

SMALL AND MEDIUM ENTERPRISES INDICATOR OF KOSOVO'S ECONOMIC DEVELOPMENT

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Abstract. Enterprises are fundamental units of manufacturing or trading services within the framework of a country's economic system. The main components of a company are the people, the raw material or the material that processes it, the technology it uses, the product or service it offers and the environment where it works.

Small and medium enterprises are considered to be a kind of economic instrument that has great influence on the country's economic development, especially the role of small and medium enterprises is very important in countries with transition economies such as the case of Kosovo and other states that are in this phase. Through the development of small and medium enterprises in one way or another helps the country by reducing the number of unemployment, filling the state budget with financial means from taxes etc.

In small and medium enterprises, a significant amount of permanent tools are collected, even shooting tools, although they vary from time to time, are always present. In addition to the merger of capital, within the economic subject, the work of individuals is also joined, as an element of production and as a creative force, with a special role in the organization sphere.

Keyword: Small and Medium Enterprises, Economic Development, Organization, Finances, Taxes

1. Introduction

Small and medium enterprises are economic, elementary subjects where the organization of jobs takes place, as a whole of operating functions. Various products or services are produced in small and medium enterprises.

All that is required by economic principles through concrete organization in practice of jobs and tasks is achieved through results.

The organization of small and medium enterprises is done with certain purposes, to carry out convenient activities with which use and profit values are created, which serve to meet consumer needs. Each company is organized on the basis of necessary analyses, which provide sufficient arguments for the reasoning and need of the economic subject. Of course, small and medium enterprises can organize their own event, whether producer, circulatory, unless it provides and implements production factors. During the production process, the factors in question are reflected and harmonized in both size and time and space, with estimates of the results expected. Small and medium enterprises in Kosovo continue to be the main pillar of development in Kosovo, although they have the burden of developing the country, they have challenges and many problems in exercising the economic activity for which they are defined, and in these challenges

of course influence various factors that are identified as internal factors and external factors in the way small companies and companies function in the middle in Kosovo.

2. The Development of small and medium enterprises in economic theory and practice

The business size classification in some countries changes theory and practice and in some countries it defines certain criteria that in numerous cases are combined which serve more in statistical analyses and for changing promotion of enterprise developments, given their importance for economic development of each country. Among the most well-known criteria are the local market, capital, income, profit, sale and number of workers. (*Prof. Dr. Isak Mustafa - Manual for the creation and development of businesses - 2005 p/51*)

In theoretical terms the undertaking can be understood as the objective of exploiting resources optimally. The undertakers are the persons who act and the affairs give concrete form, they present themselves to risk, create new forms of business, make the distribution of the production factor, influence the increase in employment, and raise the level of organization and efficiency of the company. The role of enterprise is universal and includes nearly all forms of human life. (*Prof. Dr. Isak Mustafa - Creation and Development of businesses - 2000 p/32 Citation*).

Each society uses experiences in entrepreneurship and management. The undertaking promotes and braveries for success, applies methods of activating resource exploitation, develops motivation and reward for risk, effective affairs, stability and growth, takes advantage of the thing and the risk of affairs.

2.1. State influence in promoting small and medium enterprise development

The state is responsible for economic promotion and national well-being. The state also provides economic stability, regulates the legal system, regulates property protection, security and foresees incentives and incentives for faster economic and social development. (*Prof. Dr Isak Mustafa - Creation and development of Businesses – 2000 p/48*)

The role of the state in the development of small and medium enterprises is not important, but is nevertheless also necessary in this process, because the state by helping small and medium enterprises it also helps itself at the same time, creates new jobs for its citizens etc.

The state can help create the stable framework and the wealth security system and citizens in order to more easily plan economic activity, develop communication between different subjects, enable the efficient realization of citizens' legal and economic rights. It is important to point out that the state cannot provide success even an economic subject, but can nevertheless provide direct assistance in possessing and overcoming initial difficulties by developing the education and professional skills system, the information system as well as general services. (*Arian Çepani - Entrepreneurship and Management of Small Businesses -2005 p.42*)

For private enterprises it is very important that they effectively exploit their rights and have free legal protection.

The most important areas of the state in the private sector are the formation of market prices, the setting of interest rates, the regulation of the foreign exchange audit system, according to market principles, the maintenance of a stable money and balanced budget, the development of a liberal trade system. foreign and foreign investment engagement.

Governments of different states must engage maximum intensively in helping the development of the private sector, continuing the privatization programed and creating the policy and laws that enable the development of small and medium enterprises.

Governments must establish a functional legal framework so that companies that are formed can compete against large companies. The small and medium enterprise sector can only develop within these framework bases.

Privatization of state-owned enterprises is essential for the transition from controlling, centralizing economy to the market economy system. During this process it can be expected that the wealth of

transitional states will be managed by owners who really have an interest in increasing profit and wealth value.

This motive is crucial in the national economy and enables the growth of economic effects.

Transitional states must transfer most of the state wealth to private sector wealth, based on contemporary undertakings and management.

Private enterprises have been shown to be more successful in the development and progress of economic affairs.

2.2. Small and medium enterprise development experiences in countries with major economic development

In Austria small companies play an important role in increasing economic development and increasing competitiveness.

These companies work at high quality. Over 50% of employees work in small and medium enterprises. Tourism is also mainly organized in small and medium enterprises that achieve high incomes. The state helps companies in various forms by providing convenient credit conditions, subsidies for opening up jobs with free technical assistance. Tax rates in income and value added are low. (*Prof.Dr.Isak Mustafa - Creation and development of businesses – 2000. p/38*)

In Belgium small and medium enterprises account for approximately 98% of the total percentage of companies in the private sector. More than 85% of all firms have fewer than 10 workers. Employees in small and medium enterprises account for more than 50% of employees in the private sector. (*Institute for research and development– Economic sustainability Challenges and Problems-Rinnvest–2011. p/18*)

In France nearly 100% of companies are small and medium and employ close to 70% of employees. These companies in gross revenues participate by more than 54% and over 55% in investments. (*World Bank – Global Economic Development Report -2010. p/62*).

In Japan, the government has helped small and medium enterprises by supporting them financially and through technical assistance. The quality of the products and services of these companies is at a high level, the function of quality management takes an important place in the company management system. In the Netherlands 1/3 of national income is achieved in small and medium enterprises. More than 37% of workers are employed in these companies. Private companies are employed more than 60%. Meanwhile, over 90% of this country's small companies employ fewer than 10 workers. In Germany small and medium enterprises use financial means for covering expenses for professional consultations and other forms of professional skills. Small business agencies and institutions offer advisories from management, marketing, computing, etc. The Centre for The Productivity of these companies offers you permanent assistance in choosing various problems such as p.sh quality management, eliminating production weaknesses, designing business plans, projects, programs, etc. (*World Bank – Global Economic Development Report -2010. p/63*)

In the United States, the undertaking is considered the main innovator and the most important economic factor of the state. The U.S. government provides great support to small businesses through the development of educational programs, the provision of financial means, the provision of credentials to the provision of technological information, etc. State aid has enabled the successful development of small businesses in the US. (*In the same. p/64*).

In Sweden small and medium enterprises have financial and consultative support. The local administration helps develop these firms, provides financial information, loans at small rates and with tax ease. (*In the same. p/65*).

3. Small and medium enterprises and the informal sector

The informal economy hinders competition and increases the cost for the survival of companies operating in the formal sector. Informal labor contracts and systematic evasion of social security contributions weaken workers' protections and reduce social benefits for them. This has a negative impact on the budget and throughout society's infrastructure due to declining revenues and subsequent reductions in the provision of

adequate public services. (*Ministry Trade and Industry - Small and Medium Enterprise Development Strategy in Kosovo 2010-2014. p/32*).

There is an updated action plan to address the informal economy and remove administrative barriers to investment. Export guarantee funds have been established. However, further progress is needed to address the non-formal economy and improve the affairs environment. According to the report on the Government's Program for the Prevention of Informal Economy in Kosovo 2010–2012, it is estimated that the size of the informal economy is brought in by 39 to 50% of gross Domestic Product. (*Ministry trade and industry - Small and medium Enterprise development strategy in Kosovo 2010-2014. p/34*)

Bringing more small and medium enterprises into the formal sector is one of the main challenges in implementing the Small and Medium Enterprise Development Strategy. No formality weakens confidence between small and medium enterprises and financial institutions and reduces the access of small and medium enterprises to loans and the ability to exploit formal mechanisms for resolving disputes. It also discourages external investment.

From what was treated above, I consider that it is important to analyze the implementation and encouragement for the withdrawal of the informal sector in the formal economy, as well as to address factors that discourage small and medium enterprises from fully registering employees, activities, turnover and profits from the respective authorities.

With the support of the European Union project for small and medium enterprises, the Agency for supporting small and medium enterprises has drawn up an implementation plan of the Strategy for the Development of Small and Medium Enterprises.

3.1. Financing in the development of small and medium enterprises in Kosovo

Kosovo small and medium enterprises are playing an important role in Kosovo's economic development. They are the main source of the creation of new jobs and revenue generation and have shown rapid revitalization in the post-war period. Employment in private companies is marking increases and structural changes can also be observed within companies, which are expressed through declining numbers of commercial enterprises and increasing participation of production companies. It is also estimated that the contribution of private businesses to GDP participation in the post-war period has increased to more than 65%. (*Financing and development of small and medium enterprises (SME)- report by RIINVESTI – 2005. p/45*)

Over the past two years, the Government, the donor community and other endeavors have been committed to addressing many issues related to small and medium enterprises in creating a climate conducive to the development of small and medium enterprises. However, despite efforts to establish new legislation and build market economy institutions as part of the strategy for rebuilding Kosovo, their absence is still pronounced and concerns still small steps for supporting small and medium enterprises. This includes the lack of a national strategy and policy for supporting the development of small and medium enterprises and other implementation mechanisms such as the Small and Medium Enterprises Agency, which would coordinate government support for this sector, including the commitment of financial resources. (*Financing and development of small and medium enterprises (SME) - report by RIINVESTI –2005. p/35*).

Steps that have been taken by the Government to build a market economy include the licensing of first banks and some other non-banking financial organizations, which began to engage in financing and development of small and medium enterprises.

Small and medium enterprises in Kosovo, even despite continued development, are facing a number of barriers, which concern the lack of legal surroundings, non-playing competition, and lack of access to external funding sources. And this is causing problems for its small and medium enterprises in Kosovo in terms of financing. (*Financing and development of small and medium enterprises (SME)- report by RIINVESTI – 2005. p/50*).

Understanding of financial institutions as well as general opinion on some new financial instruments and on some basic legal issues and practical elements in financing small and medium enterprises in Kosovo has yet to reach a satisfactory level. Financial instruments, such as lease, factoring and credit guarantee

instruments, which are in place to develop small businesses in other transition countries, are still not in operation in Kosovo's economy.

Initial results show a particular culture of Kosovar undertakings for the return of exploited loans. If this continues in the future, it will be a signal that we are dealing with serious clients of financial institutions and creating effective co-operation between banks and businesses.

Break-ups in the legal circle are greatly affecting funding problems.

This is about:

- a) Do not approval of the regulation on the hostage and mortgage.
- b) With the lack of non-mobile assets recording, collateral data (which as if they were in operation would create ease for banks to confirm whether particular assets are the *collateral object of any other loan*).
- c) Lack of implementing mechanisms, including an extra legal mechanism for procedures on the removal of property rights left as mortgages.

The capacity of small and medium enterprises to absorb credit seems limited, while management and other firm skills in general are poor. However, current donor support programs cover only a small part of the small and medium enterprise sector.

3.2. Financing of small and medium enterprises under development policies

It will be difficult to form the relevant policies that progress and financing become worrying because the goal becomes complicated when clearly presenting the large profits of companies such as small and medium enterprises. (*Prof. Dr.Isak Mustafa - Creation and Development businesses – 2000. p/65*).

It is fully understandable that public funding becomes entwined in priority or on the issue of financial concession. Specialized banks of small and medium enterprises, which are still only a few sis, can rely on scant public or external financial concessions. (*Arijana Çepani - Entrepreneurship and Management of Small Businesses. 2005 - p/54*)

The small and medium enterprises sector cannot develop its banks and funds partly due to lack of time and funds and partly because from the highest active profit of entrepreneurs they see, only temporarily themselves small and that they do not are very interested in the specific problems of small and medium enterprises.

Therefore, we can say that the typical model of small and medium enterprises will be high and of the worrying level at the entrance and exit.

3.3. Their finances and role in various small and medium enterprises activities

Small and medium enterprises are economically subject to the activity they have tried to achieve their objectives, in which they participate:

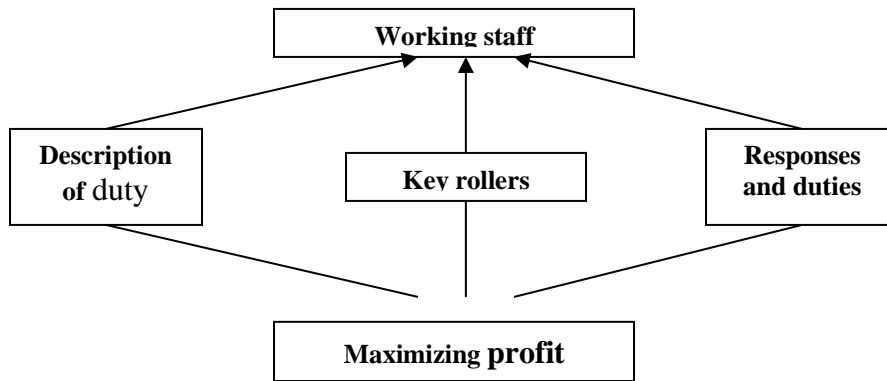
- a) **Maximizing profit**
- b) **Achieving productivity**
- c) **Expansion of the event**

Maximizing profit

Maximizing profit ability is a process that is important for each company and also this is achieved when we have managed well with the working staff, giving it duties as asked, clarifying their positions at work etc.

The graphic to be presented below will present staff management for achieving profit maximization.

Fig. No. 2. Maximization among staff



Source: Productivity in Economic Theory and Practice – Prof. Dr. Ali Sylqa

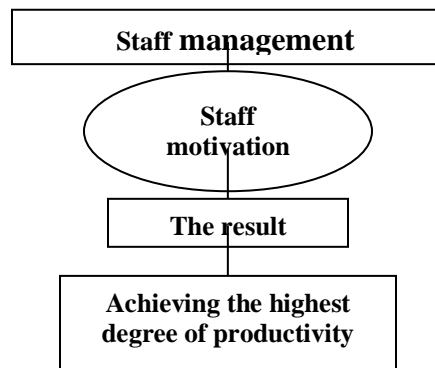
The figure in question clarifies that good staff management will certainly result in maximizing profit, the fact that anything that can be achieved through companies Small and medium staff will be achieved through the working staff and this if the working staff clarify the tasks properly and no hut is created in their roles work because if such a thing happens, then I can cost companies a lot, because maybe we can't achieve the maximization of profit in First degree.

Achieving productivity

Increasing productivity is another factor that is directly interconnected in the management of the working staff, because a dedication of the working staff will be achieved productively As high as possible at work and a factor that affects it, it is certainly motivation. (Prof. Dr. Ali Sylqa - Productivity in Economic Theory and Practice - 2003 p/51)

The figure we will present below presents the achievement of productivity among the working staff.

Fig. No. 3 Achieving productivity in staff perms



Source: Productivity in Theory and Economic Practice Prof. Dr. Ali Sylqa

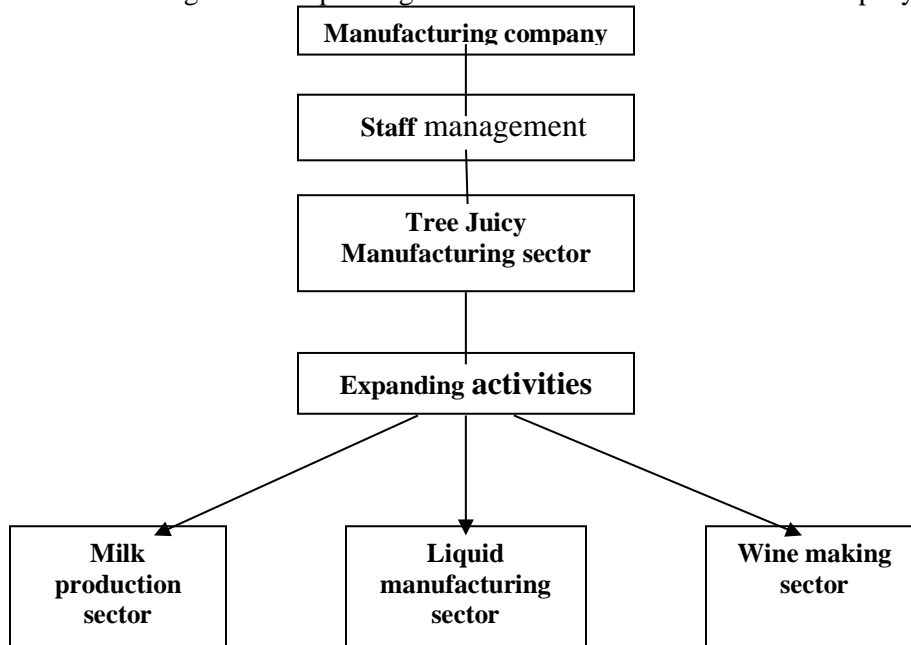
The figure in question clearly presents only one perspective on how productivity can be achieved at work and through motivation, and surely motivation can be done through the means financial, whether any other form of motivation, e.g. a break on one of the region's coasts or even the possibility of other benefits, has

a role to important in increasing productivity at work, because this is certainly related to the working staff.

Expansion of activity

Every small and medium company, in cases where profit maximization goes properly if even increased productivity then immediately some of them claim the growth of economic activities and this expansion of activities certainly takes place through the working staff of small and medium enterprises, and an example of what can to achieve the expansion of economic activities in small and medium enterprises will be exaggerated in the figure below: (Prof. Dr. Ali Sylqa - *Productivity in Economic Theory and Practice - 2003 p/51*)

Fig. No. 4 Expanding activities in a small and medium company



Source: Productivity in Theory and Economic Practice Prof. Dr. Ali Sylqa

The example is based on a production company that initially produced only tree juices and with good leadership of the working staff that company has expanded the activity of the its own, where there are also three manufacturing sectors, the milk sector, the soft juice sector and the wine sector. Therefore, from all this we have emphasized above we can state that for all this success can be achieved if we have managed well in the staff because as we emphasized even higher staff management is key to success if any of the small and medium enterprises.

4. Development of small and medium enterprises in increasing employment in Kosovo

Small and medium enterprises are companies that greatly influence employment growth. From this aspect is the development of local business and its opportunities for employment growth. In this direction, knowledge and experiences of the business districts of different countries are given. The creation of new models in the most developed countries of the development of the local economy may be an important element for the development of activities in business development and employment growth on our terms. The models in question have their advantages and disadvantages. (Prof. Dr Isak Mustafa - *Creation and Development businesses – 2000. p/31*).

Self-employment is an important activity that requires study and research of programs to identify programs from various activities that enable faster employment growth. In this regard, the results of the development of the past, difficulties and problems from the practice of undertakings and managers, the development of undertaking culture, the transformation of new business development ideas, the financing and management of new businesses, the development of public administration and other important factors for the development of small and medium enterprises should be considered.

Conditions must be created for the birth of new ideas in the field of self-employment, promotion of employment programs, horizontal and vertical coordination of activities in the development of businesses. Addressing the development of small and medium enterprises and employment should take a different direction compared to the existing one. In this respect the role of the European commission is important. This commission has identified various activities that offer prospects of employment growth such as daily life services, quality of life services, cultural services, environmental services and other activities.

With the increase in employment an important role can be the development of the social economy, the creation of new businesses, in this activity the perceptible opening important for employment growth.

This theme is the object of the study of experts different from the throes of the social economy. The results of their study may be very useful for faster development of small and medium enterprises and increased employment. (*Prof. Dr. Ali Sylqa-Productivity in Economic Theory and Practice - 2003 p/51*)

Kosovo is a country that is going through the transition phase and that it can be said that the development of small companies is very slow, but at the same time it is clear that their impact is extremely great, whether in increasing employment or in Kosovo's overall economic development.

According to some international and local experts belonging to the area of the economy, they believe that Kosovo has human resources, which would develop small and medium enterprises, along with their development would decrease the number of unemployment and there would be rises in Kosovo's overall economy, also, experts in question patenting, that the development of small and medium enterprises in Kosovo, It's a little hard work, because every start-up requires help, which small and medium enterprises don't have in Kosovo.

It is very clear that small and medium enterprises in each country have large numbers of employees, but in Kosovo it cannot be the same situation, for the fact that here small and medium enterprises are not all developed and at the same time nothing is done to help them, So that the development of small and medium enterprises is more fruitful, and to mark discounts the number of unemployment.

The only thing that was done in Kosovo after the war is investments there by external donors who have been dislocated to Kosovo and those investments are not very long-term, but as usual they end up with projects, something I cannot guarantee in the unemployment deduction, so almost several years have continued, therefore for a stable economy, It is necessary to create conditions for investment and the development of small and medium enterprises a guarantee for softening unemployment in Kosovo, otherwise in large companies we cannot rely, because in Kosovo they are scarce and cannot be counted on large companies or corporations in mitigation without unity, But small and medium enterprises are the most frequent, therefore, and are likely to employ many people in those companies.

4.1. Development of small and medium enterprises by the practice of transition countries

The successful efforts of the new class of undertakings are a driving factor in private sector development throughout Eastern Europe.

The development of small and medium enterprises in countries with transition economies are the beginning of the economic well-being of Eastern and Middle Europe. Its success depends on various factors such as government support, financial resources, etc.

The spirit of the company is at the height of the values of society of the most developed industrial countries. In countries with transitional economies the undertakings have become symbols who warn the future with perspective in rich society.

The fate of Europe in general depends on the dynamism of the development of enterprises and their skills for development to base on its cultural values, which have the source in the common garden. One of the main goals of countries with transitional economies is to become a citizen state developed in accordance

with market economy laws, based on its qualifying skills and undertaking readiness. (*Creation and development of businesses. 2000 - Prof. Dr. Isak Mustafa "In this direction small and medium-sized enterprises may be the main factors in this development"*).

The importance of transition time in one country is the release of all human creative skills. The narrowing of civic freedoms could have catastrophic consequences for the various activities of the transition economy. Transitional states can only emerge from poverty and economic misery when focusing on the development of small and medium enterprises, while their successful development depends on the development of large companies including co-operation with multinational economies, etc. Transitional countries must set equal rules and behaviors with the other states of Europe and the World. The transition phase is part or has been part of each state or country in the world, in some transition countries has passed long ago, in some other countries the transition has recently ended, while some others continue to be in the transition phase such as Kosovo. The transition for many countries is a very big challenge, because from that stage a literal state, a legal state, etc. begins to form. The Government's focus should be precisely on the development of small and medium enterprises from the practice of transition countries in relation to the development of small and medium enterprises in Kosovo. Austria many years ago in the transition phase dedicated much importance to the development of small and medium enterprises, which had and continue to have an important role in economic development in Austria. These companies work at high quality. Over 50% of employees work in small and medium enterprises. Tourism is also mainly organized in small and medium enterprises that achieve high incomes. The state helps companies in various forms by providing convenient credit conditions, subsidies for opening up jobs with free technical assistance. Tax rates in income and value added are low. (*Prof. Dr. Isak Mustafa- Creation and development of businesses – 2000. p/62*)

Macedonia is one of the countries that has late exited the transition phase, well even though a state not very economically developed, but has nevertheless made and made efforts in the development of small and medium enterprises, aware, that the development of small and medium enterprises in Macedonia means reducing the unemployed, economic establishment of the country, etc. Macedonia since the transition phase has made an expert plan of this line on the development of small and medium enterprises, a plan on which it is continuing to be worked on even further, because Macedonia is a not very developed country, but which has a plan for how it should be achieved until Macedonia's economic development and certainly part of this plan are the development of small companies and Middle.

Albania is although a country that has passed the transition phase, but this phase, as in Kosovo, has shown nothing in the development of small and medium enterprises. The consequences are already very obvious, low economic development, rising unemployment, investment scarce and Albania's assistance to small and medium enterprises has almost not existed, therefore, and Albania continues to face many negative phenomena such as corruption across different institutions, unemployment and many other problems.

Turkey in the transition phase seems to have worked hard in the development of small and medium enterprises, because it has seen its own interest in whether small and medium enterprises are developed, therefore and has created conditions in their development, such as p.sh, some companies have helped them financially to strengthen their business activity, Then it released loans with very convenient daggers and for many years, these amenities have caused small and medium enterprises to have a better position, and today Turkey is one of the most developed countries in Southeast Europe. Croatia is another country, in which there is also war sometime around the nineties and everything has been destroyed in the field of economy, but however with an encouraging strategy for the development of small and medium enterprises, Croatia is going through the transition phase, which makes it necessary for many countries around it to follow its path, because the way Croatia has attracted external investors is to bepraised. Bosnia is another country where the development of small and medium enterprises is a very slow process, because state instruments are under those conditions that they cannot interfere with the improvement of the situation. The Bosnian war was what destroyed everything and that was certainly part of this destruction was Bosnia's overall economy. Bosnia even today continues to be economically undeveloped and the unemployment in this country is also great, experts recommend that Bosnia absorb as many foreign investors as possible in order to cope with this situation. In England small and medium enterprises account for approximately 92% of the total percentage of companies in the private sector. More than 85% of all firms have fewer than 15

workers. Employees in small and medium enterprises account for more than 50% of employees in the private sector. (*Institute for Research and Development-Riinvest, Economic sustainability Challenges and Problems 2011. p/23*).

In Italy nearly 100% of companies are small and small and medium and employ close to 75% of employees. These companies in gross revenues participate by more than 54% and over 55% in investments. In Norway, the government has helped small and medium enterprises by supporting them financially and through technical assistance. The quality of the products and services of these companies is at a high level, the function of quality management takes an important place in the company management system.

In Russia 1/3 of national income is achieved in small and medium enterprises. More than 37% of workers are employed in these companies. Private companies are employed more than 60%. Meanwhile, over 90% of this country's small companies employ fewer than 10 workers.

In Germany small and medium enterprises use financial means for covering expenses for professional consultations and other forms of professional skills. Small business agencies and institutions offer advisories from management, marketing, computing, etc. The Centre for The Productivity of these companies offers you permanent assistance in choosing various problems such as p.sh quality management, eliminating production weaknesses, designing business plans, projects, programs, etc. (*In the same p/24*).

In the United States, the undertaking is considered the main innovator and the most important economic factor of the state. The U.S. government provides great support to small businesses through the development of educational programs, the provision of financial means, the provision of credentials to the provision of technological information, etc. State aid has enabled the successful development of small businesses in the US. (*In the same p/28*).

In Sweden small and medium enterprises have financial and consultative support. The local administration helps develop these firms, provides financial information, loans at small rates and with tax ease. (*Institute for Research and Development-Riinvest, Economic sustainability Challenges and Problems 2011 p/13*).

Many of these aforementioned countries have passed through the transition phase, someone from this stage has come out with a better condition, and someone has come out with a not-all-good condition. Kosovo from these practices of these countries is important to find a middle for the conditions it has, initially to support small and medium enterprises in different ways, to create conditions for investment, to regulate legal infrastructure, to make maximum efforts in the implementation of the law and to be able to create security for those who wish to invest in Kosovo, Anything else that goes against what was highest means: increasing the number of unemployed, the root of economic development and a series of other problems. (*Prof.Dr.Isak Mustafa "Manual for the creation and development of businesses" 2005 p/42*)

5. Conclusion

The development of small and medium enterprises plays two factors, external factors and internal factors, so both of these factors concern the impact on the development of small and medium enterprises in two plains, in plain of micro economy and in macro economy plain, so these are two factors that affect the development of small and medium enterprises.

The impact of the microeconomic factor mainly concerns the internal factor of operation of small and medium enterprises, such as, rule of law, fighting corruption, creating investment conditions, etc.

The impact of the macroeconomic factor, which is considered an external factor and honor, and the state does not have much influence are on national and strong economic policies, such as the economic crisis, which affects the overall development of the regional and global economy.

These two factors relate to one another because the external factor affects the right to the work of the internal factor and as a result create one favorable environment for small and medium enterprises, as well as uncertainty to invest in to. Kosovo is in an extremely difficult position, because based on factors whether external or internal, they do not guarantee suitable climates for Kosovo business, as well as guaranteeing neither climate nor foreign investment.

The probability between success and the risk of doing business in Kosovo is much greater to have a risk to the functioning of the business. If we have stressed even higher than Kosovo, although there are many

chances and challenges for a business to exercise its affairs activity here, some positive effects can also be observed that enable it to do business, and one of them is the workforce, the new population at age etc.

Kosovo continues to challenge that at the same time major problems can be considered for the functioning of small and medium enterprises in Kosovo and some of them will be introduced to the following. Small and medium enterprises have a very positive impact on each country in the race that we have created the conditions, because through small and medium enterprises we have regulated many economic indicators of the country by lowering unemployment, grossly increasing the od act vendor and enabling the country to increase domestic consumption, In a complete word the positive process is created by the development of small and medium enterprises, which are in large numbers in countries such as Kosovo. Small and medium enterprises are the backbone of the national economy. They are the basics of the economic system of free enterprise. However, many people are reluctant to bring this life dream to life because of the prejudices they may have in achieving successes because perhaps they may lack education, experience gave money or simply feared they might fail. Some others cannot familiarize themselves with the idea that it could change in their lives belonging to people who may have a business of their own.

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