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DEPARTEMENT: MARKETING AND BUSINESS MANAGEMENT

MASTER THESIS

**FIRMS' SOURCES OF FINANCING: OPPORTUNITIES AND
CHALLENGES**

STUDY CASE: GNTC "GORENJE"

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INTRODUCTION

Given the importance of these resources with the idea to study how firms exploit these different sources, and what are the possible forms of financing to businesses in Kosovo.

When we talk about microfinance we refer to small financial services, primarily savings and loan, which was provided to farmers, small and medium enterprises to help them engage in profitable business activities or grow their businesses. Microfinance has evolved as a default method of economic development so individuals can benefit with low incomes. Microfinance institutions have become an important part of the financial sector in developing countries as well as in those that are in transition. Grown in the empty spaces left by the banking system, microfinance institutions are already trying to resist the expansion of bank credit to small market, with the cheapest prices, and simplified procedures. Over time, microfinance has come to include a game that includes a large of the financial services (credit, savings, insurance, etc.)

Services of microfinance can help small businesses and individuals with low incomes to reduce risk, improve management, increase productivity, and have break even with higher investment, increase income and improve the quality of their lives. Microfinance is not just a bank, it is a development tool. Since in Kosovo, the microfinance institutions are in the early stages of their development there is a little information about these types of institutions. However, in this study, it is given an information on the key concepts of microfinance, as well as the Albanian reality in relation to macro-economic environment, the financial sector in general and microfinance sector in particular.

Sources of funding are exploited resources from different enterprises, in the moment of creation and continuing to create and to finance their growth, stable investments, financing of long term projects etc.

Like every GNTC Company and enterprise that I took as a case study, intends to argue its importance for evaluation of works and the weight that each job in realizing the objective of the company is important to assess the performance shown by senior management.

Aim of the paper

To know more about the structure and dynamics of businesses in Kosovo, in the years 2010-2014, the strategies that should be undertaken to advance reforms that will lead to a dynamic sector, to have created new jobs for Kosovo.

Objectives of the paper

- Present some theoretical aspects of the methods of classification of firms by legal means, to explain the sources of financing of firms in Kosovo.
- Present an overview of the summary regarding the structure and dynamics of business in Kosovo during the period 2010-2014.
- Explain the sources of financing of firms in Kosovo.
- Analyze the sources of financing of the GNTC “Gorenje” company GNTC (case study).

Importance of the paper

Knowing more closely the firms' financing sources, opportunities and challenges with special emphasis on case study GNTC "Gorenje" and to know how to use these resources and their use.

Methodology

- Primary methods,
- Secondary methods,
- Research methods from scientific literature.

CONCLUSIONS AND RECOMMENDATIONS

- Small and medium enterprises have a key role in the process of developing economies. SMEs in Europe now represent the majority of businesses and because of their dimension and adaptability is the main source of economic growth.
- SMEs are more flexible in comparison with big firms and as a result have lower costs of capital in relation to creating jobs. Consequently, SMEs play an important role and in employment.
- SMEs provide products and services that larger competitors fail for one reason or another, because the market is too small.
- SMEs improve the efficiency of domestic markets and use the financial and human resources in a more effective way.
- The most important barriers faced by businesses in the SME sector are: unfair competition, the high level of taxes and the low purchasing power of the population.
- In general, in the exercise of their activity SMEs focus attention to: better quality of product / service, professional knowledge and quick service, which they see as their competitive advantages in front of competitors.
- Increased competition in the banking sector has increased significantly the level of lending to the private sector. Only in recent years the level of credit grew at a rate of 30%. Certainly it brought advancement in the monetization of the economy. The whole banking sector is in private ownership and this has resulted in more loans for the banking sector.
- The dominance of foreign capital in the banking sector has positive aspects but it has prevented the government to implement its policies and to "impact" priority sectors.
- Within SMEs are changes on the level of activities and marketing who pay attention. Small SMEs in marketing practices are done indirectly, randomly and unsystematically. Regarding the marketing orientation, SMEs have adopted it to some extent. Most businesses focus on collecting information on the customer, but not in the distribution and response towards the discovery of markets.
- Owners of small SMEs view only personal benefits, such as job satisfaction and a far better way of life and do not give importance to what you produce. It should be studied with the best market and customer needs. A market is never saturated with a good product; but it is very quickly saturated with a bad one. Henry Ford
- Businesses should be prepared in such a manner as to be able to withstand the competition of European businesses, because the integration of our country is a future clearly specified in the EU. In this way, entrepreneurs not only can increase market and their income, they can know even better international competition, to dictate better their advantages and to absorb innovations and models that may affect the improvement of our customers satisfaction.
- The government should make tax cuts for businesses and reduction of customs duties, reduction of taxes on fuels (related to transportation, because transportation is an important part of the business), reduction of taxes, to fight corruption, develop domestic production, develop fair competition, to normalize and stabilize its policy of high employment and high wages etc.

- The successful transfer of business preserves more jobs on average than those who create new businesses. Transfer of business should have the same support as that for setting up a new business. Responsible attitudes should be taken to combine tradition with innovation, supporting the importance of simplifying the transfer of businesses and the skills associated with them.