

Vocational Education and Support for Small Business in Kosovo

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Abstract. In an unstable political atmosphere, the minorities of Kosovo have poor access to employment opportunities. This intervention provided training for municipal officials and owner-managers of the region and resulted in improvements in business understanding and performance but not in the owners' confidence.

Keywords: Small Business, Training, Action Research, Communities of Practice, Kosovo.

1. Introduction

After the declaration of independence for Kosovo in 2008, the rift in the northern part of the country, characterized by divided communities made up of Serbs, Albanians and of several minorities including Roma, has become more prominent. With an infrastructure and social fabric that has been shattered, with ethnic tensions running high and an almost total lack of institutional and civil inter-ethnic cooperation or communication between the parties, the situation has stagnated but is far from settled. The dire economic and employment situation faced by the citizens of northern Kosovo is documented in the work of Bhaumik, Gang, and Yun (2006), who measured living standards in Kosovo amongst Albanians and Serbs. Outstanding, in terms of the breadth and quality of content, is a World Bank document (Ringold, Orenstein, & Wilkens, 2005) that spells out the economic problems of the Roma community in the region.

Economic development is essential in order to stabilise the separated communities of Kosovo. It is recognised that micro-enterprises are a significant driver of economic development (Klandt, 2004) whilst Kyro (2008) outlined the theoretical underpinning of the process of teaching and learning entrepreneurship. As minorities, the communities of northern Kosovo have difficult access to the job market whilst having restricted freedom of movement due to the political situation. In such an environment it is beneficial that a small business sector thrives. This paper outlines an intervention made in four municipalities of north Kosovo in support of small, owner managed enterprises which aimed at providing the kind of training and consultancy that might provide valuable support to the small business sector.

2. Literature Review

Over the past half century Business Schools have dominated the development of curricula in the field of business and management education and also, more recently, the debate on entrepreneurship. The literature (e.g. Khurana, 2007) criticising this model for placing the emphasis on a theoretical rather than practical approach, leads to the view expressed by Goodrick (2002, p.664), concerning the vocational and local nature of management education and training, that: *"In fact, one could easily make the argument that...training should be less sensitive to a national agenda and more responsive to local needs"*.

It has been argued that the Business School style has sought to isolate the field of entrepreneurship education from that of small business management. In this approach, the entrepreneur is depicted as the vibrant, growth oriented leader and is often compared to the small business owner who is typified as being

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satisfied with low levels of motivation and achievement (Beaver, 2003). In the context of a newly created yet divided state, such as Kosovo is, this is an unhelpful differentiation.

Contrarily, it can be argued that the fundamental factors for pursuit of entrepreneurial behaviour lie within the real world experience of the owner-manager. Thus, far from being organisations disinclined to learn and not responding to many formal offers of training, owner-managed business can fruitfully be counted amongst the learning organisations that Senge (1990) described. It is not their commitment to the process that is in doubt but perhaps the speed of take up that leads to the unflattering image described above. If owner-managers build a variety of heuristic mind maps from their experience which create the base for future intuitive decision making (Manimala, 2005) then such maps are bounded only by the span and type of the experience to which the owner-manager has been exposed.

Trainers need to recognise, and be sensitive to, the ways small firms have of doing things and to understand that these incorporate methods of making instinctive decisions using limited data (Mitchell et al., 2005) and combining “strategy making” with “action” in order to create their specific strategic orientation (Thompson and Strickland, 1984).

The issues discussed above would seem to have significant implications for the design and application of entrepreneurial training programs. It is probable that such programs would be the better for embracing the idea that owner-managers must build the capacity to recognise opportunities for growth. The trainers should perhaps demonstrate how owner-managers can innovate whilst building in the trainees an acknowledgment that no matter how small their business there is always the possibility to add value for clients.

3. Investigation Methodology and Method

3.1. Methodology

Action Research (AR) is a methodology that seems today to cover a very broad church of research methods and Greenwood and Levin (1998) pointed out that each tends to have its own particular and distinct emphasis. The objectives of this program in providing useful support to owner-managers were intensely practical and consideration was given to whether AR provided a sufficiently strong framework for such a change project. Ritchie and Spencer’s (1994) observation that AR strategies are valid in the search for what they called ‘actionable outcomes’ encouraged the author to take this methodological route and it was expected that the various parties to the program would, with time, become what Wenger & Snyder (2000) called a “Community of Practice” (CofP) and that learning would emerge from the AR methodology.

3.2. Method and Description of the Intervention

The program was implemented over a period of 24 months and consisted of two elements. The first involved the development of municipal mechanisms for support of owner-managed businesses in the four targeted municipalities. It was considered essential to develop the capacity and experience of municipal officials to create institutional mechanisms for the provision of support to owner-managed businesses. This part of the program was delivered through a series of ten training seminars for eight officials extending over the full two year length of the program. These seminars covered topics such as:

- Improving owner-managed businesses’ access to local markets
- creating a local environment in which entrepreneurs and family businesses can thrive
- ensuring that honest entrepreneurs who have faced bankruptcy quickly get a second chance
- adapting municipal policy tools to the needs of owner-managed businesses: facilitating owner-managed businesses’ participation in public procurement and improving access to international aid
- promoting the upgrading of skills in owner-managed businesses through innovation and training

In parallel to the improvement of local governmental structures, the second element of the program comprised the provision of direct consultancy support to owner-managed businesses by a newly established Business Aid Centre (BAC). This centre was established to provide long term professional technical and mentoring support to participating small firms. After lengthy negotiations over funding, the BAC was established and financed by the four municipalities, the participating small firms and with international aid.

Twenty small firms in the targeted municipalities were invited to become members of the BAC and of these, fourteen decided to join from the outset with a further three taking up membership during the first year of the program. The BAC covered the costs of consultancy and training in the fields of general management, finance and marketing. External consultants who were expert in their field were recruited and made at least three visits to the participating firms and provided tailor made consultancy and advice.

The figure below shows how the Community of Practice (CofP) evolved. The program facilitators were responsible for the design and creation of the training content for both municipal officers and owner-managers and for the management of activities both internationally and locally. At the level of the daily detail of program delivery, the community was encouraged by the BAC and by a local program manager. Interestingly, the participating owner-managers themselves were keen to form a committee that communicated with non-participating colleagues and encouraged others to join the project. This became a key part of the implementation strategy as further owner-managers joined the project whilst it was running.

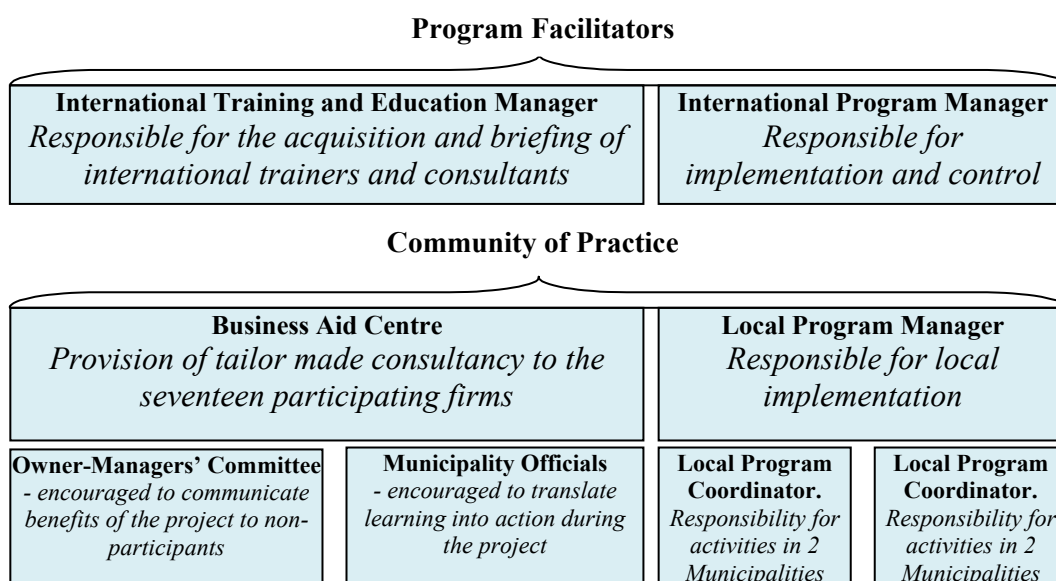


Fig. 1: Emergent Structure of the Community of Practice

3.3. Data Collection and Analysis

Throughout the period of the intervention open interviews were carried out with the municipal officers, during which they were invited to reflect on the training they were receiving, and with the owner-managers, who considered the consultancy that they were receiving. In all, twelve interviews with municipal officials took place whilst twenty six interviews with eleven small business owners were carried out.

All discussions and interviews were recorded with the permission of the participants and subsequently transcribed. Analysis of this data was by a process of coding and categorizing information that involved searching for units of meaning through multiple readings of the texts and then by attaching labels, or codes, to them in the manner described by Dey (1993). Once coded, the text units were reorganized according to categories that grouped them at a higher level. Category names were chosen based on the words and ideas of the participants themselves. At the first level of analysis, a summary of each group and individual discussion was prepared highlighting the emergent themes. This document was discussed with the participants in order to ensure that it was a fair record. At the next level of analysis the texts were reviewed so as to identify common themes running through all discussions. Participants were once more involved in scrutinizing this information and confirming that it “rang true” before the final reports were collated and made ready for interpretation described below.

In terms of monitoring the business effects of the program, as a first level of analysis participating firms were asked to compare their financial turnover in the final year of the program with that in the year preceding it and also to forecast expected turnover in the coming year. It is this information that is discussed below whilst more complex financial analysis was carried out within the frame of the program.

3.4. Ethics

All participants understood that involvement in both the program and the research described here was voluntary. The purpose of the research was transparent and any questions that arose were answered to the best of the researchers' ability.

4. Results

The two groups of stakeholders in the program, the municipal officers and the owner-managers, appeared to discuss their impressions of the training and consultancy openly and honestly. Some themes were common to both groups others almost unique to one or other. There were three dominant themes that emerged:

- Marketing (common theme): Very early on in the program most participants seemed to recognize the importance of consolidating existing markets and finding new ones. They expressed determination to develop this area. One official said: *"It is clear, if firm does not find new customers it will die when it loses old ones"* whilst a small business owner observed: *"Our firms have good quality but people prefer foreign goods."* This illustrates the paradox that many local goods and services are perfectly, if not more than, adequate but that this is not understood by potential customers who buy elsewhere.
- Advertising (small business owners' theme): Many owners wanted to improve the image of their products and, indeed, one beekeeper changed all the packaging for his honey as a result of what he learned. Others found that traditional advertising in print media was too expensive but as one owner observed: *"Advertising will raise-up my business –I must find a way to do it."* He went on to hang an advertising banner from a bridge on the outskirts of his town!
- Business Practice (common theme): Perhaps as a result of their own experience dealing with local firms, the notion of improving business practices arose frequently in the interviews. Officials were aware of difficulties experienced by small businesses resulting from late payment (or even default!). They felt that this was to some extent the fault of the banks that *"always make high interest costs."* There was though some recognition among owner-managers that disreputable business practices had become ingrained as a result of a lack of solidarity within the community – *"We should try to pay on time"* was a common comment!

An expectation of the program was that participating firms would realize an improvement in business results. The table below summarizes the simplest analysis of financial turnover data obtained from firms.

	Year Before Program (Point A)	Last Year of Program Compared to Point A	Next Year Forecast Compared to Point A
Best Firm	Base 100%	+ 12%	+ 5%
Worst Firm	Base 100%	+ 2%	± 0%
Total All Firms	Base 100%	+ 9%	+ 4%

Fig. 2: Progression of Financial Turnover Figures for Participating Firms

5. Discussion

As the CofP emerged as a living idea, so participants from both groups began to socialize together and owner-managers explored mutual business ideas. Indeed, one began to doubt the applicability of the evocation (Beaver, 2003) of small business owners as uninterested in growth and learning – at any rate in the Kosovan context. Indeed, the reality of the atmosphere surrounding this program was well described by Senge's (1990, p.3) observation of learning taking place *"where people continually expand their capacity to create the results they truly desire."* Certainly these participants were full of enthusiasm and expectation.

The way in which active contribution to the CofP expanded the mind maps of participants (Manimala, 2005) is perhaps best demonstrated by the emergence of the idea of constant business renewal through marketing as a common interview theme. This is a concept which lay at the heart of the contemporary

marketing discourse, to which stakeholders did not have unfettered access before or during the program but which they were able to adapt and interpret with reference to their own particular needs.

Despite the limitations, due to time, on how much information could be passed on through the training and consultancy, most owner-managers demonstrated the ability, observed by Mitchell et al. (2005), to make instinctive decisions about their businesses and, as the themes that emerged through the reflective interviews indicated, they wanted to make those decisions in business effective areas like marketing and advertising. Certainly, the making of strategy in parallel to taking action (Thompson and Strickland, 1984) was to be seen in the beekeeper's decision to repackage his goods but similar examples also appeared during the two years duration of the program.

A note of caution however should be drawn from the simple financial data presented above. Despite all firms recording some growth in turnover during the program, the owner-managers were not particularly confident in their forecasts of turnover for the next year. All of them forecast lower growth than they had recorded in the last year of the program and this was disappointing but perhaps understandable given the continuing political uncertainty and unstable economic environment in which their businesses operate.

6. Implication for Practice

The implication for practice that emerges from the program is that its structure and content could be reproduced in other municipalities in Kosovo. It had a positive impact on the treatment of small businesses in four Kosovan municipalities and the owner-managers improved both their skills and their financially performance. Since the circumstances of municipalities and small businesses are similar throughout Kosovo there is every chance that comparable interventions could generate results analogous to those reported above.

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