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MANAGEMENT OF SMALL ENTERPRISES AND FAMILY BUSINESSES IN THE REPUBLIC OF KOSOVO

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Abstract

Small businesses represent the driving force of an economy. They are the key that enables the production and marketing of thousands of products and services thus becoming the basis for a sound economic development. Consequently, small businesses are of vital importance to the economy.

Small business is a generator of innovation and a source of new jobs. The trend shows that small businesses are the backbone of all developments and movements in the economic system.

The small business scope is present in almost every pore of social and economic life.

According to the Statistical Register for Businesses, there are 9,358 micro-enterprises, 55 small enterprises, 7 medium-sized enterprises and 1 large enterprise.

According to size, enterprises in Kosovo are classified into micro-enterprises when they have 1 to 9 employees, small enterprises with 10 to 49 employees, medium enterprises 50 to 249 employees) and large enterprises with over 250 employees.

Approximately 99% of businesses in Kosovo are registered as small businesses. For any business the main purpose of existence is to make a profit. Businesses are constantly trying to compete or adapt to fierce competition. Due to the fact that small businesses are much more fragile and sensitive to movements and trends from the macro environment for that reason also the chances of failure are much greater. Small businesses therefore require good management in order to be successful in their struggle for survival.

The management of small enterprises differs from country to country due to many factors, starting from the legal framework, economic system, competitiveness, economic development, stage of economic development, etc. Accordingly, the management of small business requires an extremely large flexibility, which will adapt to economic flows and the trend of moving towards higher results and profits.

Exactly the topic of this research will be the management of small enterprises in the Republic of Kosovo, showing it with all its specifics. What are its strengths and weaknesses and how much the management and management of small business has an impact on the performance of small business in Kosovo will be analyzed and discovered during this research period.

Keywords: Economy, Finance, Accounting, Audit, business.

The problem of research

Micro, small and medium enterprises are essential resources for new jobs in Europe. The new definition of SME was made in January 2005 which represents a major step towards improving the business environment for SMEs and aims to promote entrepreneurship, investment and economic growth. The category of micro, small and medium enterprises consists of enterprises that have less than 250 employees and whose annual turnover does not exceed 50 million euros, or a total annual balance sheet not exceeding 43 million euros. Whereas, small enterprises are businesses which have less than 50 employees and whose annual turnover does not exceed 10 million euros. Finally, micro enterprises are businesses that have less than 10 employees and whose annual turnover does not exceed 2 million euros (European Commission, 2005).

Keeping small business alive also means guaranteeing lower unemployment and sustainable economic development. This first of all requires good and sound management. Small businesses usually due to their limited financial capabilities and capacities do not have any real staff quality in terms of their management, but they are usually run by business owners.

The transition from one economic system to another, as was the case of the Republic of Kosovo and its transition from a centralized economy to a market economy is a phenomenon in itself. In centralized economies we have very few private businesses, respectively small businesses, and with the fall of that system, small businesses appear at a dizzying speed.

It is a well-known fact that, following the collapse of centralized economies, the private sector is emerging at an impressive rate in all transition economies, while the number of small businesses is increasing day by day. It is also a well-known fact that the growth of entrepreneurial activity is more trade-oriented than industry-oriented. As domestic markets in transition countries become more liberalized, where citizens are eager for Western consumer goods. In accordance with the above facts, small business management in Kosovo is a relatively new discipline which has not had any significant development. He is above all sensitive and full of challenges and problems.

This master thesis aims to explain the development of management of small enterprises and in particular family businesses in the Republic of Kosovo and attempts to highlight its characteristics. Above all, this paper will try to explain that in a country and economy like Macedonia there is a favorable business climate for the development of small businesses.

Purpose of the research

The paper itself contains several goals which can be classified into two groups:

- a) scientific purpose and
- b) practical purpose

a) Scientific purpose

The scientific goal is to contribute to the increase of research funds in terms of how to manage small enterprises and family businesses in the Republic of Kosovo and the characteristics it possesses.

b) Practical purpose

The practical purpose of this research is to contribute to providing ideas, methods and ways to improve the management of small enterprises in our country. At the same time, through this, you will try to serve as a guide and guide for every small business owner in order to have the best opportunity to manage his business.

CONCLUSIONS AND RECOMMENDATIONS

Exactly the topic of this research was the management of small enterprises in the Republic of Kosovo, showing it with all its specifics. What are its strengths and weaknesses and how much the management and management of small business has an impact on the performance of small business in Kosovo.

Small businesses usually due to their limited financial capabilities and capacities do not have any real staff quality in terms of their management, but they are usually run by business owners.

The transition from one economic system to another, as was the case of the Republic of Kosovo and its transition from a centralized economy to a market economy is a phenomenon in itself. In centralized economies we have very few private businesses, respectively small businesses, and with the fall of that system, small businesses appear at a dizzying speed.

The hypotheses of this research were:

- in the Republic of Kosovo, small enterprises are managed mainly by the owners of enterprises, which are also family businesses, due to the lack of financial capabilities to hire professional staff.
- The management of small enterprises in the Republic of Kosovo is not done on any scientific or professional basis, but mainly according to intuition and experience gained earlier.
- Small business leaders in Kosovo as one of the main problems have compliance with legal regulations and taxes that must be paid to the state.

The theoretical and practical aspects of small and medium enterprises were discussed in the literature review section. It is worth noting that during the 1980s and early 1990s, small business began to enjoy great respect and associated prestige. He did this thanks to his skills, not small, to invent new products and create new jobs. The number of small businesses has grown significantly in recent years. A large number of people have started their own businesses and have dreamed about their chances of success or failure.

The strategic importance of Small Business is recognized (proven) worldwide for the following reasons:

- Small Business is contributing to employment growth at a higher rate than Large Business.
- Small business is the backbone of the market economy for transition economies as well. In the long run it can provide most of the employment.
- Small Business produces mainly for the domestic market, using mainly national resources.
- Shifting from large, former state-owned enterprises to smaller enterprises and private firms will increase the number of owners, representing a group of people with greater commitment and responsibility, than in the former centralized-planned economies.
- Increased number of small businesses will bring flexibility to society and the economy, and can facilitate technological innovations and provide significant opportunities for new ideas and skills to be implemented.
- Small Business uses and develops, mainly, internal technologies and skills.
- Small Business Development is a key factor for the regional development of the country.

As far as Kosovo is concerned, the beginnings of entrepreneurship in Kosovo have always been an incentive for its population to find its own way of existence, relying only on the potential of family members, as a nucleus that has preserved the national identity of the population. D.m.th such organisms, mainly, were households that were expressed with craft shops, in the retail trade with small shops and restaurants, in rare cases also the foreign trade, mainly with the surrounding countries and with Turkey, while most of these households had agricultural orientation. After World War II, the private economy stalled because the laws of the communist government did not allow the organization and operation of private enterprises other than agricultural and livestock products and their sale on the green market, some small craft shops, hotels and handicrafts. Although private initiatives have been rumored since the early 1980s, nothing has been done in the economy. Kosovars in the early 80's had a solid potential of capital, which they had earned outside Kosovo as a guest worker, but alas he engaged in the construction of houses 75-80% and part in agriculture 12-15%.

1989 saw the promotion of economic reforms through which, for the first time since World War II, the establishment of private enterprises was allowed. Despite the fact that this period marks the highest point of political oppression that the Milosevic regime exerted on Kosovo, forcibly depriving it of its autonomy and removing Albanians from institutions, factories and schools.

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