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FACULTY OF ECONOMICS

DEPARTMENT – FINANCIAL MARKETS AND BANKS

MASTER THESIS

THEME:

**BUSINESS SUPPORT BY THE MUNICIPAL GOVERNMENT IN THE  
MUNICIPALITY OF VITIA**

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## **INTRODUCTION**

The introductory part of the paper will provide an overview of the research problem, the description of the scope of the topic, objectives, and significance of the paper. It will also give a brief presentation on the methodology applied, the expected results and scientific contribution of the paper.

### *Brief description*

The business development generates economic growth and the creation of new jobs, and therefore needs to create a more favorable environment for their development.

Experiences of other countries show that local authorities are playing an increasingly bigger role in economic and social life of their country with the aim of finding new ways of development and structural changes for a more efficient use of available sources (human, financial, natural, etc.).

Their aim is to create an environment that favors the development of existing businesses and encouraging the creation of new businesses with the aim of increasing employment and improving living standards.

Given the role and the importance of business support at the local level, this paper's focus will be on business support from the municipal government, with special overview in municipality of Vitia.

This paper will treat issues such as: important issues of how to preserve the activity of existing businesses and how to make support for the creation of new businesses, what conditions would the municipality offer those to make their business more thriving. It will examine measures to attract young entrepreneurs in the municipality, for example opportunities researching for investment, education, and training of people, using advanced technology, providing infrastructure, etc.

## CONCLUSION

Complexity of the findings and the analysis conducted in this paper comes to the conclusion that the development of businesses, mainly small and medium businesses generate economic growth, and facilitates the creation of new jobs, therefore there needs to be a more favorable climate for the development of these businesses.

The specifics of these businesses are: taking decisions quickly, greater flexibility, simple organizational structure, simple formal planning etc. SMEs usually serve in local markets, but also in regional ones.

The establishment and growth of new businesses tends to create more new jobs and to achieve this goal, businesses must have access to several aspects: to have easier access to financing, training and better qualifications for workers and managers, procedures and systems that ensure greater transparency.

Businesses at the beginning work on their own, the possibility of failure in the first two years is great, while those that survive accept technical and financial support. Support is realized through: experts' behavior, development of the business environment and support in infrastructure.

Municipalities apply various forms of support for businesses to improve the entrepreneur dynamic. Among the forms of support that can be mentioned are: financial support, permits, information, consulting, etc.

As a result of the development of the SME sector, Albania has experienced an economic growth of 6% during the last 3 years, an increase that was awarded as one of the best in the region. This is achieved through privatization and restructuring of companies, as well as a result of the possibility of finding financing through credit lines.

As in many other places, in France the support the SMEs is realized through two channels: financial support and reliance on export.

Macedonia has developed a program for business support "Solution of best practices in the unit of local self-government in the Republic of Macedonia," which aims to stimulate municipalities to promote innovative solutions which are also applicable in other municipalities, to notify the

parties interested with the way in which the project is implemented. SMEs in Turkey have different types of problems which are difficult to access to bank credit, lack of financial management etc.

The SME sector in Italy was hit hard by the global recession in 2008-09. For this reason, the Italian Government took measures to improve the general conditions of the SMEs, especially to make the administration accountable to the needs of businesses and to improve conditions for companies and their activities.

The SME Development in Kosovo has gone through several phases starting from 1999, 2001 until now. Kosovo's economy since 2001 has been driven mostly by international aid. Over 50% of all SMEs operating in the commercial sector characterized by small and unproductive investments.

According to the World Bank's Doing Business in 2011 Kosovo ranks bottom in the region of Central and Eastern Europe for starting a business. From a total of 183 countries, ranked 113.

Regarding the municipality of Vitia, there are some problems that impede the development and growth of businesses. Citizens of Vitia municipality are confronted with the lack of a business registration center and this has contributed that the Department of Finance not have an exact number of businesses, but since 2011 there is such center, where parties receive information on the establishment of a business, are announced for proper documentation etc.

The problems and challenges that businesses face in the municipality of Vitia are: lack of training and information, lack of financial resources, difficult administrative procedures, etc.