

# Firms' expectations for 2024 and the environment of doing business in Kosovo

*Survey with the private sector*



## Methodology and Objectives

### Methodology:

- Implementation: Survey sent via online platform.
- Targeted firms: about 5,500 firms.
- Survey period: 2 September 2024 – 12 September 2024.
- Result: 267 valid answers.

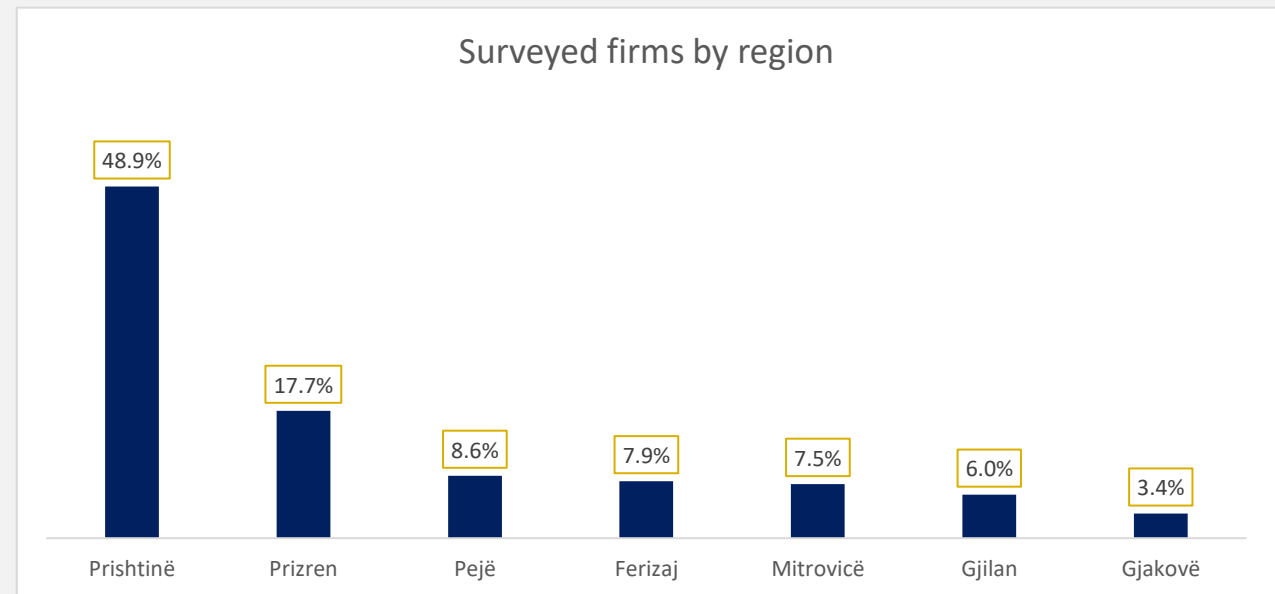
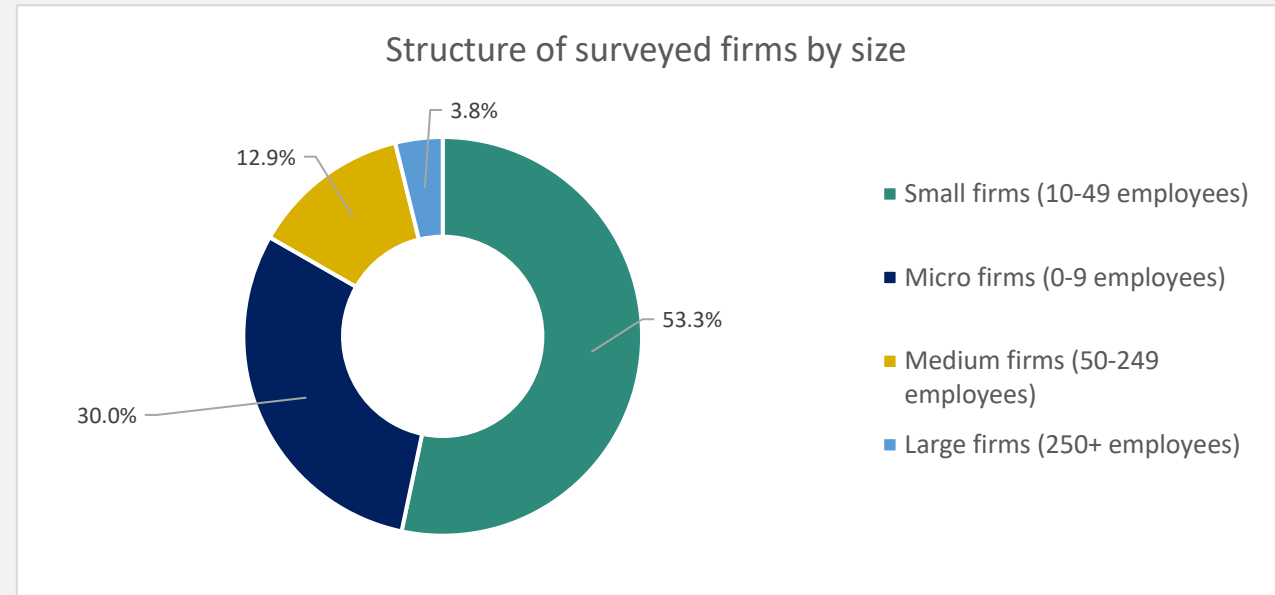
### Objectives:

- To provide an overview of firms' forecast for their performance in 2024.
- To provide an assessment from the perspective of firms on the various factors influencing the environment of doing business in Kosovo.

## Profile of surveyed firms

The structure of surveyed firms by size (based on the number of employees) was dominated by **small and micro firms, which represented over 83% of firms**. The rest consisted of medium and large businesses.

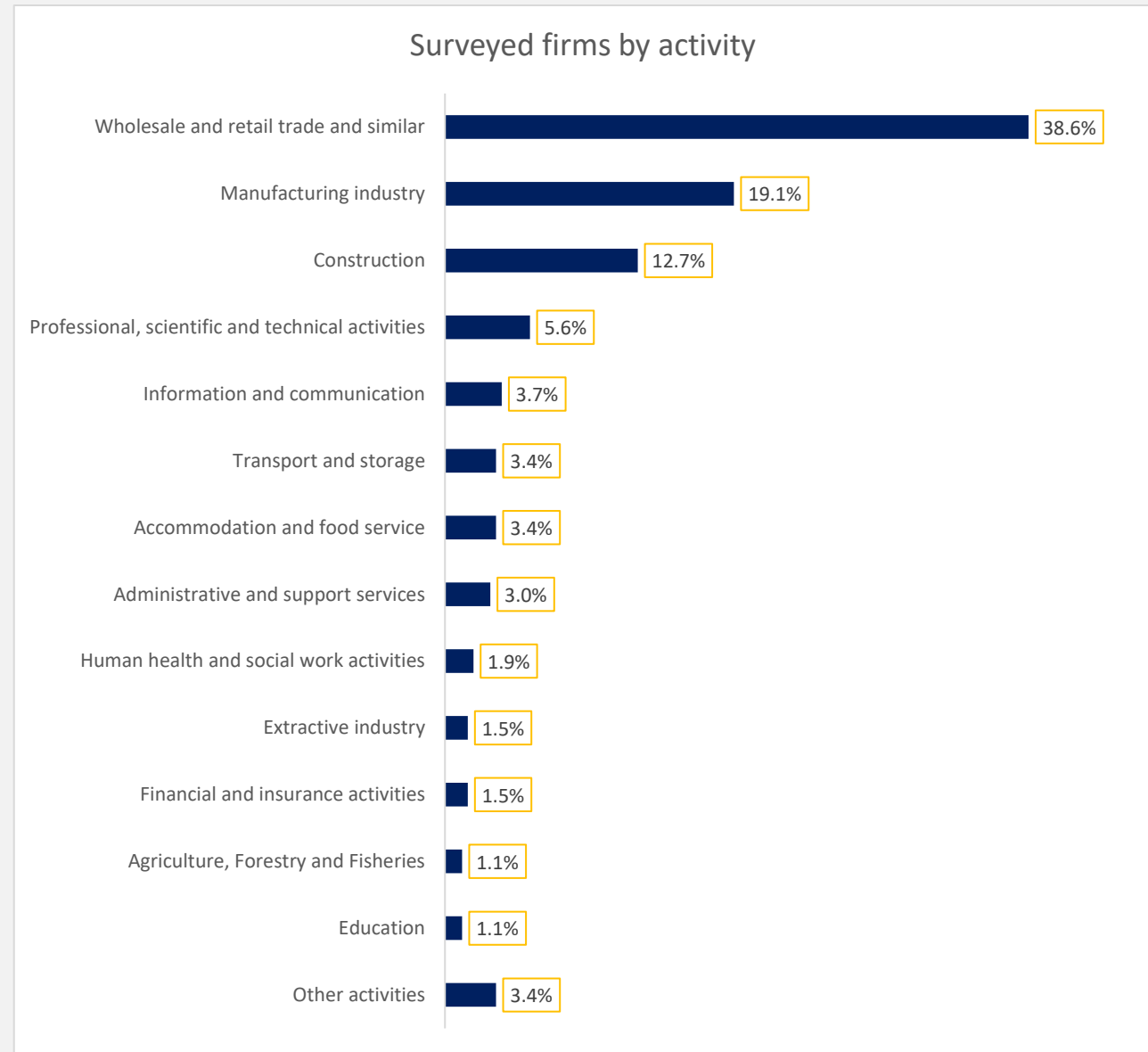
Based on the region where they operate, most of the surveyed firms (about 48.9%) are based in the Prishtina region, followed by the Prizren region with about 17.7% of firms.



## Profile of surveyed firms (continued)

Most of the surveyed firms (**38.6%**) operate in the wholesale and retail trade sector, followed by the processing industry (**19.1%**) and construction (**12.7%**).

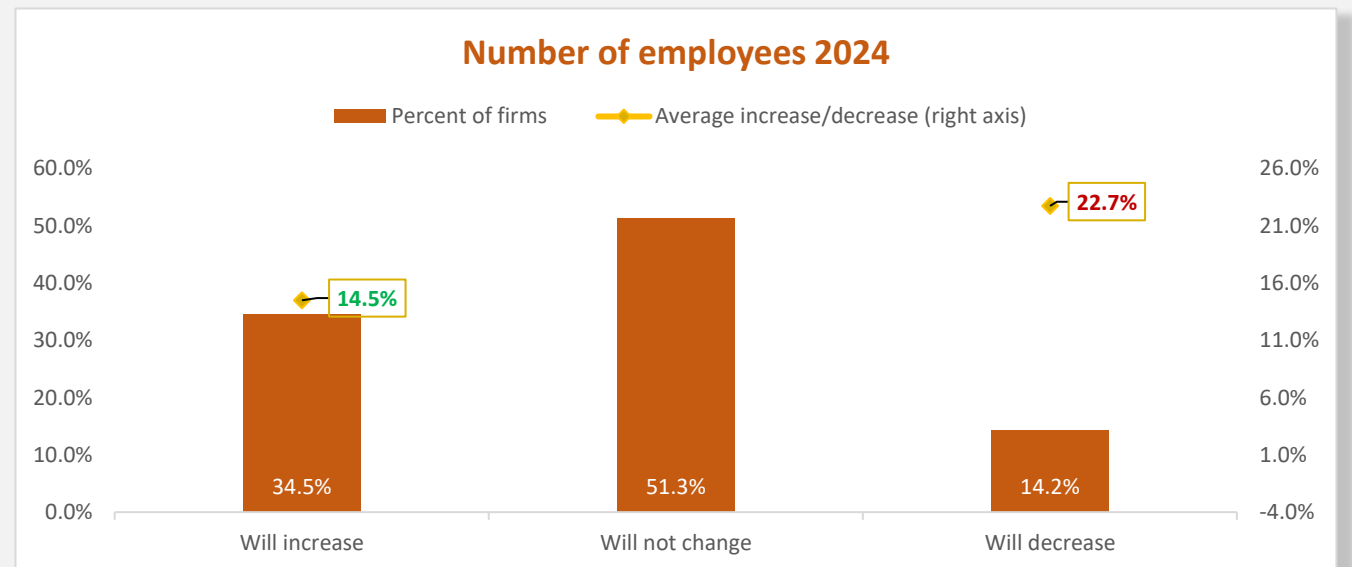
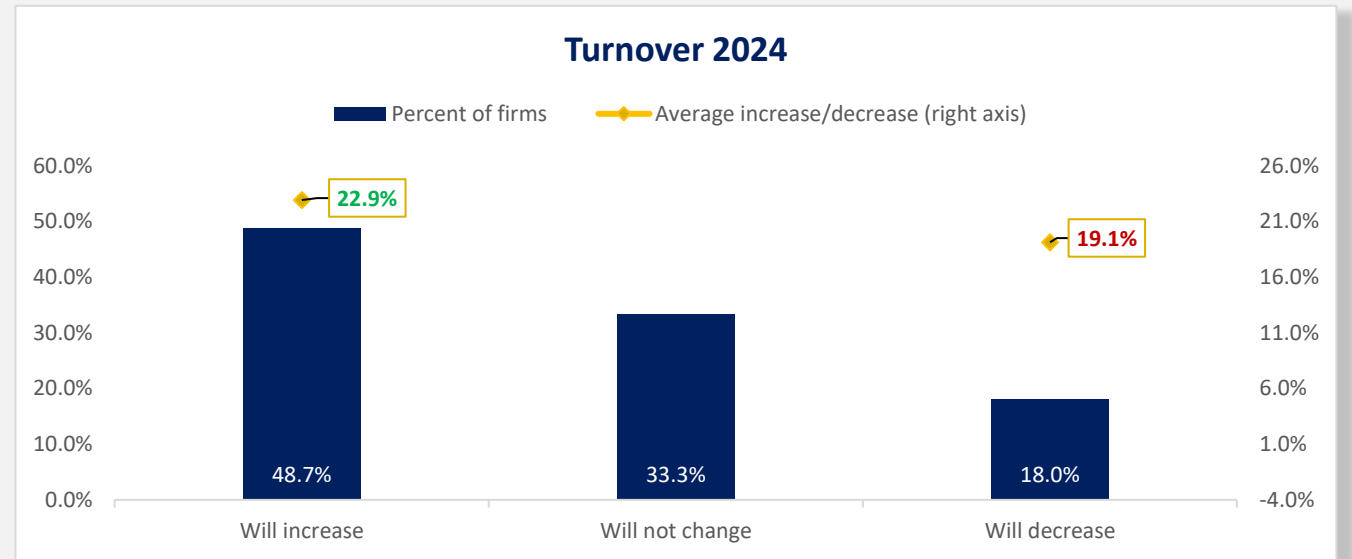
Other sectors are represented by smaller percentages, specifically, **5.6%** of surveyed firms are engaged in professional, scientific and technical activities, while **3.7%** of the firms have information and communication as their main activities. As for the other remaining sectors, their participation ranges from 1.1% to 3.7%.



## Firms' expectations for 2024

About **48.7%** of surveyed firms expect their turnover to increase in 2024, with an average anticipated growth of 22.9%. Meanwhile, **33.3%** of firms think that turnover will not change. On the other hand, **18.0%** of firms anticipate a decrease in turnover, with an average decrease of 19.1%.

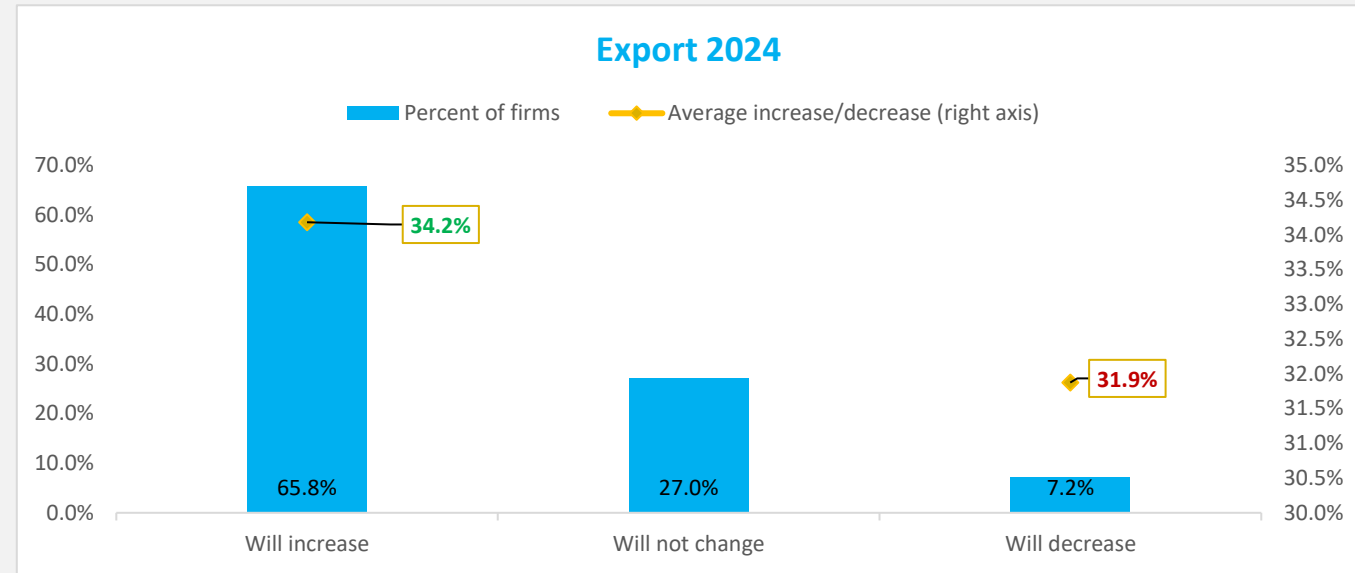
Firms have also expressed their expectations regarding the number of employees. About **51.3%** of surveyed firms expect the number of employees to remain the same in 2024. On the other hand, **34.5%** of businesses expect the number of employees to increase, while **14.2%** expect a decrease in this number.



## Firms' expectations for 2024 (continued)

About **41.6%** of surveyed firms expect to export in 2024. Of these firms, about **65.8%** expect their exports to grow at an average rate of **34.2%**. On the other hand, **7.2%** expect their exports to fall, while **27.0%** do not anticipate changes in the export level.

As for investments, **34.5%** of surveyed firms predict an increase in 2024. Meanwhile, **52.8%** of firms do not expect any changes in the level of investments, while **12.7%** predict a decrease.

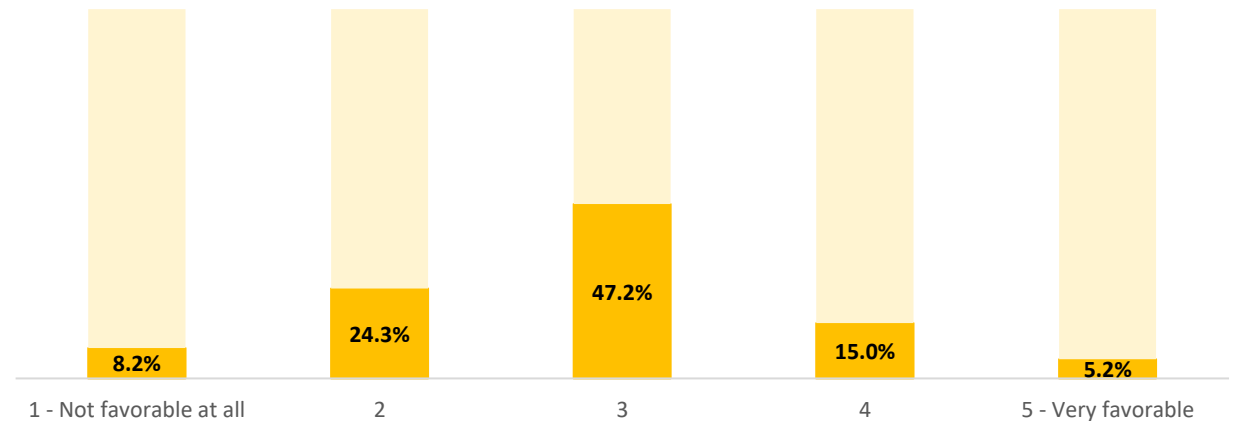


## The environment of doing business

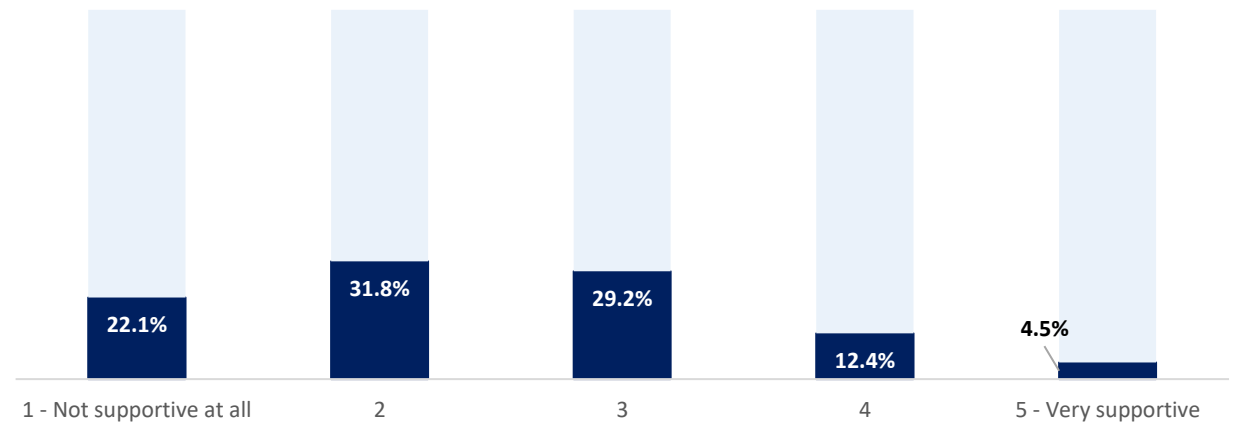
Surveyed firms rated the business climate in Kosovo on a scale from 1, meaning not favorable at all, to 5, meaning very favorable. **The results show that firms view the business climate as generally unfavorable with an average rating of 2.8.**

Surveyed firms also rated the Government's policies toward businesses using a scale from 1, which means not supportive at all, to 5, which means very supportive. **The results show that firms have evaluated the Government's policies towards them as not very supportive. While 22.1% of firms think that Government's policies toward them are not supportive at all, only 4.5% of them rated Government's policies as very supportive. The average rating is 2.5.**

On a scale from 1 to 5, how do you rate the climate of doing business in Kosovo?



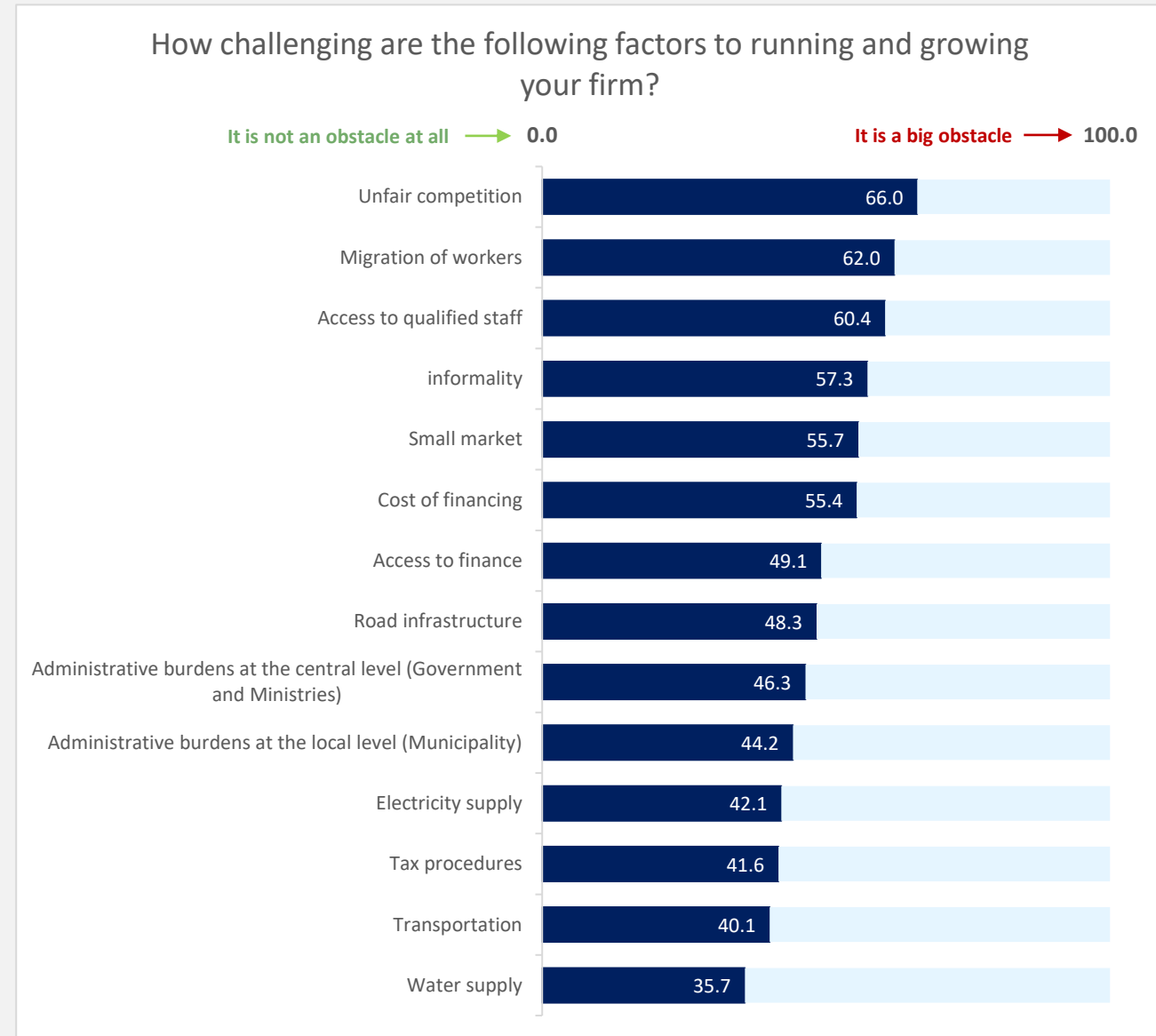
On a scale from 1 to 5, how supportive do you consider the policies of the Government of Kosovo towards businesses?



## The environment of doing business (continued)

An important question related to barriers to doing business was the assessment by firms of the impact of 14 factors on their operation and growth. To make this assessment, firms used a scale from 0, which means not an obstacle at all, to 100, which means a significant obstacle for the 14 factors in the figure.

The data show that the most significant obstacles, according to firms, are **unfair competition, migration of workers and access to qualified staff**. Tax procedures, water supply, and transportation are listed as the smallest obstacles.





## Summary Notes

- **About 48.7% of firms predict an increase in turnover in 2024.**
- **Of the 41.6% of firms that plan to export, nearly two-thirds of them expect to increase exports in 2024.**
- **When it comes to the number of workers and investments, over 50% of firms believe that these indicators will not change during 2024.**
- **Firms assess the business environment as not very favorable in Kosovo, while the Government's policies towards them as relatively unsupportive.**
- **The main barriers of doing business according to firms are unfair competition, migration of workers and access to qualified staff.**