



CREATION OF NEW ORGANIZATIONS AND THE NEW WORKPLACES AND DIFFICULTIES FACED BY INVESTORS IN THE KOSOVO

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Abstract Strategic plans and decisions are needed to put Europe on a balanced growth market. Market's observation for Europe shows the shine of cities and the collapse of others. Economist challenges are how to ensure sustainable growth, secure jobs, and prosperity. European prosperity will not be possible without the industrial competitiveness. Any wise, the European competitiveness is under the pressure of differences in energy costs, and prices relative to other regions in the world. The structural weakness in the economies of some European units leads some units to leave the union like the case of Britain, and escalates the responsibilities of other to keep the union interacting. New policies and rules have to enroll the European markets as one single unit. Improving each market unit increases the competitiveness of the European unit market to compete globally and to attract international investors. There has changed the investors criteria in place selection. Now investors are looking for cities and not countries; they are escaping from the high investing cost of London and Paris, to benefit the talent young human resources, and lowest rentals at Lisbon. Europe market is based on cities rather than countries, investors are focusing on urbans where no competitors, and logistics are available.

Key words:

economic problems,
informality,
interest rates,
human resources
management,
integration.

JEL Codes:

O 15

1. INTRODUCTION

Models of modern organizations today have the new methods and mentality, which require dedication, determination and sufficient knowledge of the employees and managers. But organizations in south-west Balkan countries still have difficulties legal and ethical nature. A part of businesses today operate outside the legal system. In this way they negatively affect the market and contribute to the wider spread of the informal economy and other negative impacts on the economic system. In Kosovo, organizations do not have long-term funding and capital.

Therefore, measures should be taken to ensure accountability and inclusion, as well as to create conditions that make it possible to secure the needed financial resources for investment. Business sustainability is essential to the country's economy. This is why they need to be stimulated in order to have a more active approach to economic development, as well as the exit from the current economic situation.

2. AIMS OF RESEARCH

In this study we are doing research in the field of resource management organizations, namely to explore the problems, the difficulties that are being encountered organizations and managers who have an idea of the creation of new jobs or new organizations, and how to encourage or motivate investment. We will analyze the impact of inclusive factors as:

- a) Lack of new ideas;
- b) The consequences of privatization;
- c) Unfavourable economic policies;
- d) Failure to activate mining;
- e) The impact of interest rates on banking development organizations;
- f) Competition policy;
- g) Non-formal competition as stabilizing factor organizations;
- h) Lack of professional human resources in specific economic activities.

Topics addressed in this study could be of particular importance to human resources who wish to make changes or analysis of the impact of factors such as interest rates, informality and motivation of human resources in organizations that operate in Kosovo market and beyond.

3. METHODOLOGY

For preparation of this publication reviewed the literature on the management of organizations, as well as human resource management. The sampling is based on the following criteria:

- a) Market research;
- b) Research papers published by various institutions;
- c) Research organizations operating in the local market and are officially registered businesses.

An analysis of the documents, the published data, databases, reports and surveys of participants were analyzed in detail, to create a clear idea about research topics.

4. THE DIFFICULTIES FACED BY MANAGERS

4.1 The lack of new ideas

Lack of ideas is one of the problems that are affecting new investments. Usually investors, who have ideas for investments, invest in economic activities that previously open one such business. For this reason the majority of investments are similar because there is no idea how to invest better, or where to invest and be successful. There are as well other barriers to foreign investors. The idea is not only to become investors and such invitations. Investors should be encouraged to increase their investment and expand businesses; this will bring new investors that affect sustainable economic growth. "Investors need help, it is not enough that they bring capital here. They need support from; the fort state law, the solutions to every problem you have, and to solve specific problems fairly and quickly by the Kosovo judiciary. Therefore, they should be supported and to create conditions even better for the continuation of their activities.

4.2 Privatisation of organizations

Privatization began in 2002 where many countries have already completed this process. From 2002 until today about 587 enterprises were privatized, some of them proved to be successful, but there are those, which have not given the expected results. Economic experts and business representatives in Kosovo estimate that privatized enterprises are constantly faced with an unfavourable business

environment. Privatization in Kosovo lacks results due to investment from abroad. I cannot call unsuccessful, as some organizations have moved and passed in the private sector, there have investments. Also it increased the number of employees in these organizations, increasing efficiency and the effect observed in the economy now, but some organizations have privatized after their failures and they are scarce. Therefore, just for this it is estimated that the overall results of privatization are much smaller than expected results, and in some countries the transition privatization is considered a failure, such as the spin off-eve special (Privatization Agency of Kosovo, 2012) .

It is known that the state is not a good entrepreneur, and on the other hand, if privatization is the purpose of the activity, obtaining information about the economic situation of the organization, need to be clear and contain at least the following elements as:

- a) What is the profit which has so far been implemented in the organization?
- b) What efforts have been made in the implementation of specific measures to realize a better performance in this sector?
- c) What will be the public interest if it can achieve privatization?
- d) What will be the obligations of the customer organizations?
- e) If the new owners do not comply with the contract conditions which will be sanctions;
- f) Shall apply sanctions really.

Based on these data, citizens need to be clear about who is winning the current organization, and what is the gain if the disposal of the organization, a gain that can be achieved by using an example of simplified as profit sales equals ten year profit that could be achieved by collecting taxes or dissidence. It should take into account the hidden elements used for the customer and whether the customer will be able to travel a part of the price paid for the users of products and services. Privatization policies of public organizations must be open and transparent. But in these countries, this process continues to be almost entirely closed to the public. Therefore, there are many factors that could lead to public organizations sold for an amount less than the value they provide in economic reality, such as:

- Corruption.
- Non-functioning of the law.
- Conflict of interest in privatization.

- Interests group, or clan, and
- The global financial crisis.

4.3 Failure to activate mining

Before '90 metallurgy numbered about 25 thousand employees, now numbering about 1340 Albanian workers, while the other 1,000 workers are working on the Serb community and the enterprise sectors located in the northern part of Mitrovica. Those limit the employment perspective and lack of negative effect on the economy. Reducing the negative impact barrel in purchasing;

- a) The country's economy and
- b) On small and medium enterprises.

4.4 Adverse economic policies

Set of rules and regulations of the government to control or stimulate aggregate indicators of an economy's macroeconomic policy framework. Indicators as to include national income, money supply, inflation, unemployment, growth rates, interest rates and much more. In short, policies tailored to meet the goals of macro. Two key regulators macroeconomic policies;

- Fiscal policy and
- Monetary policy.

Fiscal policy; Macroeconomic policy is where the government makes changes in government spending or taxes to stimulate investment growth. Local and international reports show that in recent years the Government has increased government spending and reduced capital investment. For the moment fiscal policies are oriented to the creation of the budget through the collection of taxes and customs it is negatively affecting stimulating local production and indirectly in starting a business / new work places.

Monetary policy; It has to do with changes in the money supply or change the parameters that affect the supply of money in the economy.

4.5 The impact of interest rates on banking development organizations

Research Institute study advancement (GAP, 2013) shows that credit standards remain high and yet no steps to get a better situation are taken. Banks find it difficult to operate the business and political environments that do not respect the laws and the courts do not do their job. High profits of the banking sector are based mainly on high interest rates on loans. A characteristic of banking services in Kosovo is that the banks charge fees for their users many services offered for free elsewhere.

But, how can we overcome this situation?

It is believed that increased competition in the financial system of Kosovo would have resulted in lower interest rates, which affect the growth of new investment interests in all areas of business.

The development of the banking sector from 2000-2010 was associated with the establishment of new banks, expansion of the products offered, as well as expansion of geographical space to cover the whole country. Although an attempt to continue the operator's bank to provide a broad base of customers in the context of growing competition was recorded, this situation had no significant effects on the reduction of interest rates on loans and bridging the gap between rates interest on loans and deposits which is higher (Kosovo Competition Authority, 2011, p. 20). In general, the banking system in Kosovo is developing very fast. This sector has been steadily growing in value of assets and the level of bank deposits has risen higher than the region. The banking sector is characterized by a large presence of financial capital, which has contributed to the advancement of the financial system by bringing more advanced financial practices in managing bank operations. Despite the rapid development of the banking system in Kosovo, interest rates have remained quite high, especially for the long-term investment needs that they are among the highest in the regions. These high interest rates lead directly to higher costs for businesses and affect competition in the domestic market and abroad.

Increasing numbers of banks and financial market development in Kosovo are intended to lead to an increased level of competition, but it has not happened so far (Kosovo Competition Authority, 2011). Interest rates on loans increased as a result of growing demand for loans. High interest rates continue to be an obstacle to business activities in Kosovo. Reduction of bank interest rates will positively affect the economy of Kosovo; will have a direct impact on the creation of new businesses and developing existing ones. Also, increased competition through the licensing of new banks and to take concrete measures is expected to reduce the negative impact interest.

4.6 Competition Policy

Competition is an economic phenomenon, which manifests itself in a free market economy. Kosovo as the newest state in the world and in Europe the southwest; can be considered as the last country that is applying the principles of free market economy, after major changes in the political system. The processes are complex. The presence of high level of risk for business, unfair competition, and informal market in which some organizations operate are generating instability of the economy, businesses and organizations (Gjinovci,

2014). In general, it is difficult to consider any real competition from businesses in Kosovo. Most organizations that operate in this market are still in an early stage of their development. Opportunities for faster development are limited as a result of the economic policies implemented. The market faces some tough competition especially in the food industry and construction by the countries of the region: Serbia, Macedonia, Bosnia and Herzegovina, etc. As a result of the lack of administrative institutions and creating segments international for a long time products imported from these countries had tax and customs facilities. They have had a direct impact on local organizations which already face many economic problems and non-economic. For this reason, a number of problems consist of poorly competitive activities, loss of power when considering exporting organizations in Kosovo. Current tax policy is in favour of domestic products.

Non-formal competition as a negative factor for stabilize organizations

The phenomenon of the informal economy characterized by all countries, and it has been present at all times. Today it is found in more developed countries, but in these places it is always under control and not to endanger the normal economic movements. The informal economy is defined as the illegal economy, informal and parallel to the black market (Komoni, 2008). Among the key factors that influence the decision to enter the gray area of business are:

- Slow functioning justice system and law enforcement mechanisms;
- Weak level of administrative control in terms of economic liberalization;
- Tax burdens, macroeconomic instability and destruction of the payments system.

To understand the economy it is necessary to study its two parts, both formal and informal. The need for the study of unregistered economic activities mainly stems from a precondition for effective implementation of the macroeconomic policy of the state (Suceska, M., 2006).

Forms of informal economy vary a bit from country to country. It appears in various forms and in almost all areas of economic activity:

- a) Import and export of illegal goods.
- b) Cash Flow outside payment services. This is typical for many countries the use of cash for the business. This

form is quite common in the Balkans, and it seems that for a long time will not be replaced. Doing business in cash is easy especially after the loss of confidence in the banking and legal systems. Therefore, consumers and service providers prefer the form of cash. This phenomenon has a significant impact on the growth of the informal economy.

c) Smuggling of various goods in the domestic market. Such action is quite easy given the extent of the territory and the problems faced by neighbouring countries.

d) Evasion from payment of taxes and fees, tax evasion and tax fraud system. The period of economic transition, war, conflict, suffering, resulting in uncertainty and distrust in state aid.

e) Misuse of official, public or commercial. The lack of a long period of economic growth, lack of prospects, and lack of personal ethics has created conditions for abuse of official position or business.

Illegal economy has many negative impacts on the economy and society. Some consequences are unpredictable. A partial list of effects is:

- Creation of unfair competition,
- Erosion of morality in business,
- Creation of a false declaration of real income and
- Negative impact on legal businesses.

Business models today are oriented towards new knowledge; this is why more and more businesses are considering the resources and human potential, which requires a new approach, a new model of thinking and a new structure. So, a new way to approach certain issues are needed, businesses are required to place the individual in the first place. Unemployment is an obstacle to business. In most countries of the world human capital is considered as the most important factor for economic growth, innovation and investment. The quality and flexibility of the workforce is a major factor affecting investment decisions of foreign investors. Kosovo faces high unemployment rate and in some cases lack the appropriate qualifications. The main challenge for the country's economy continues to be unemployment, which directly affects the development of real businesses. Based on the current trend of economic growth and generating new jobs in the economy of Kosovo it can be considered that the unemployment rate is not expected to decrease significantly in the medium term (CBK, 2010). Based on data from the Statistical Office of the Republic of Kosovo (ESK 2010), Kosovo's unemployment rate exceeds 45%. According to data published by SOK (2014), the unemployment rate is 36.9% in total, while in 2015 unemployment was 32.9% (Kosovo Agency of Statistics, 2015).

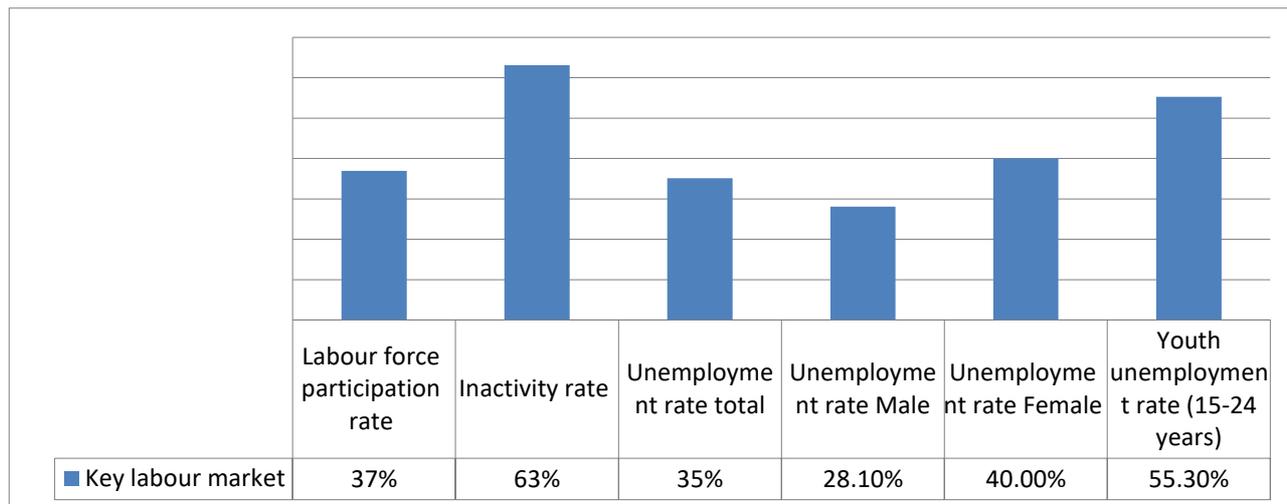


Figure 1

Such high unemployment affects the purchasing power and thus create new business ideas and new places to work.

4.7 The role of managerial constraints and corruption

A theoretical and empirical study, on this phenomenon shows that a favourable condition for the existence of corruption exists when a public resource is brought under the control of a person or a group of administrative public employees (Corruption AL, 2005). Business independence and corruption are some of the weakest political dimensions of the Southeast European countries. While there are laws and institutions against corruption, little has been done to their implementation and enforcement; it has been indirectly influenced by factors (Transparency International, 2012). The experience of developed countries shows that high levels of corruption undermine the movement of capital, the level of investment, economic growth, etc. By all indications, corruption is a serious problem in Eastern European countries including some European Union countries (anti-corruption report of the EU, 2014).

Countries in the region, including Kosovo, are committed to:

- Approve international instruments against corruption,

- Strengthening of national legislation,
- Promotion of business integrity,
- To create a more vibrant civil society in the fight against corruption.

Despite the measures taken and fit so far, the results have been limited to preventing or minimizing the obstacles created by the administrators appointed in the local institutions and regional, including some European Union countries, which directly affect the loss of investments or investors. Shaipi, K. (2008) underwent a study to assess, among other aspects, the difference between perceived and encountered corruption. When poses a direct question: 'Have you ever offered bribes institutional officials "most businesses do not have the courage to respond and level of sincerity in their answers to question? Some 52% of respondents refused to answer this question, which leads one to believe that they are not being quite honest in their answers. the reason behind such a claim it is that if the respondents, in fact, have never offered a bribe, they will not hesitate to respond, as a negative response does not will damage their reputation. Through this argument, it can be concluded that the percentage of respondents who offer bribes to public officials should be represented as a total percentage of those who confirm they offered bribes (over 14%) and those refusing to answer the question. If the two percentages are added together, we get an alarming 66% of the interviewed businesses that have offered bribes in the past.

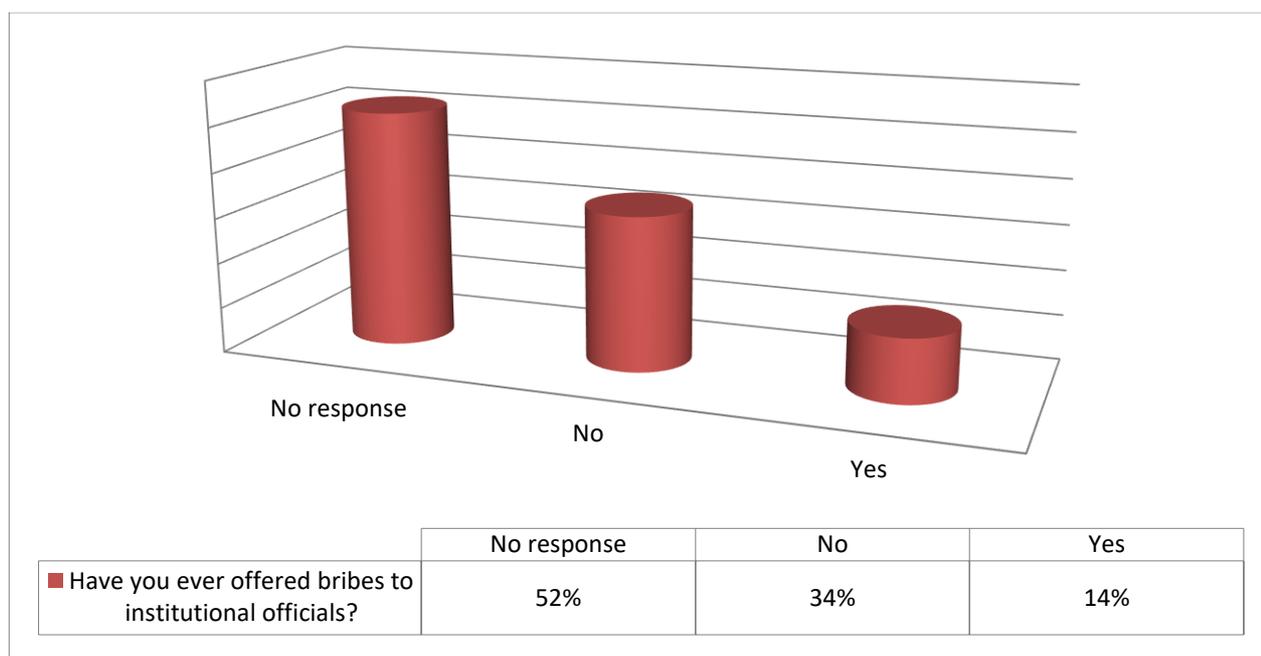


Figure 2 – Experience of providing bribes

This phenomenon occurs frequently and is common in countries that have problems with the rule of law that characterize the administration of the Eastern European countries in particular. Corruption is present and quite addictive, especially for countries that go through periods of transition; these countries are usually characterized as ineffective in combating this phenomenon, which has a direct impact on business and beyond.

4.8 Lack of professionals in specific economic activities

For an advanced economy, state policies should be directed at building professional human resources. These people will be able to compete without any problems in the labour market, especially in the requirements of foreign companies, but also local ones that could be competitive in the global market. Which addresses the question of the respondents was: How supporting the advancement of personnel under training, education and occupation in your organization? Based on interviews conducted with employees of public organizations such as the Post of Kosovo (PT) and Post Telecom of Kosovo (PTK), we note that 90% of employees surveyed believe that their organization does not support advancement on the basis of professional training, based and experience or education. These organizations, as well as other organizations do not distinguish between Bachelor, Faculty, Master and PhD graduates salary (Gjinovci, 20 Therefore, why not make it a realizable dream to work in organizations that operate in Kosovo. The strategy will be to determine the

new generations to be oriented towards those professions for which the market needs the most. For important labour market professional companies are also paying more. Lack of experts assigned profiles is undermining local production be more competitive. In recent years the number of professions and desire to study has increased greatly. But still, some professions and objects are still missing in the region. For this reason, organizations of food should take positive measures to favour and support professionals in their organization. In particular, this applies to organizations involved in the production of biscuits, milk, chocolate, etc. Studies carried out in some large commercial organizations operating in the local market; Viva, viva Super, Inetex, ETC, etc. Although the Slovenian dairy products should be more expensive due to high costs, such as labour force, distance, other operating expenses. Make these products attractive will be the result of investments in improving their quality. But to achieve this, organizations need to hire productive professional human resources. Therefore organizations should consider concrete progress in human resources through: Hiring professionals outside (external site), which in some cases is quite expensive, and human resources support specialized education, even when they are quite costly.

How to encourage or motivate investors?

Some countries in the region have improved the business environment, regardless of the south-western region of the Balkans as a whole suffers from a negative image for the support of business and foreign investment. Developing marketing skills and learning how to promote the region as an attractive destination for

foreign investment will be a priority in the future. But so far, there were no significant changes in relation to the promotion and motivation of serious investors and or ideas. A challenge that characterizes the region, including Kosovo, is the protection of investments. But the risk of investment in the country and in south-western Bangladesh is very high. Most of the investments are investments in individual businesses. The financial advisors, also lacking in the service business, as well as specialized offices to advise and make recommendations for decisions relating to the operations

of banks and financial markets (Civici, 2009). According to the World Bank report (2011), doing business objects to put in place 117 Kosovo, Albania on 82, while Bosnia and Herzegovina in place 125. The problems that discourage businesses include: electricity, registering property, investment protection, enforcing contracts, getting credit, etc. While, according to the World Bank report (2013), doing business Kosovo positioned in 98th place. In the 2014 report, Kosovo is ranked 86 th, 2015, it ranked 75 in the country, while in 2016, it ranked in 66th place (World Bank, 2015).

| Years | Place | | | |
|-------|--------|---------|--------------------|------------|
| | Kosovo | Albania | Bosnia Herzegovina | Montenegro |
| 2011 | 117 | 82 | 125 | / |
| 2012 | 117 | 77 | 127 | / |
| 2013 | 98 | 85 | 126 | / |
| 2014 | 86 | 90 | 131 | 44 |
| 2015 | 75 | 97 | / | / |
| 2016 | 66 | 97 | 79 | 12 |

Figure 3 – The rapport of doing business in some states in Balkan region and in Kosovo

As far as institutional support for businesses, Kosovo is far behind countries in the region. Almost all countries have taken concrete steps to facilitate administrative procedures for business registration procedures. Procedures referred importer processing machinery and production has been simplified. Businesses in Kosovo are still at the stage of the inability of coping with challenges, especially with increased competition in regional markets, limited manufacturing capacity, low quality products and services, there are professional managers.

CONCLUSIONS

Businesses face a lack of cooperation and joint investments with local and international partners due to factors such as:

- Legal barriers;
- Lack of political and economic stability;
- Despite laws guaranteeing the protection of investments.

By lowering interest rates the banks will contribute positively to the economy of Kosovo will have a direct impact on the creation of new businesses and developing existing ones? Financial sector reform and the creation of financial markets are needed. Transformations required fundamental changes in tax policy since the current tax policies do not favour domestic production, and discourages the development

of manufacturing businesses in Kosovo. Higher interest rates adopted by the management of the banks are justified by high-risk loans and low efficiency of the judicial system. Therefore it must take concrete steps to strengthen the judicial system (increasing the performance of the system). Most of the investments are individual businesses and when faced with certain financial problems that they remain at the mercy of the market. Institutions must support businesses in generalization. Implementation the independent programs to combat the economic crime. Economic crime is a syndrome of some European countries, including some EU countries. This has to do with the reduction of customs duties on capital investment and reproductive material from 10% to 0%, and reducing the rate of VAT on imports of capital equipment. Extension of the tax system, that would affect the growing number of taxpayers and certain tax deductions. Independence and advancement of the administration and to increase the accountability of administrative officers overlooked indirect impacts. Employment in public administration is based on certain criteria, taking account of vocational training and human resources experience. In many cases the process of recruiting candidates met the criteria specified human resources. Public administration reform is not just the government, but it is also the responsibility of civil society, including business. The restructuring of the energy sector and privatization of distribution support as a measure to overcome the energy crisis during which indirectly affect the cost of setting up businesses. The investment promotion, support businesses in improving competitiveness through productivity growth or improvement. Kosovo border points should be covered properly in order to prevent the introduction of higher excise items through illegal routes as from the border with Serbia. Also, cleaning products from Serbia to become only the "Merdare" crossing point. Bilateral and multilateral agreements and to respect the agreements signed. Obstructing any interference directly or indirectly in the justice system without ignoring international institutions. Minimization of smuggling which is increasing due to the limitations and implications for institutions that will be called in the name of creation and the legal system UNs Economic development.

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