THE ECONOMIC IMPACT OF THE COVID-19 PANDEMIC ON SMALL AND MEDIUM-SIZED ENTERPRISES IN THE DEVELOPING MARKET

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Abstract

The aim of this paper is to analyse the economic impact of the COVID-19 pandemic on small and medium-sized enterprises (SMEs) in Kosovo. So, this is a research problem. Our research is based on Ramaj et al.’s (2022) research. The research was conducted with 84 SMEs in Pristina and Fushë Kosovë, with the major part in the capital. Consequently, the Government of Kosovo should pay attention to the design of oriented policies and promote SMEs’ development. It still has to make efforts to create a more favorable business climate, for business development as a whole and SMEs, especially in this extremely difficult period at the time of COVID-19. Given that it is the last 2 years since the outbreak of the pandemic has had a great economic impact on the country, thus we have approached the research on this topic and through it, we will try to give this research a clear overview of the impact of the COVID-19 pandemic in Kosovo. Our findings will help us to see the main challenges that SMEs have during the pandemic times. Our results confirm that COVID-19 in Kosovo affects not only the health of the population but also hits the economy.

Keywords: Kosovo, Small and Medium Enterprises, Pandemic, COVID-19, Municipality of Pristina


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1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are the backbone of the economy of any country, therefore, as such, they are important in every segment of the economy. As for the economy, Kosovo is still considered to be in the phase of economic transition where entrepreneurship and the creation of small businesses are expected to play an essential role on the way to a modern free market economy and thus to economic development and growth alongside the region as a whole. Kosovo suffers from many factors that directly and indirectly affect the economy, but the imbalance of payments, where imports clearly dominate exports, also determines the weakness of the country’s economy in its normal development.

Ramaj et al. (2022), Krasniqi et al. (2022), and Jusufi et al. (2022) are some of the sources or research on which our research is based. In the last period, and especially during 2020 and 2021, businesses around the world were going through a bad time in their operation due to the COVID-19 pandemic, even in Kosovo, this situation has hit
SMEs. Even before the pandemic, SMEs have had constant challenges in their operation, therefore, the pandemic has only helped their crisis and challenges even more. This is mainly due to the fact that Kosovo’s SMEs are not competitors at the international or regional level and as such have remained overlooked throughout the entire phase of the country’s economic development. If SMEs are poor exporters, then they hinder the further contribution of SMEs to gross domestic product (GDP), the creation of jobs, and the economic growth of the country in general. Exports are dominated by metals and basic minerals produced by large companies which, although at a pace of development, almost a large part after privatization have either been abandoned or presently extinguished.

The literature gap lies in the lack of sufficient sources of literature on this issue, which is quite important for developing countries. Research aims and questions lie in analyzing the effects of the COVID-19 pandemic on SMEs in developing countries, in particular, Kosovo, and drawing appropriate conclusions. The theoretical/conceptual framework applied lies in the use of several sources from different authors who have researched a similar problem. Also, the relevance and significance of the study lie in the elaboration of this topic, which has not been sufficiently elaborated by Kosovar authors. The research methodology used, and main findings/contributions are so important, therefore, in this paper, in addition to the suggestions that will flow as a result of our work in the field, we will offer researchers to better understand the importance of SMEs for economic growth of Kosovo. This research is also about producing reliable and credible results to identify the main factors that affect SMEs and to compare them with other countries in order to see the special factors in Kosovo.

Next, we will talk about the meaning of SMEs, their development in different countries of the world, and, at the same time, the importance of this sector for countries that are roughly similar to Kosovo. The paper will analyze the impact of the COVID-19 pandemic on the functioning of SMEs in general but also in Kosovo, in particular. Bearing in mind that the pandemic has hit an important sector of the Kosovar economy, through research with businesses in the Municipality of Pristina, the factors that have influenced the Kosovar economy will be analyzed. Therefore, in the future, we will also present the statistics from the conducted research.

During the year 2020, from March to May, to continue even further, the country has been almost totally blocked, and external activities have been strictly prohibited. Many enterprises encountered great difficulties to operate and provide services, and the number of job seekers in the country increased much more than in the past. Small and medium-sized enterprises have an important role in the economy, due to their contribution to the operation of economic growth and the creation of jobs. This contribution is very valuable in the conditions of the crisis and the increase in unemployment. Especially in Kosovo, the development of SMEs can contribute to facing many challenges related to economic development, the effects of inequality, the high level of unemployment, demographic growth, and the need for structural changes.

The development of SMEs offers many employment opportunities, which can help to reduce the level of unemployment and face the demographic challenges of these populations, which are growing rapidly. In addition, the development of the SME sector can contribute to the strengthening of competitiveness and productivity, simultaneously raising the general level of global income and income per capita. This development will also promote the structural transformation of the SME sector, due to its connection with technological innovation and development (Leka et al., 2022).

On the other hand, this process contributes to regional and local development, as well as to social cohesion, enabling the reduction of inequalities, because the increase in income of a wide segment of the population will reinforce the demands for better governance. These positive developments will improve economic and political opportunities, transforming discouraging demographic projections that deepen poverty and instability into forces that can bring about positive change. For this reason, it is not an exaggeration to say that SMEs have the opportunity to positively influence the main vectors of development throughout Kosovo.

The structure of this paper is as follows. Section 1 is the introduction. Section 2 reviews the relevant literature on the topic. Section 3 analyses the methodology that has been used to conduct empirical research. Section 4 presents the results. Section 5 discusses the findings and Section 6 concludes the paper.

2. LITERATURE REVIEW

Small and medium-sized enterprises (SMEs) are businesses that maintain income, assets, or a number of employees below a certain threshold according to law, and classifications are made in different countries in the world. Each country has its own definition of what constitutes an SME. Some size criteria must be met and sometimes the industry, in which the company operates, is also taken into a consideration (Ramaj et al., 2022; Jusufi et al., 2022).

“Macro and micro” enterprises occupy special importance in the economy of a country, in the growth, development, and socio-economic improvement, and in raising the capacities of a state to be affirmative to a small or large investment. This also indicates special care for the economic policies of SMEs worldwide (European Commission, n.d.).

Many researchers have recognized the importance of SMEs in the economic development of the country, but also in economic growth and employment. Somewhere around 65% of employees around the world seem to be employed in SMEs which also occupy the main employment base in the world. Today, it is thought that in developing countries and those in transition, about 22% of adult workers belong to this particularly important sector (Osmani et al., 2022).

Based on a study conducted in 2005 in the European Union (EU), 23 million SMEs and over 75 million employees in different EU countries represent 99% of businesses in the entire EU. And, as the Commissioner for Entrepreneurship and Industry, Gunter Verheugen himself said, “SMEs are the engine of the European economy. They are
an essential source of jobs, create an entrepreneurial spirit and bring innovation to the EU and thus are very important for boosting competitiveness and employment” (European Commission, 2008, p. 3).

Industrial development was previously believed to occur with large enterprises undertaking large investments and creating economies of scale. Large enterprises gave a great boost to overall economic development and this led to many countries having sufficient economic capacity to become promising countries (Caner, 2016).

However, starting in the late 1970s and early 1980s, SMEs began to become more innovative and flexible in terms of cost reduction. Thus, they started by providing intermediate goods that preceded the establishment of SMEs that were of great efficiency. Intermediary goods are products that are used in the production process to make other goods, which are eventually sold to consumers. Intermediate goods are sold from industry to industry for resale or to produce other products, which are usually used directly by a producer, and sold to another company so as not to lose consumers (Caner, 2016).

Today, the growth of SMEs has happened due to greater opportunities for support and labor laws, which create new opportunities, and incentives in the most developed countries and in developing markets, while in transition countries the development of SMEs has been the result of the great dissolution of state or social enterprises and the privatization of these enterprises (International Bank for Reconstruction and Development [IBRD], 2020).

It should be noted that the development of SMEs has been at a lower level than expected in the transition period, until the end of the 1990s. The growth trend of SMEs in the EU has been the subject of study throughout all the treaties after the establishment of the EU as a whole where the EU was created into three basic pillars and SMEs belonged to the first pillar (Caner, 2016).

As for the definition of SMEs, if we want to give a definition of what we call “small and medium-sized enterprises”, we will see that it is not only very difficult, but also that there is no consensus among different researchers, economists, and policymakers.

According to Qorraj and Jusufi (2019), there is a lack of a suitable definition, but the definition that we still use today, which is based on indicators such as the number of employees, turnover, profitability, and net profit, if used in a sector may happen to all businesses are classified as small, while the same indicators applied to another sector may lead to different results. It should be noted that the definition of these enterprises differs in different countries (European Commission, n.d.). The definition of SMEs has been and is different in many countries around the world and, as an example, we will take only some of them (Table 1).

<table>
<thead>
<tr>
<th>Country</th>
<th>Separation criterion</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>No. of employees</td>
<td>1–4</td>
<td>5–19</td>
<td>20–199</td>
<td>Over 200</td>
</tr>
<tr>
<td>China</td>
<td>No. of employees</td>
<td>Different</td>
<td>Up to 300</td>
<td>300–2000</td>
<td>Over 2000</td>
</tr>
<tr>
<td>OECD</td>
<td>No. of employees</td>
<td>1–9</td>
<td>10–49</td>
<td>50–499</td>
<td>Over 500</td>
</tr>
<tr>
<td>EU</td>
<td>No. of employees and annual turnover</td>
<td>Up to 10</td>
<td>Up to 50</td>
<td>Up to 250</td>
<td>Over 250</td>
</tr>
</tbody>
</table>

Source: Organisation for Economic Co-operation and Development (OECD, 2023), authors’ elaboration.

SMEs are seen as the main actors of national and regional development in many countries of the world and even the most important in economic development. There are many studies on the importance of SMEs in the country’s economy that are done in many countries of the world, and in many countries, support for SMEs has been implemented in various programs and policies. In this context, changes were made regarding the definition of SMEs in the EU (Keskin et al., 2010).

The development of SMEs has gone through different periods of their development, but the important thing is that they contribute with important sources of employment and added value. The long-term economic effects of SMEs are:

- the contribution of SMEs affects the increase in income, GDP growth, and employment;
- depending on the income and capital available to SMEs, they also affect the growth of the economy.

The development of SMEs depends on a number of factors that are important in their internal and external performance. In broad terms, these factors can be described as:

- macroeconomic factors;
- business environment;
- business growth opportunities;
- historical business determinants.

Demography is an influencing factor in the development of SMEs. In areas where there are variable ethnic factors, SMEs have been negatively affected as this represents political instability and it has caused many companies or the creation of new enterprises to stagnate due to instability. Ethnic factors influence them extremely because they do not see their investment in SMEs as safe. This represents a challenge in itself in the development of SMEs (European Commission, n.d.; Krasniqi et al., 2022).

Most of the formal jobs available in emerging markets are created by SMEs. That is almost four out of five jobs available on the market. Despite playing a vital role in the development of the economy, it is observed that about 50% of SMEs do not have access to finance or capital investments. At any given moment, formal SMEs generate about 33% of national income and 45% of total employment in developing countries. The banking system has undoubtedly made a great contribution to the growth and development of SMEs because it has given them the opportunity to initially set up a business and strengthen it (Jusufi & Ukaj, 2021).

The research gap of this study lies in the marked lack of literature on the analyzed problem. In the aforementioned markets, there is not sufficient research on the impacts of the pandemic, so this paper will serve as a reference point for future research that will be more comprehensive and expanded.
3. RESEARCH METHODOLOGY

The research was conducted with 84 small and medium enterprises in Pristina and Fushë Kosovë, but the overwhelming part is in the capital. This has to do with the current state of the pandemic in the capital, but also with the state of SMEs and the challenges they continue to face. During the realization of this research, there were challenges in terms of filling out the questionnaires and communicating with businesses because the representatives of the businesses were reluctant to give answers, however, following a good step of the research, we managed to extract the results as follows.

In the question addressed to the respondents about whether the pandemic has negatively affected their business, the answers were as follows: 70% of the respondents said that it has affected them a lot, and 30% — not much. We noticed that the businesses that participated in the research and that did not declare that the pandemic had an impact were supermarkets or pharmacies.

Table 2. Business decline

<table>
<thead>
<tr>
<th>No.</th>
<th>Options</th>
<th>Respondent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0–10%</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>11–25%</td>
<td>13</td>
<td>23%</td>
</tr>
<tr>
<td>3</td>
<td>26–50%</td>
<td>23</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>Over 50%</td>
<td>18</td>
<td>32%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>57</td>
<td>100%</td>
</tr>
</tbody>
</table>

In our options asking to know the economic decline of businesses by percentage, 5% of them declare that they have decreased up to 10% of their businesses, 23% of respondents declare that there is a decrease of 11% to 25% of profit in their businesses, 40% of the respondents declare that there is a decrease in profit from 26% to 50% of the profit in their businesses, and 32% of the respondents declare an economic or profit decrease of over 50%.

Table 3 presents the respondents’ answers to the question “Is your business in a difficult financial situation as a result of COVID-19?”.

Table 3. The impact of COVID-19 on the business

<table>
<thead>
<tr>
<th>No.</th>
<th>Options</th>
<th>Respondent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>41</td>
<td>42%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>39</td>
<td>58%</td>
</tr>
<tr>
<td>3</td>
<td>No answer</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>84</td>
<td>100%</td>
</tr>
</tbody>
</table>

In the question addressed to the respondents: “Is your business at risk of being closed as a result of the pandemic?”, respondents’ 51% of representatives or owners of businesses declared that their business is in danger of being closed, and 49% of them declared that there is a decline but they are not in danger of being closed. This shows that a large part of businesses, mainly those of services, are in danger of being closed and lack funds to cope with the pandemic.

We asked the respondents to identify the main challenges that their company is currently facing as a result of the COVID-19 pandemic, the written answers of the respondents are as follows:

- 7% think the main challenge is the cash flow to maintain staff and business operations is inadequate;
- 27% think that the main challenge is workers absent from work due to illness or Government orders;
- 10% think that the main challenge is raw materials are not in supply or have become too expensive to stop operations;
- 12% think that the challenge is that the suppliers are not able to provide the inputs;
- 8% declare that business partners are badly affected and are not functioning normally;
- 23% think customers are affected and demand is lower than normal;
- 13% think other.

Table 4. Risk of business closing as a result of the pandemic

<table>
<thead>
<tr>
<th>No.</th>
<th>Options</th>
<th>Respondent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>41</td>
<td>51%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>39</td>
<td>49%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>

So, as can be seen in the answer to this question, there are various factors that have influenced the challenges of SMEs in the Municipality of Pristina to cope with the pandemic and as such there are major functional problems in the business.

4. RESULTS

The COVID-19 pandemic, just like in any country in the world and in Kosovo, has caused many SMEs to be hit so hard that some have even declared bankruptcy. The most affected sector was gastronomy, but it does not mean that other sectors did not suffer major damage.

According to the survey, it was observed that the perception of the impact of the crisis on businesses was so great that 95% of businesses assessed the impact of the crisis caused by COVID-19 as negative (58.6% as very negative). If we break down the assessment based on company size, it turns out that the negative impact of COVID-19 increases with the increase in company size (size by
the number of employees). The perception is very similar for all sectors represented in the sample (RECURA, 2020).

The impact of the crisis on the ability to function, according to the survey in the question about the impact of COVID-19 on the activity of the surveyed enterprises and the way they are operating, 83.6% of the enterprises state that the crisis has reduced their ability to work, where 39% are completely closed, 30.7% work with reduced capacity and 13.8% with shortened hours. If we break down the assessment based on the size of the enterprise, it turns out that micro-enterprises are the most affected by complete closure (54.4%), while medium and large enterprises are forced to work with reduced capacity (57.3% and 40%, respectively) (RECURA, 2020).

The pandemic in Kosovo has almost hit all important sectors at the state level, therefore, even a deep analysis of the damage caused may be difficult to do for now. Even in the Municipality of Pristina, respectively, as the capital of Kosovo, the losses have been great, and for this reason, it has often been assessed by economic experts that the situation is getting worse. In the survey made by these organizations and agencies, many other defects caused by the pandemic have been highlighted, especially in employment and in the financial income of important sectors that operate in Pristina but also in the whole of Kosovo.

The survey highlights that, in terms of the impact on employment, 29.2% of enterprises have declared that since the third week of the crisis, the number of employees has decreased, 40.6% of medium-sized enterprises have declared that the crisis has influenced the reduction of the number of employees, while 33.3% of large enterprises have stated the same (RECURA, 2020).

In a report made by the Konrad Adenauer Foundation (Rukiqi, 2020), the greatest economists, who have given their predictions for the impact of the pandemic on the world, are highlighted. Kenneth Rogoff, Professor of Economics and Public Policy at Harvard University, in an article published on the Project Syndicate platform, underlines the fact that the uncertainty about the actions and behavior of people and policymakers in the coming weeks and months is as great as scientific uncertainty in relation to the coronavirus.

According to Rogoff (as cited in Rukiqi, 2020), until we have a better understanding of when and how the public health situation related to COVID-19 will resolve, economists will not be able to begin to predict the end of the recession that is now on the way above. But what is safe to expect is that this economic downturn will be much deeper and longer than that of 2008.

Macroeconomists initially thought that the COVID-19 pandemic would shake aggregate demand and this should be combated with policies that increase consumption. But very quickly they realized that unlike the global financial crisis of 2008, which collapsed aggregate demand, the COVID-19 pandemic is, first of all, a shake-up of aggregate supply (Dalloshi et al., 2020). So, even if people want to consume, go to the theater, go out to restaurants, or travel, they will find it impossible, since everything must be closed or there will be measures that make it impossible to operate many businesses.

This situation is unavoidable, especially for developing countries. These countries depend on the export of raw materials, tourism, and remittances, and all are expected to collapse in the following years. This would affect the purchasing power in these countries and the Governments will have a problem with budget revenues (Rukiqi, 2020).

Considering that Kosovo is considered a developing country, we can take into account both versions of the aforementioned professors who see the pandemic as a major challenge for the state’s economy, and as such, requires continuous attention which would improve its condition. As a result of the large spread of COVID-19, the whole world, including Kosovo, had to put in place restrictive measures to limit or manage the pandemic. Most of the poor countries, including Kosovo, but let us not overlook the developed countries, did not foresee a financial rescue package at the beginning. Therefore, the pandemic changed the approach of state policies to two sectors: health and the economy, and thus governments were forced to take preventive measures.

In Kosovo, the COVID-19 pandemic caused the highest drop in domestic production since the post-war period, causing the GDP to fall by 9.28% in the second quarter. The GAP Institute (2020) has often been assessed by economic experts that the situation is getting worse. In the survey made by these organizations and agencies, many other defects caused by the pandemic have been highlighted, especially in employment and in the financial income of important sectors that operate in Pristina but also in the whole of Kosovo.

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Pristina, a city where most of the economy was oriented, was the hardest hit. Therefore, often the disagreement between the local and central levels and the lack of communication between these levels was the cause for which the capital was suffering. Our request to see the eventual losses in Pristina is impossible in the absence of real statistics on job losses or even the closing of businesses, while in communication with businesses we have seen that there are many needs for support not only in the capital but also in the whole of Kosovo, which needs are immediate. The situation of SMEs after the pandemic is much more serious and deeper in crisis.

Before the outbreak of the COVID-19 pandemic, the International Monetary Fund (IMF) predicted an economic growth of 3.5%. According to IMF forecasts, the outbreak of the pandemic will affect a 20% drop in the tourism sector, mainly related to regular visits from the diaspora, which, due to travel restrictions, have made it almost impossible to carry out these visits (Rukiqi, 2020).

Even the World Bank, in its October 2020 report for all countries in the region, including Kosovo and all countries affected by COVID-19, foresees economic difficulties. According to the World Bank, Kosovo’s economy is expected to shrink by 8.8% as a result of the crisis caused by the COVID-19 pandemic. According to the World Bank’s report on Kosovo, published in October 2020, despite the easing of restrictive measures in June 2020, the economy continues to decline, as the shock from COVID-19 is negatively affecting the export services driven by the diaspora, investments, and private consumption. Kosovo’s economy is expected to shrink by 8.8% in 2020 (GAP Institute, 2020).

Taking into account the statistics mentioned above, they indicate an economic depression in which SMEs are generally not going through a good financial condition from this crisis. In the absence of the state budget to help create sustainable state economic policies, there is a risk for the advancement of the economy or even keeping the economy stable.

Before the outbreak of the COVID-19 pandemic, the forecasts for Kosovo’s economy for 2020 were promising. Estimates made by the World Bank Group predicted a 4% increase in GDP in 2020. However, given the circumstances and conditions that are changing rapidly due to the restrictions of COVID-19, the economic recovery has now been undermined and the risk of economic contraction remains high. Similar to other developing economies, the virus is expected to have a shocking negative impact on Kosovo’s fragile market (IBRD, 2020).

The great uncertainty about the longevity and level of severity of the virus has prompted the country to take strict measures, including restrictions on the movement of people, services, and goods, banning travel, suspending the educational process, closing non-essential businesses, and later the imposition of partial isolation of the population. Such a trend continued in the surrounding countries, which would hit SMEs in general and especially the gastronomy sector, in particular. In such circumstances, businesses, in general, have suffered heavy blows in terms of their functionality and general operation in different countries. Especially at the level of the country, but also around, it has not been seen that there are big changes regarding small and medium-sized enterprises and the attack on SMEs is continuing from month to month, even though we do not see a clear strategy to prevent it.

As we mentioned above, the pandemic has affected every sector of life, but countries with larger businesses and larger populations have been hit even harder. A similar situation exists in Pristina, which in the general aspect of its development has seen a drastic decline. The municipality itself does not give exact figures, but requests that at a later time, based on the analysis, it will be seen how much economic decline there has been, but they found that they have lost a large number of jobs, the demand of businesses for help has increased, a certain number have also been closed, while you do not see a long-term policy in this regard.

Government policies regarding the economy have often been accused, however, a solution presented by the municipality itself regarding overcoming this economic crisis has not been seen. We have tried, through research, to bring the situation of SMEs in the Municipality of Pristina and the impact of COVID-19 in terms of SMEs (Rama et al., 2022).

5. DISCUSSION

Small and medium enterprises are the backbone of developed economies all over the world. They represent the main structure of a stable economy and a great power to workers. In this paper, we tried to analyze, both through the review of the literature and also the research in the field, the role and importance of long-term and medium-term policies in terms of overcoming the crisis in terms of SMEs.

The COVID-19 pandemic has hit the world’s most powerful economies, but countries like Kosovo have been less immune to facing such a trend of threatening businesses. Bearing in mind that most of the SMEs were established from large family savings, or based on loans that are quite expensive in Kosovo, then it has been seen that their stability is also difficult and normality is even difficult to reach.

In Kosovo, but also in Pristina, economic development mainly depends on SMEs, even the largest workforce is oriented toward these enterprises, and considering such a situation, the decline of the economy and the increase in the number of unemployed is quite large.

Also, the lack of a state strategy to overcome such a challenge was also seen in the research on businesses in Pristina, where most confirm that they are close to losing their jobs or even bankrupting their own businesses. The main demands of businesses in Kosovo are government aid that should be provided either through subsidies, grants, or even rescue packages for the economy, while some businesses see the postponement of loans, which means they are overwhelmed by numerous expenses without benefits.

While in EU countries there has been continuous assistance for SMEs, in Kosovo it has been difficult to achieve the objectives to achieve a stable market that responds to the demands and needs that they have here to be reborn. COVID-19 has highlighted weak state policies in dealing with economic crises, especially in countries like Kosovo. It has been proven during this paper that the use of
e-commerce in Kosovo affects the increase in purchases by consumers, as well as increases the income for enterprises in the circumstances of the COVID-19 pandemic.

It is important that after the research and at the same time the selection of the material in this paper, we give at least four recommendations that are addressed to the Government of the Republic of Kosovo and the Municipality of Pristina in terms of the impact of the pandemic on the economy and especially on SMEs, and which are:

1. Aid and subsidization of SMEs, considering that it is a constant request that SMEs continue to be helped, Kosovo should prioritize this and direct public money to aid and subsidize SMEs in general. This would be done in a continuous control system and analyzing in detail the needs and requirements of businesses to escape from bankruptcy.

2. Creation of state policies on investment security. It is important that state policies include in their long-term strategy the security of investors and the way to find new investors. This would help the stable investments in the economy but also in the development of SMEs using the best European practices in this field. It is important to dedicate ourselves to creating the climate for new investments and the security of their investments from the state.

3. Orientation of municipal policies of Pristina in the service of SMEs. Considering that in recent years no significant progress has been made in terms of helping the economy, or even SMEs, it is important for the Municipality of Pristina to create a clear strategy on how to help SMEs. We recommend that from now on the Municipality of Pristina prioritize education, health, and assistance to SMEs, and in this case, we recommend that they suspend costly projects and direct those funds towards saving the economy, especially in the next two years. This would also make the climate of doing business in Pristina safer.

4. Creation of a rescue task force for SMEs. Pristina together with the central level should create a rescue task force for the economy that will not only make a real assessment of the situation but also design accelerated strategies and priorities to help SMEs. This task force had to cooperate widely with institutions to help citizens and businesses overcome the challenges of the pandemic.

6. CONCLUSION

The authors of the research have tried, through cooperation with businesses, to see their condition during the pandemic and how they are coping with a difficult economic or health situation. And this has made the authors learn a lot about the problems faced by these enterprises even before the start of the pandemic. Kosovo is considered a poor country but from a development perspective, however, it has suffered from political and financial instability in every period since the war. In recent years, there was also political instability in Kosovo, which directly or indirectly attacked the SMEs themselves. The climate of doing business in Kosovo has been difficult and the state policies have been far from the vision trends for SMEs that the EU states or even many surrounding states had.

On March 11, 2020, the World Health Organization (WHO) characterized COVID-19 as a pandemic, indicating over 3 million cases and 207,973 deaths in 213 countries and territories. The infection has not only become a public health crisis but has also affected the global economy. A significant economic impact has already occurred across the globe due to reduced productivity, loss of life, business closures, trade disruptions, and damage to the tourism industry.

With globalization, urbanization, and environmental change, infectious disease outbreaks and epidemics have become global threats that require a collective response. Although most developed countries, many European, North American, have strong surveillance and real-time health systems to manage the spread of infectious diseases, improvements in public health capacity in low-income and high-risk countries — including human and animal surveillance, workforce readiness, and strengthening of laboratory resources — should be supported using national resources supplemented by international donor funding.

International collective action between governments, non-governmental organizations, and private enterprises has been supported in building and funding technology platforms to accelerate research and response to the development of new pathogens with epidemic potential. In the case of COVID-19, such collaboration is critical, especially for the development and production of a vaccine that has already begun worldwide.

In the case of COVID-19, the collective response and adoption of preventive measures to stop the global spread were implemented too late, as COVID-19 had already penetrated other regions through international travel. This has caused to affect not only the health of the population but also hit the economy at the same time.

Today, almost one thing unites all the countries of the world and that is the national strategy for saving the economy and vaccinating the population. So, health and economy are so closely related to each other that a parallel strategy is required in order to save both from death, because clinically almost both are at the same stage. The theoretical contribution of this paper lies in the analysis of such a topic which is quite current for the reality of developing countries. The limitations of this research lie in the sample and research methodology. A more sophisticated methodology would better help in elaborating this issue. Therefore, directions for future research should focus on these issues, that is, on the issue of research methodology.

REFERENCES


