

Theoretical and Practical Research in Economic Fields

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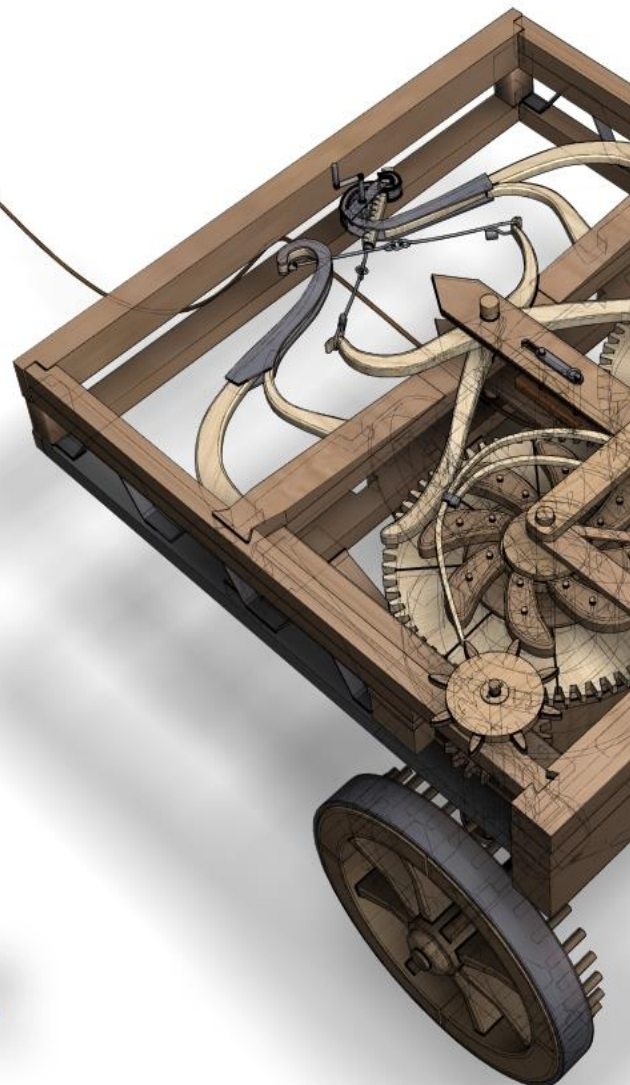
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Call for Papers Fall Issue 2024

Theoretical and Practical Research in Economic Fields

Many economists today are concerned by the proliferation of journals and the concomitant labyrinth of research to be conquered in order to reach the specific information they require. To combat this tendency, **Theoretical and Practical Research in Economic Fields** has been conceived and designed outside the realm of the traditional economics journal. It consists of concise communications that provide a means of rapid and efficient dissemination of new results, models, and methods in all fields of economic research.

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This Special Issue was created at the request of a group of researchers from Ukraine. It is a response to the challenging situation of Ukrainian scholars due to the Russian invasion as well as the growing demand for knowledge on Ukrainian issues.

We would like to express our endless thank to our colleagues, scholars from Ukraine who are working amid the war on topics that are important for all. Also, we thank all our international authors for their valuable contributions to this Issue.

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Barriers in the Development of Small Businesses in Kosovo

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Abstract: The research aims to identify barriers to the growth of entrepreneurship in the country and assess their real impact on the ability of businesses to operate. The main research methods used were analysis, forecasting, abstraction, and statistical methods. As part of the study, the results of a survey conducted in Kosovo were presented, which allowed us to understand the views of business owners and managers on the obstacles to business growth in Kosovo. A majority of respondents were found to see significant obstacles to doing business in Kosovo. These barriers harm their business opportunities and plans for future business operations. In addition, more than two-thirds of the surveyed business owners and managers expressed a desire to develop their business in the future, while the rest did not. The survey also identified several factors that negatively affect business in Kosovo. Among them were poor access to finance, problems in tax policy, lack of rule of law, infrastructure development. This study provides valuable insights into the challenges and intentions of businesses in Kosovo, shedding light on the factors that influence business growth and development. The findings can be used both in shaping the government's business policy and by the managers of such companies in formulating their development strategies.

Keywords: business operation; public policy; management; entrepreneurship; institutional development.

JEL Classification: L26; L38; M38; M21; O12.

Introduction

The development of small and medium-sized enterprises (SMEs) helps to ensure economic growth, create a significant number of jobs, and increase the share of services in the economy. In addition, such enterprises often become the drivers of innovation; they are more flexible in implementing new ideas and technologies. Given that small and medium-sized enterprises are located throughout the country, even in its least developed areas, this leads to the development of all its territories. That is why finding opportunities for the development of this component of the economy is still relevant, especially given the significant number of barriers and obstacles that exist in the current environment. The growth of such enterprises is always associated with certain factors that affect the perception of business owners and managers (Varenyk and Piskova 2024). Thus, it remains important to identify these factors, study them in more detail and find opportunities to counteract them (Akpan *et al.* 2022; Bartik *et al.* 2020).

Many scholars have studied the problems of entrepreneurship development in Kosovo. As such, F. Krasniqi and H. Terziu (2021) focused on the challenges of microbusinesses in their study. They showed the difficulties faced by such enterprises ('nepotism', corruption, difficulties in terms of credit and fiscal policy), but did not pay enough attention to the possibility of providing recommendations for such companies. S. Lajqi *et al.* (2019) studied the possibilities of launching new businesses in Kosovo in their research. They highlighted the need for more active investment in such companies to modernise existing outdated equipment. Based on this, the researchers propose to create an online portal to provide advice on government instruments and funds for start-ups and encourage the involvement of private initiatives. Although this policy may indeed prove to be effective and lead to a much more efficient functioning of business in the current conditions in Kosovo, it is worth conducting additional research in this area, given the rather narrow focus of the study in this paper. V. Jahmurataj *et al.* (2023) assessed the factors influencing the longevity of family businesses in the country. They identified several key factors, including family culture, knowledge transfer from the founder to the successor. A. Loku *et al.* (2021) studied the role of small and

medium-sized enterprises in Kosovo. Their work showed that, although their role is indeed significant, there are still difficulties related to innovation, low product mix, inadequate governance. R. Hoxha and H. Hoti (2019), in turn, studied the impact of gender, age, and management style on business development in Kosovo. They showed that doing business is influenced by gender (primarily due to the local mentality), the age of the manager and the management style. In such circumstances, it is effective for the state to introduce additional opportunities for training the local population in the basics of entrepreneurship to increase the efficiency of small and medium-sized businesses.

Several key hypotheses were formed as part of the study, which are outlined below:

H₁ – owners' perceptions of barriers affect their intention to grow (some barriers have a greater impact on intention to grow, others less). This hypothesis is formulated to investigate how owners/managers perceive barriers affecting their behaviour and intention to develop.

H₂ – the impact of barriers on growth intentions differing, depending on the longevity of the business.

H₃ – the impact of barriers on intentions to develop differs depending on the type of business.

Thus, the study further concluded, based on the data collected from the survey, whether each of these hypotheses could be considered confirmed or rejected. Thus, the research aims to analyse certain factors that affect business growth opportunities in Kosovo. This will help better shape government policy in this area to improve the efficiency of local enterprises.

1. Materials and Methods

To assess the existing barriers to business, 20 face-to-face online interviews were conducted with business owners and managers. These were conducted among business owners, managers, and other key stakeholders. The process aimed to test the research protocol, data collection tools and other components for a more detailed study. Subsequently, the data obtained from the interviews were used to create the questionnaire. The interviews provided insight into the challenges and obstacles to development faced by business owners and managers. The questionnaire had a clear structure of questions: from simple to complex. The main goal of this approach was to ensure the convenience and psychological comfort of respondents to obtain more plausible results. The questions were formulated clearly and in a logical sequence. Thus, the interview was organised in such a way that its questions were easily understood by the interviewed managers and owners. Multiple-choice questions were mostly used, and a five-point Likert scale with response options ranging from 'strongly disagree' to 'strongly agree' was used to assess the level of perception of managers and owners.

After that, a survey was also conducted in 230 different enterprises, which were assessed on the same five-point scale. The results are shown in Table 1. The questions asked included the following: position in the company; level of education; length of business in years; number of employees; type of business; and location of the business. In addition, it was asked whether there are obstacles to doing business in Kosovo; whether there is a desire to develop the company; whether obstacles interfere with development plans and goals; whether the presence of barriers forces them to change (cancel) growth goals; whether the business has grown in 5 years. Subsequently, an extensive survey was conducted to determine how each component of the barriers to business hinders (or does not hinder) its development. The sample of businesses surveyed was randomly selected based on the Ministry of Trade and Industry/Agency for Business Registration; it includes businesses from all regions of Kosovo and all major sectors (industry, trade, and services).

Table 1. Information on the share of enterprises in the population and sample by size and industry

Sector	Micro-enterprises	Small enterprises	Medium enterprises	Total	Sector share in total, %	Sector share in sample, %
Industry	95.2	2.4	2.4	100	10.1	23
Services	97	1.7	1.3	100	40	35
Trade	98.7	0.8	0.6	100	50	42
Share of company size in total, %	97.7	1.3	1	100	100	100
Share of company size in sample, %	70	25	5	100	0	0

Source: compiled by the author.

As can be seen from Table 1, the sample of small enterprises consisted of micro-enterprises (1-9 employees) and small enterprises (10-49 employees), with medium-sized enterprises also included in the sample. The sample structure is detailed in Table 2.

Table 2. Stratified sampling by sector

Sector	Micro-enterprises	Small enterprises	Medium enterprises	Sector share, %
Industry	12	6	18	10
Services	60	22	82	40
Trade	80	20	100	50
In total	152	48	200	100

Source: compiled by the author.

Table 2 shows the respective approximate shares of the main sectors of the Kosovo economy, namely industry, services, and trade. This study also used a statistical classification approach to ensure that small enterprises in all regions of Kosovo are fairly represented and aligned with the different sectors. The study divided Kosovo into seven regions based on the percentage of registered enterprises in each region.

The study used a wide variety of research methods. These include an analysis that assessed the main quantitative and qualitative data on the development of SMEs in Kosovo. To better understand the evolution of this component over time, the historical method was used, which allowed for a retrospective assessment of information on SMEs. Statistical methods were used to evaluate the data obtained through a survey of business representatives in Kosovo. In addition, the forecasting method was used to generate estimates of the future development of this sector. Abstraction was used to limit the factors assessed in the study (in case they were found to be unimportant).

2. Results

Small and medium-sized enterprises in Kosovo remain an important component of the country's development and play a significant role in job creation and gross domestic product growth. There has been some momentum in terms of growth in their number over the past few years, but the market itself still needs assistance to develop further. The government generally recognises the importance of SMEs and has implemented policies to support them through various initiatives. These include facilitating access to finance, developing the capacity of enterprises and increasing their competitiveness. Nevertheless, all these components, as well as some others, such as the foreign economic activity of such companies, remain problematic (Ciekanowski and Wyrebek 2020; Chudyk and Vivchar 2023; Fabeil *et al.* 2020). Thus, some SMEs in Kosovo have started to try to enter foreign markets, in particular within the European Union, due to geographical advantages. Nevertheless, active development of this activity remains difficult (Peci *et al.* 2012). In any case, there are still some difficulties in the country in terms of doing business in Kosovo for small and medium-sized businesses, which should be resolved soon, partly with the help of the survey described later in the paper.

Initially, the survey asked whether there are obstacles to doing business in Kosovo and how they address these obstacles to business growth. Thus, 3 respondents strongly disagreed, 19 disagreed, 18 neither agreed nor disagreed, 25 agreed and 135 strongly agreed. Thus, about 80% of respondents believe that there are obstacles to doing business in Kosovo. The data on whether such an environment filled with restrictions and barriers hurts the development of enterprises in Kosovo showed that about 80% of respondents believe that this should lead to obstacles to the company's growth plans and goals. The assessment of goals for the future development of such companies also remained important (Fairlie 2020). Thus, about 70% of respondents expressed their intention to develop, while the remaining 30% did not. In transition economies such as Kosovo, this high level of intention to grow can be explained by the limited opportunities for career advancement and the significant economic uncertainty that prevails in these environments.

The respondents were also asked about their predictions for the growth of their sales and employment to build regression equations. The data showed that among the 200 businesses surveyed, some reported sales growth, while others experienced no growth or even a decline. On average, these businesses achieved a growth rate of 19.67% over the five-year period, which translates into an average annual increase of 3.93%. Similar findings were obtained concerning employment levels: most companies reported an increase in employment over time, but some still reported a decline. As part of the study, a survey was also conducted on the main factors that negatively affect doing business in Kosovo. Access to finance received the highest score with an average of 4.43, indicating that the majority of respondents agree or strongly agree that this obstacle hinders their business development. Tax policy was next on the list with a score of 4.06, especially given the problems that the tax authorities create for companies. Economic policy had a moderate impact (at 3.09), given the ongoing demands to strengthen economic resilience. The group related to the absence of the rule of law played a separate role, namely the perception of corruption (4.56) and the ineffectiveness of the justice system (4.53). Market barriers (4.39) due to smuggling played

a significant role; problems in terms of infrastructure development (4.51), in particular the lack of electricity; lack of human resources and qualified personnel (3.95); and difficulties in the labour market (3.95).

It is the perception of barriers that can have a different impact on the intentions and behaviour of business owners/managers. Thus, barriers can change the perception of business growth, undermine the company's goals, slow down the process of achieving goals. These barriers operate in different ways, for example, those related to the rule of law tend to impede growth actions, while institutional barriers undermine growth goals or impede their realisation. Sometimes these impacts are decisive, for example when barriers lead to critical and unfair outcomes (unchecked corruption or propaganda). To study the impact of individual barriers on companies' intentions to develop, an independent sample test was conducted. For this purpose, 5 indicators were selected, as mentioned above, and separate questions were asked of the respondents. The indicators were as follows: lack of institutional support (LOIS); lack of rule of law (LORL); market barriers (MB); lack of infrastructure (LOI); and incapacity of human resources (IOHR). Table 3 below shows how respondents answered the questions related to the impact of this factor on barriers:

Table 3. Data on the respondent's answers to the question about the impact of certain barriers on the ability of small and medium-sized businesses to grow

Does this factor affect business development?		Amount	Average	Standard deviation	Standard error
LOIS	No	60	3.53	0.43109	0.05565
	Yes	140	3.45	0.33225	0.02808
MB	No	60	2.95	0.70929	0.09157
	Yes	140	3.42	0.51567	0.04358
LOI	No	60	2.63	0.59303	0.07656
	Yes	140	2.73	0.47781	0.04038
LORL	No	60	4.16	0.29838	0.03852
	Yes	140	4.3	0.52289	0.04419
IOHR	No	60	3.29	0.5539	0.07151
	Yes	140	3.26	0.51934	0.04389

Source: compiled by the author.

From Table 3, only two variables showed significant differences: MV and LORL. Regarding the variable market barriers (MB), there is a difference between firms that intend to grow and those that do not intend to grow. Firms that do not intend to grow their business have a mean value of 2.95, while firms that intend to grow their business have a mean value of 3.41. This suggests that companies facing market barriers are less enthusiastic about growing their business, while those facing fewer barriers are more likely to look for growth opportunities.

Table 4. Differences in the impact of barriers on small business development between groups

Indexes	F	F Sig.	t	df	Sig. (double-sided)	Mean Difference	Std. Error Difference	95% Confidence Interval		
								Lower Bound	Upper Bound	
LOIS	EVA/EVNA	11.794	0.001	1.47	198	0.143	0.083	0.056	-0.028	0.194
	EVA/ENVA			1.33	90.38	0.188	0.083	0.062	-0.041	0.206
MB	EVA/EVNA	24.19	0	-5.16	198	0	0.462	0.09	-0.638	-0.285
	EVA/ENVA			-4.55	86.87	0	-0.462	0.101	-0.663	-0.26
LOI	EVA/EVNA	3.433	0.065	-1.17	198	0.242	-0.093	0.079	-0.25	0.063
	EVA/ENVA			-1.08	93.33	0.284	-0.093	0.087	-0.265	0.079
LORL	EVA/EVNA	22.568	0	-1.99	198	0.049	-0.143	0.072	-0.285	-0.001
	EVA/ENVA			-2.44	182.4	0.016	-0.143	0.059	-0.259	-0.027
IOHR	EVA/EVNA	0.741	0.39	0.39	198	0.696	0.032	0.082	-0.129	0.193
	EVA/ENVA			0.38	105.48	0.704	0.032	0.084	-0.134	0.198

Source: compiled by the author.

The information in Table 4 can be interpreted as meaning that firms with no intention to grow to face fewer problems with the lack of rule of law than firms to grow. Considering all the information described above, H1 can be considered confirmed.

The survey found that the age of the enterprise has an impact on how it is affected by various barriers. Older firms tend to grow faster and seem to be less affected by barriers, which in turn has a different impact on their

growth. This hypothesis (H2, mentioned in the methodology) can be tested using a one-way analysis of variance. To ensure the validity of the analysis, assumptions such as homogeneity of variances are tested. The results of this analysis are shown in Table 5.

Table 5. Checking the homogeneity of variances based on the average of all variables

	Levene Statistic	df1	df2	Sig.
LOIS	0.163	3	196	0.921
MB	1.967	3	196	0.12
LOI	1.46	3	196	0.227
LORL	2.264	3	196	0.082
IOHR	3.255	3	196	0.023

Source: compiled by the author.

If the significance value is higher than 0.05, the variances can be considered homogeneous. In Table 5, except for the IOHR variable, all other variables are above 0.05 (sig.: 0.921, 0.120, 0.227, 0.082). Since the basic assumption of analysis of variance is met, we can say that the results obtained from the analysis of variance are reliable. An ANOVA table is used to examine differences between groups in their responses to barriers. In this analysis, if the F-value exceeds the significance value at the 95% significance level, the hypothesis is accepted, or if the p-value is less than 0.05. The data are shown in Table 6.

Table 6. ANOVA – difference between groups in terms of barriers

	Indexes	Sum of Squares	df	Mean Square	F	Sig.
LOIS	Between Groups	0.337	3	0.112	0.839	0.474
	Within Groups	26.258	196	0.134		
	Total	26.596	199			
MB	Between Groups	1.097	3	0.366	0.962	0.412
	Within Groups	74.496	196	0.38		
	Total	75.593	199			
LOI	Between Groups	0.745	3	0.248	0.935	0.425
	Within Groups	52.103	196	0.266		
	Total	52.849	199			
LORL	Between Groups	2.214	3	0.738	3.452	0.018
	Within Groups	41.904	196	0.214		
	Total	44.118	199			
IOHR	Between Groups	0.453	3	0.151	0.536	0.658
	Within Groups	55.182	196	0.282		
	Total	55.634	199			

Source: compiled by the author.

Table 6 shows that only the LORL value falls below the 0.05 level. This indicates that there are significant differences in how firms of different ages are affected by this variable. However, to understand between which specific groups these differences exist, Post Hoc tests are conducted. These tests help to identify the specific groups that show differences in their response to this variable. More data can be seen within Table 7, in particular the changes depending on the time of business existence.

Table 7 shows information only on the LORL variable. The test results show that there is a difference between businesses that have been operating for 5-10 years and businesses that have been operating for 16-20 years. These differences are indicated by an asterisk. According to this difference, businesses with a longevity of 5-10 years face more problems due to the lack of rule of law compared to other businesses with a history of 16-20 years. Given that there is a significant difference in the impact of barriers according to intentions and intentions to increase business longevity, hypothesis H2 can be considered confirmed.

Table 7. Assessment of barriers in terms of the time of business existence

Dependent variable	Longevity of business (I)	Longevity of business (J)	Mean difference (I-J)	Std. error	Sig.	95% confidence interval	
						Lower bound	Upper bound
LORL	5-10 years	11-15 years	0.077	0.078	0.755	-0.124	0.278
		16-20 years	0.228	0.083	0.032	0.014	0.443
		21-25 years	0.431	0.213	0.184	-0.122	0.984
	11-15 years	11-15 years	-0.077	0.078	0.755	-0.278	0.124
		16-20 years	0.151	0.086	0.296	-0.072	0.374
		21-25 years	0.354	0.215	0.354	-0.202	0.91
	16-20 years	11-15 years	-0.228	0.083	0.032	-0.443	-0.014
		16-20 years	-0.151	0.086	0.296	-0.374	0.072
		21-25 years	0.202	0.217	0.786	-0.359	0.763
	21-25 years	11-15 years	-0.431	0.213	0.184	-0.984	0.122
		16-20 years	-0.354	0.215	0.354	-0.91	0.202
		21-25 years	-0.202	0.217	0.786	-0.763	0.359

Source: compiled by the author.

As can be seen from the above study, the distribution of firms by type of activity is more or less standardised across manufacturing, trade, and services, but the impact of barriers varies by activity. To confirm H3, formulated above, it is worthwhile to first check the homogeneity of variances for the ANOVA analysis. This is shown in Table 8, while Table 9 shows the actual data for the ANOVA test:

Table 8. Checking the homogeneity of variances based on the average of variables

Indexes	Levene Statistic	df1	df2	Sig.
LOIS	0.183	2	197	0.833
MB	2.068	2	197	0.129
LOI	1.138	2	197	0.322
LORL	0.762	2	197	0.468
IOHR	1.263	2	197	0.285

Source: compiled by the author.

Table 9. Difference between barrier groups based on the ANOVA test

	Indexes	Sum of squares	df	Mean square	F	Sig.
LOIS	Between groups	0.002	2	0.001	0.431	0.651
	Within groups	0.437	197	0.002		
	Total	0.438	199			
MB	Between groups	0.018	2	0.009	1.074	0.344
	Within groups	1.626	197	0.008		
	Total	1.643	199			
LOI	Between groups	0.048	2	0.024	3.47	0.033
	Within groups	1.374	197	0.007		
	Total	1.423	199			
LORL	Between groups	0.003	2	0.002	0.661	0.517
	Within groups	0.485	197	0.002		
	Total	0.488	199			
IOHR	Between groups	0.028	2	0.014	2.713	0.069
	Within groups	1.023	197	0.005		
	Total	1.051	199			

Source: compiled by the author.

According to the data in Tables 8 and 9, there is a difference between the groups only on the LOI variable. To understand the differences between the groups, the results of the Tukey test are used. Below you can see the results of the test for this variable (in Table 10):

Table 10. Multiple comparison of barriers (LOI) by business type

Dependent variable	(I) Type of business	(J) Type of business	Mean difference (I-J)	Std. error	Sig.	95% confidence interval	
						Lower bound	Upper bound
LOI	Production	Trade	-0.003	0.017	0.978	-0.042	0.036
		Services	0.03	0.017	0.192	-0.011	0.071
	Trade	Production	0.003	0.017	0.978	-0.036	0.042
		Services	0.033	0.013	0.032	0.002	0.065
	Services	Production	-0.03	0.017	0.192	-0.071	0.011
		Trade	-0.033	0.013	0.032	-0.065	-0.002

Source: compiled by the author.

As can be seen from Table 10, there are differences between trade and service firms in terms of their attitudes towards infrastructure barriers. According to this difference, trade-type firms face more infrastructure-related barriers than service-type firms. This difference is 0.03341 and is significant at the 0.032 level. In addition, the results of the barrier differ by business type and intention to grow, and therefore it can be concluded that hypothesis H₃ is supported.

Based on the information analysed above, some policy measures can be suggested that could improve the situation in the country as a whole. It is crucial to provide better access to finance, in particular through loan guarantee schemes, micro-loans and incentives for the creation of venture capital funds. It would be effective to strengthen cooperation with such organisations and provide them with guarantees to enable them to better provide loans to SMEs (Alsaaty and Makhoulf 2020; Liepert 2024). In addition, it is important to review tax policy and simplify the tax code to reduce the burden on small businesses (Leontyev and Ketners 2023). Improving the country's institutional framework, strengthening the rule of law, and improving the fight against corruption remain important. Investments in infrastructure could also help to improve the efficiency of SMEs. Such policies could help to significantly improve the ease of doing business in Kosovo.

3. Discussion

In general, there are quite a few barriers in Kosovo, as evidenced by the respondents' testimonies. This affects the plans and goals of companies, their intentions to develop their business in the future, expand. Although the intentions may vary depending on the type of activity and, for example, the age of the companies and some other indicators, in general, they drive companies to develop despite the uncertainty and existing barriers to SME development. A negative set of factors, such as insufficient access to finance, tax policy, lack of sufficient infrastructure and loyalty to corruption, lead to all the negative consequences (Giunipero *et al.* 2022; Kraus *et al.* 2023).

The obstacles to growth and potential solutions for new small and medium-sized enterprises were studied by M.A. Khan (2022). As part of his research, he examined various obstacles that affect the performance of entrepreneurial SMEs, including financial and economic obstacles, management skills, and corruption. The research was based on data from Pakistan. He noted that the main obstacles to the success of entrepreneurial SMEs in Pakistan are the lack of funds to start their own business and high-interest rates on loans. In addition, the lack of management skills of SME owners was another disadvantage. Corruption in Pakistan also affected the registration and financing of SMEs, while insufficient infrastructure hurt business development by increasing production costs due to inadequate bridges, roads. In the work above, similar indicators were shown for Kosovo, which hurt the development of small and medium-sized enterprises. This suggests that the set of SMEs is generally identical for many countries, and therefore the needs for financial policy are also similar. In the current context, both Pakistan and Kosovo require active support from the state to ensure that such enterprises can develop effectively in both countries.

F. Takacs *et al.* (2022) also investigated the existing barriers to the development of small and medium-sized enterprises and their integration into a sustainable strategic management system. The study identified six internal barriers, including risk aversion, short-term orientation, economic thinking, unwillingness to compromise, lack of

resources, and lack of knowledge. In addition, 12 external barriers were identified in the technological, market, legislative and societal aspects. In general, the barriers described by scientists are similar or often identical to those studied in the paper above. This once again demonstrates the relevance and importance of studying this topic in the current environment.

D. Tsuruta (2018) studied whether small and medium-sized enterprises have barriers to growth and transition to larger firms. The researchers noted that the financial capabilities of the company, as well as the business environment for such companies, prescribed by law, played an important role. The study found that an increase in shareholder capital had a positive impact on firm growth, in particular on the growth rate of total assets. However, the equity requirements in the SME definitions have hurt the accumulation of additional equity capital, thus hindering the growth of SME firms. Thus, SME policies, while important for addressing market failures, should be implemented carefully, as they may hinder their growth.

B. Prakash *et al.* (2021), in their study, identified the obstacles and barriers faced by SMEs in India. They included poor road quality, high electricity tariffs, insufficient electricity supply, transportation problems, marketing problems, gender inequality, and some others. Particular attention was paid to the latter component, as it limited the country's economic development opportunities. Scientists believe that to overcome these obstacles, effective government policy and proper public policy in this area are needed. Businesses themselves have also shown that they expect to receive assistance from the government, given the difficulties they face in running their businesses. It is worth noting that in the analysis of the situation in Kosovo above, similar barriers to the development of small and medium-sized enterprises in the country were identified (Loxha 2019). To overcome them, the country's government authorities should also consider providing more active support to small and medium-sized companies. It should be understood that such support can be either financial (*i.e.*, direct allocation of funds from the budget for them, or introduction of tax benefits) or have other configurations. For example, the creation of bodies that will provide various services for such companies. In addition, general economic reforms aimed at fighting corruption or improving the level of education in the country often prove to be effective. Nevertheless, the effects of these policies are quite long-term, meaning that they will not be able to solve the existing difficulties in the short or medium term. That is why it is important to combine them with other components of the government's SME support policy (Engidaw 2022).

The factors of influence (barriers) of non-exporting enterprises were studied by C. Morini *et al.* (2020). The study combines existing knowledge on incentives and export barriers and introduces a component for analysis such as 'entrepreneurship', which is inherently a factor in the activities of company managers. The types of barriers studied by the researchers included the following: financial/fiscal barriers, business development barriers, technical/technological barriers, corruption barriers, knowledge management barriers, and project acquisition barriers. The researchers D.M. Madiyarova and A.A. Argynaginov (2022) showed that all the factors assessed had an impact on the business opportunities of exporting companies. Among the factors that were not investigated in the above study on the example of Kosovo are 'knowledge management' and 'technological barriers'. For many enterprises, the use of the latest technologies in production or service delivery processes plays an important role (Shtal *et al.* 2021; Kryvovyazyuk 2023; Kuznietsova and Bonar 2023). Thus, it is worth investigating in future work for Kosovo and the Balkan countries in general to understand the sufficiency (or insufficiency) of this component in the countries. The growth of a company is a complex phenomenon that is influenced by numerous factors, including resources, management, goals, and the business environment. It combines the view of resources, motivation, and strategic adaptation of enterprises. In turn, the intention to grow is a key factor in stimulating firm growth. Success in entrepreneurial development depends on several elements, including a clear vision, efficiency, passion, and hard work.

In general, the crucial aspects of entrepreneurial activity include corporate entrepreneurship, innovation, risk-taking and firm activity. These aspects are key to the creation of firm wealth and growth, as they promote economies of scale and market power, giving firms a competitive advantage. As such, the growth of small firms plays a vital role in the economic development of a country, especially during the transition from a centrally planned economy to a free market economy (Kireyeva *et al.* 2021). Entrepreneurial skills are indispensable to overcome uncertainty and competition in these contexts. The existing institutional structure and rules governing entrepreneurial activity have a significant impact on entrepreneurial behaviour. An entrepreneurial mindset can lead to competitive advantage and wealth creation, allowing businesses to thrive in a turbulent business environment. Therefore, the state should make every effort to foster the development of small and medium-sized businesses as efficiently as possible.

Conclusions and Further Research

This study provided insights into the role of entrepreneurs in the growth process, including their behaviour and intentions in the challenging business environment of Kosovo. A significant percentage of entrepreneurs in Kosovo express an intention to grow, which is higher than in highly developed countries. This high motivation to grow can be partly explained by the determination of young entrepreneurs to advance their careers and contribute to a more favourable business environment. Importantly, these growth intentions have a positive and significant impact on the development of small businesses in Kosovo. Perceptions of barriers and how they affect growth intentions and behaviour differ from country to country, especially between developed and transition economies. In the case of Kosovo, owners and managers often perceive barriers as daunting challenges, which motivate them to overcome them, but this is not the case everywhere.

To promote a more favourable environment for small business development, it is recommended that efforts be made to encourage enterprises to enter the formal economy. Regulatory changes that make it easier to enter the formal sector would allow more small businesses to access credit and finance, solve business problems, and contribute to the overall development of a market economy and job creation. The Government of Kosovo should take decisive steps to develop a comprehensive strategy to support small businesses, including reforms in the justice system and other areas affecting small business development. In addition, there is a need for better coordination between institutions supporting small businesses, including line ministries, business agencies, innovation centres and educational institutions. It should facilitate the exchange of relevant information and address the training needs of small business owners and their staff. Educational institutions also need to modernise their curricula to meet labour market demands, ensuring that graduates have the necessary skills for employment and entrepreneurship. This adaptability to modern business practices is vital in an evolving economic landscape.

Further research is needed to compare the experience of Kosovo's entrepreneurs with other countries to find new opportunities for entrepreneurship development. In addition, it is important to investigate in more detail the psychological aspects of entrepreneurs' intentions and behaviour, as well as the impact of government policies and support programmes on small business development.

Credit Authorship Contribution Statement

Shaip Gashi: Conceptualization, Project administration, Writing – original draft, Supervision, Validation, Visualization.

Declaration of Competing Interest

The author declares that has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Declaration of Use of Generative AI and AI-assisted Technologies

The authors declare that they have not used generative AI and AI-assisted technologies during the preparation of this work.

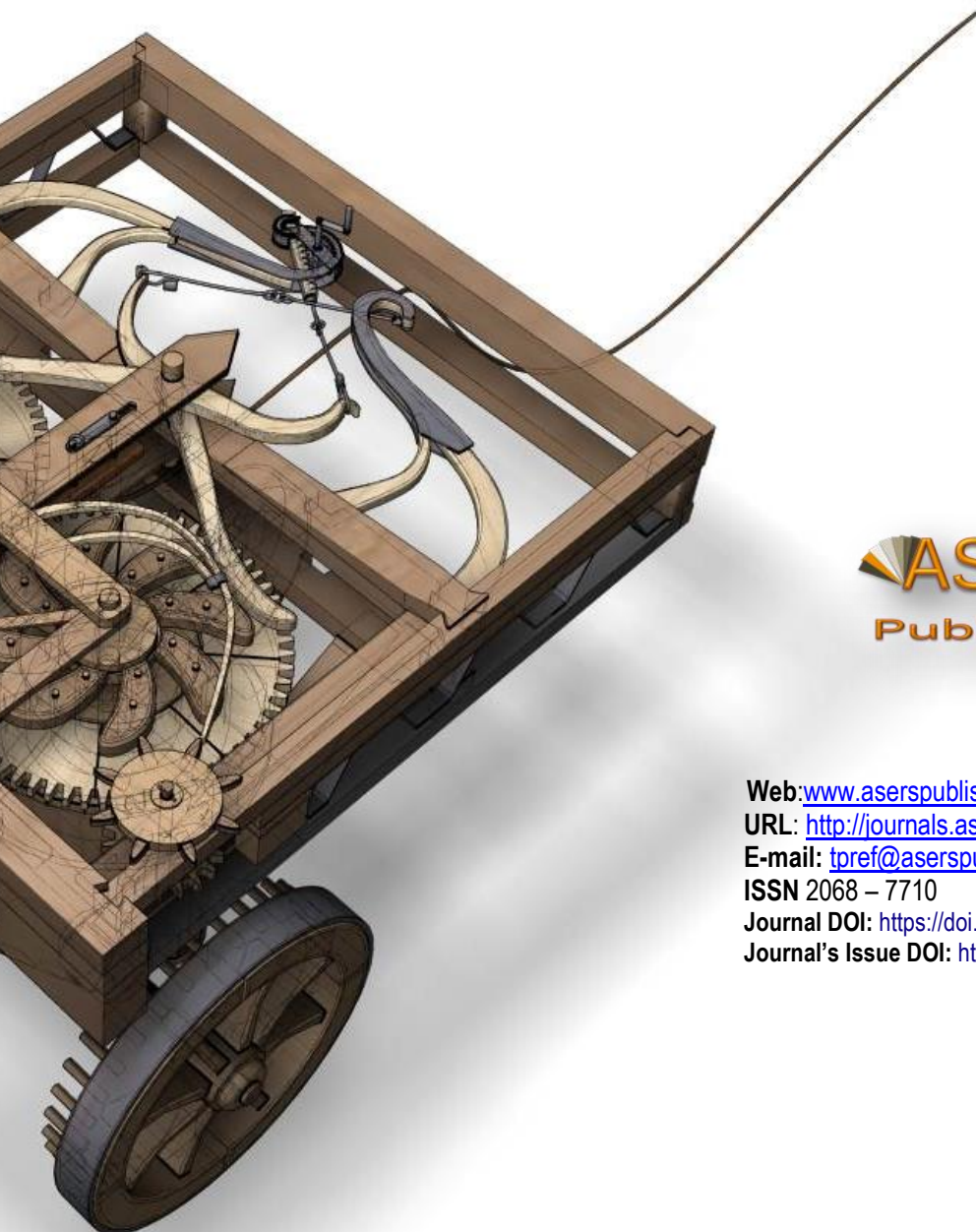
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