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FACULTY OF ECONOMICS

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**MASTER THESIS**

**LOCAL LEVEL BUSINESS SUPPORT: OPPORTUNITIES AND  
CHALLENGES**

**CASE STUDY: MUNICIPALITY OF PRISHTINA**

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## **ABSTRACT**

Small and medium enterprises contribute significantly to the country's economic development and employment growth. Policies not only at the central level but also at the local level are in the function of creating a favorable environment for the creation of both initial and existing businesses, meaning the support of a country's economic development.

In this topic, the theoretical and practical aspects of business support at local and wider level will be addressed. It will also highlight what are the barriers faced by businesses and how much businesses in the Municipality of Prishtina are supported, how much they should be supported, in order to create a suitable environment to operate successfully and which are the findings regarding the problem discussed and other relevant recommendations.

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Based on the research of local and foreign literature, we conclude that small and medium enterprises are considered as the main pillar of a country's economic development. Small and medium enterprises have a special role in creating a sustainable economic budget in the country.

Developed countries as well as developing countries, seeing that small and medium enterprises have a vital role in local economic development and at state level, are focused on creating a more favorable business environment.

As a result of the impact of the factors that influence the establishment of business as:

- Opportunity for self-employment, smaller investment to start business, easier management, easier access to one type of business activity to the other, based on the statistical repertoire of enterprises in Kosovo, the largest number of businesses registered are individual businesses.
- State politicians every day and more are understanding the importance of creating a more favorable environment for business development, this is best explained by the World Bank reports that it emerges that in terms of doing business, Kosovo has marked improvement, where from the 113th position in 2010, in 2014 it was ranked 86 out of 189 countries as were in total.
- The unfavorable business climate in Kosovo as well as in the Municipality of Prishtina affects an unsatisfactory business performance. Businesses in the Municipality of Prishtina face a large number of barriers such as high cost of funding, corruption, lack of state subsidies, unfair competition, and the non-functional judiciary system are the barriers they are facing in the barriers list.
- Prishtina, in contrast to other municipalities, also faces some barriers that come as a result of large population influx and large concentration of businesses in the capital, such as: very strong competition, high rent, lack of space (parking), traffic loads, etc.
- Analyzing the situation of developed countries, as far as SME support is concerned, it can be seen that in the municipality of Prishtina as well as in the state level, even though there exist SME support organizations, they are not enough to properly support SMEs.