMENT: FINANCIAL MARKETS AND BANKING

MASTER THESIS

INFLUENCING GLOBALIZATION TRENDS IN SMES - CASE STUDY OF KOSOVO'S SMES

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INTRODUCTION

Globalization, a process known for the economic integration of countries through the free movement of goods and services, capital and human resources. According to Elmar Altvater, "the process of overcoming historical boundaries, such as erosion of national-state sovereignty" (Shukallari).

Globalization refers to global economic integration, which is expanding more and more, where different businesses, their activities have spread beyond national economies, reducing the role of state borders and the unification of national markets into a unique world market.

As a result of the integration of financial markets, liberalization and opening up of new markets, along with the advancement of technology that enabled better communication and faster. The global system has evolved into an internationally integrated framework, affecting the reduction of the cost of cross-border transactions, attracting more investments and making the capital more mobile. In this context, foreign direct investments have a particularly important role. "FDI provide a tool for creating direct, sustainable and long-term relations between economies" (OECD). FDI can be an important factor in economic growth by helping local companies develop, significantly transfer know-how and technology, and improve the competitive position of an economy (OECD 2008). "Foreign direct investment FDI is an integral part of an open international system, a major catalyst for economic development and growth." (OECD 2002 p.3).

Undoubtedly, small and medium enterprises (SMEs) are a key factor in the economic development of a country with their irreducible role and contribution in creating new jobs. This sector, which is considered as a source and catalyst for the creation of new jobs through the behavior of young people and which today account for more than 95 percent of the world's enterprises, contributing to the increase of labor force and at the same time reducing the level of unemployment and alleviating the poverty rate.

1.1 Organization

The paper is organized in five chapters and then ends with a series of recommendations and conclusions.

The first chapter presents globalization as a process by explaining some of the effects of globalization on the economy as well as influential globalization factors such as the expansion of technological innovations, trade liberalization, increased global competition, changes in the political situation, and intergovernmental co-operation.

The second chapter presents international business in the global trend and the most popular forms of international business such as: export and import of goods and services as well as investments, as an analysis of this chapter is the economy and foreign direct investments settled in Southeast Europe etc.

Chapter three discusses the focus of international business on multinational corporations as well as positive and negative views on the role and impact of multinational corporations.

The fourth chapter discusses small and medium enterprises in the global trend, their impact on the economy, especially for SMEs in the EU, SME's access to finance and international markets.

Chapter five discusses the small and medium enterprises in the business environment in Kosovo, about SMEs in Kosovo and their importance in Kosovo's economy and the business environment that prevails in Kosovo.

And at the end, we get the recommendations as well as the conclusion of the paper, with reference!

1.2 Aim of the paper

The paper analyzes the factors that have an impact on the decisions of small and medium business companies doing business in the Balkan regions in general and in particular in Kosovo.

The recommendation here is for policy makers and decision-makers when they face issues related to the distribution of national wealth, they must always be assured that their mission will succeed in creating equal development in all parts of the country.

CONCLUSION

Today, the global economy is becoming more dynamically, more integrated and more developed, including in its own corpus the different national economies in a single global process. Even though the world is always facing misfortunes, more caused by human hands that damage social order everywhere, such as war, criminal and terrorist attacks, still the process of globalization is irreversible, where the growth of the world economy and the expansion of global trade versus challenges presented. The free flow of capital, people, job creation, multiple choices, lower prices for consumers are the directions and goals of globalization.

The economic integration of different countries in a single global market has led to the reduction of the role of inter-governmental borders, but without undermining state sovereignty, culture and the social environment, deepening the gap and inequality between the layers between the developed and the poverty countries, which, according to these perceptions, refers to the pessimists and those against globalization. With the opportunities created by this process, with all the challenges, there are many benefits where firms find themselves in the market with their exported products and services facing the competition and creating successful business, so benefits should be addressed in all layers so that the negative effects of globalization cannot be neglected.

The globalization process helps emerging economies, which are indicators of global growth, alleviate poverty in poor countries and isolation. Expanding technological innovations, transport, communication, and multinational corporate operations in every part of the world are the cornerstones of this process.

The overwhelming development of international trade as a result of the reduction of barriers to the free movement of goods, services, capital, made many firms, after achieving their success in their countries, to come to foreign markets with their operations with the aim of the expansion of their sales beyond their own market and at the same time capital purchases, the introduction of advanced technology in the domestic market. These companies that approach the international business use the export and import route as well as the investments. This way of business realization in global trade implies international business.

Factors of the world economy and international business undoubtedly are multinational corporations that with their capital and affiliates operate in every corner of the world influencing

international trade cooperation, raising wealth and standard of living, reducing poverty, and reducing the differences between rich and poor. Enhance the social, economic and political environment of a country comes from corporations and their investments. While critics estimate that corporations have a big impact on the host country's policy, making governments more suited to corporate interest rates than business interests. Exploitation of low-wage labor, high government spending on technology import, weakening social policy of the host country, according to the criticisms are the negative effects caused by corporations.

Despite the negative reviews by critics, the global market with the current trend is also expanding corporate growth at the same time. The privatization of enterprises, the development of regional, global partnerships, the avoidance of free trade barriers make the corporate operations expand.

The key factor in the economic and social development of a country are small and medium enterprises that account for over 95 percent of world enterprises, contributing to the creation of new jobs, local, regional and global improvement and development, transport development, promotion of entrepreneurship, promotion of innovation and technological development, raising of knowledge and skilled staff.

Private sector development contributes to the improvement of competitiveness and productivity, boosts per capita income and globally.

All these benefits from SMEs and their access to international markets are the result of the globalization of this sector.

In Kosovo, the SME sector is the main sector of the economy with over 99 percent of enterprises, but this sector is not well developed, the share of exports decreases compared to imports, Kosovo's SME are not that very active and competing in foreign markets, the unhelpful environment characterized by high levels of corruption, the informal economy, constitute the main problems in terms of SME development.

The importance of SMEs in alleviating unemployment through job creation and economic growth is very high, but effective development policies by the Kosovar government in the development of the SME sector are essential, driven by the growth of exports and investments, which are not currently in the right pace.

Improving the business environment, attracting foreign direct investment, are challenges that Kosovo institutions should focus in their realization. Kosovo has laws and regulations but they must be implemented. Their implementation, besides allowing for normal development, also supports the integration of SMEs in regional and global integration.