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MARKETING AND BUSINESS MANAGEMENT

MASTER THESIS

DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN KOSOVO: PROBLEMS, OPPORTUNITIES AND CHALLENGES

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ABSTRACT

Small and medium enterprises submit the essence of each economy and it is considered the essence of economic development, they contribute to individual enterprises, and they urge the employment. Small and medium enterprises are being very important in the development of modern and dynamic economy based on knowledge.

Throughout their development, businesses face a variety of problems: like the lack of treatment and information, difficulties related to transformation of ideas into achievable project, the lack of financial support etc. In order to overcome these problems there is a need of worldwide supportive policies to create positive enterprise climate which would make possible the development of new businesses and those which are existing businesses. In this respect, it is very important to analyze and see the other countries' experiences.

Based on this aspect, this research will present a hypothesis of theoretical aspect and practical experiences in the development of businesses in Kosovo and abroad.

In a theoretical aspect, I am going to present the definitions and classification of enterprises and also the role and the importance of businesses in the development of economy by creating new jobs.

The practical aspect will be presented by the experiences of developed businesses in some places, also dynamic and development of businesses in Kosovo recently.

From this analysis, I will tell in detail problems and difficulties which businesses face in Kosovo like in the first phase also during their development, possibilities to overcome these difficulties and other challenges of creating conditions for consistent economic development.

INTRODUCTION

Today small and medium enterprises are very important and can be said to be the main pillar of the economy around the world. Small and medium enterprises are the main base of a country's economic development and are the cornerstone of innovations. They are easily adapted to external changes, which means they are flexible enough and create opportunities for new employment and represent an important basis for sustainable economic development. Given that small and medium enterprises have an impact on the reduction of unemployment and are a source of revenue generation, professional and financial programs are needed in order to develop small and medium enterprises to make new jobs and improve living conditions.

AIM OF THE PAPER

The paper aims at introducing the theoretical aspects of small and medium enterprises by researchers of this field, criteria for classifying small and medium enterprises according to the legal forms of organization, according to economic activities and according to size criterion and emphasis on their role and importance in the economic development of a country and the creation of jobs for employment.

The paper also intends to introduce practical aspects of SME development by bringing experiences from some developed countries, how these countries have been able to support and encourage the development of small and medium enterprises.

It will also provide an overview of the history of business development in the post-war period in Kosovo, focusing on a more detailed analysis of dynamics and business development in Kosovo, identifying the problems that businesses face: challenges and opportunities for overcoming them and creating a more suitable environment for their development.

CONCLUSION

Based on the research of local and foreign literature, we conclude that small and medium enterprises play a vital and important role in the country's economic development, and are also an important source of employment and investment.

Small and medium enterprises are recognized as the engine of the economy of each country, in this regard, both developed and developing countries create favorable opportunities, as well as various programs in the support and development of small and medium enterprises.

In the research that I have done for developing countries more specifically for Turkey and Germany, it is clear that these countries use different programs to support and encourage SMEs in order for SMEs to be given the greatest opportunity for development.

In Turkey, more than 99% of enterprises are SMEs with 78% of the workforce employed in SMEs. In Turkey SMEs, not only play an important role in terms of employment also make a remarkable contribution to capital investment, value added and Turkish exports. In Turkey, government authorities have for many years carried out a variety of programs to support SMEs, where designing and implementing such programs have attracted momentum to growth. Organization for the development of small and medium industries. These organizations offer individual counseling services to SMEs and also offer promotional activities and services. Also available are programs that support SME financially and with advisory services. But Germany's most valuable source is innovative enterprise, because innovations are very important for the development of small and medium enterprises and also for their survival in the market. Germany attaches great importance to the development of high technology.

Analyzing the situation of developed countries, as far as SME support is concerned, it is clear that in Kosovo, even though there are SME support organizations, they are not enough to properly support SMEs.

Compared with developing countries, Kosovo must have a primary priority for SME development and create favorable policies for SME development in order to have a decrease in the number of unemployed, and in our country the unemployment is quite large.

RECOMMENDATIONS

Some recommendations that would affect the development of small and medium enterprises:

I recommend the institutions of Kosovo to prioritize the elimination of barriers affecting business start-up. SMEs could be developed more if they would have lower funding costs, as well as corruption should be fought as far as possible by the country's institutions, as it is the second barrier that negatively affects the development of businesses in Kosovo .

Institutions should create a more favorable climate for foreign direct investment in Kosovo, because FDI plays a very important role in the development of small and medium enterprises. This recommendation is made based on World Bank data, where in 2013 investor protection was rated 100 points by WB, while in 2014 there was a positive fall, so it is rated 61 points, but it is not enough to have FDI withdrawal in Kosovo, because if an investor wants to invest in an investment site he wants to be safe and for this reason investor protection has a huge impact on FDI, leaving no sideways and the rule of law that is a priority for FDI.

Regarding innovations in our country are scarce, and this is one of the reasons why SMEs in our country cannot survive the market. A small or medium enterprise, if it does not create something new for the market and does not go with the trend, then it will soon be up to business closure.