

University of Business and Technology in Kosovo

**UBT Knowledge Center**

---

Theses and Dissertations

Student Work

---

Winter 2-2009

## **STRATEGIC MANAGEMENT OF SME CONSTRUCTION COMPANIES IN KOSOVO**

Lulzim Beqiri

Follow this and additional works at: <https://knowledgecenter.ubt-uni.net/etd>



Part of the [Business Commons](#)

---



**STRATEGIC MANAGEMENT OF SME CONSTRUCTION COMPANIES IN  
KOSOVO**

A Master Thesis submitted for the degree of  
“Master of Science in International Engineering Management”  
at the University for Business and Technology  
UBT

Supervised by  
Pr Dr. Peter Kopacek

Lulzim Beqiri  
200708020

<Prishtinë 27.02.2009>

Signature

### ACKNOWLEDGEMENT

When I was child my mother uses to say:

*You better make people know your name by making them be dependent to you.*

And as well following word of wisdom of world wild known people as it is Isaac Newton that says

*“If I have seen a little further, it is by standing on the shoulders of Giants”. (Isaac Newton)*

I realized that I have to get that “high” to see little further and I think I’m in a good way.

It is not possible to get that “high”, stay that “high” and enjoy being that “high” without going through life challenges, without support from people you love, trust and believe, without professional, financial and moral assistance.

In this concept I would like to use this opportunity to thank all people that did contribute to educate my personality up to this level that have two sides: moral-personal and academic.

In a moral side I would like to thank my glories parents for a wonderful education transmitted to me and their support during my life; my wife and my kids for their sacrifice and much needed support during this period, family and friends.

In Academic side I will use this opportunity to thank UBT for a wonderful master programme, Professors, professionals, , managers of construction companies in Kosovo, individuals that did contributed in accomplishment of this study and especially I dedicate this study to my wonderful supervisors Pr. **Dr. Petar Kopacek** and **Pr.Dr Edmond Hajrizi** that motivated, supported and advised me in a very high professional academic level and they are “Giants” in which shoulders I’m standing to see little further.

Lulzim Beqiri February 2009,

### ABSTRACT

Now days there are a lot of books, journals, international conferences in regards of Strategic Planning that shows to be a very interesting subject to be discussed and focused our studies in this field.

Kosovo, a part that is a newborn country, as well was release from a communist way of organising economy therefore I thing that we do not have that much experience in strategic management of Small and Medium Size (SME) companies, and my study is focused on strategic management of SME construction Companies in Kosovo as a contemporary need of development in construction field.

The SME have a big role in Kosovo economy because they present more than 90 % of enterprises operation in Kosovo and therefore those companies deserve more focus of Government, professionals and individuals.

Considering all above mentioned facts I decided to give a significant contribute for SME by analysing their strategic management, identifying their strategic management problems and providing a solution that will help SME construction companies to look, perform and think more professional and fulfil modern development requirements.

As Strategy of companies has a direct impact of internal company development and external business environment that is exposed to a permanent changes and this leads to a need for a systematic study of this issue to be able to follow contemporary developments in science and technology.

## TABLE OF CONTENTS

1. INTRODUCTION	10
1.1. Background and Problem definition	13
1.1.1. Problem of SME construction companies in Kosovo	15
1.1.2. Problem of business environment	16
1.2. Purpose and questions of the thesis	16
2. METHODOLOGY	17
2.1. Scientific method	17
2.2. Research approach	19
2.3. Theory and model	20
2.4. Qualitative and quantitative methods	21
2.5. Research strategy	21
2.6. Methods of data collection	22
3. TERMINOLOGIES AND DEFINITIONS	24
3.1 Strategy and plane	24
3.2 Strategic management	25
3.2.1 Strategic planning	28
3.2.2 Strategic plan checklist	31
3.3. SWOT analyses	34
4. STRATEGIC MANAGEMENT OF SME-S CONSTRUCTION COMPANIES IN KOSOVO	39
4.1. Company analyses	39
4.2. Findings from research for SME Construction Companies in Kosovo	40
4.2.1 Findings from research for SECC in Kosovo	40

## Strategic Management of SME Construction Companies in Kosovo

---

4.2.1.1 Research finding of strategic planning for SECC in Kosovo	40
4.2.1.2 Research findings for decision making of SECC and staff	41
4.2.2. Findings from research for MECC in Kosovo	43
4.2.2.1 research finding for MECC strategic planning	43
4.2.2.2 decision making and staff involvement for strategic planning	44
4.3 analyses of SME construction companies in Kosovo	45
4.3.1 Foundation (business start	45
4.3.2 Number of employs in the beginning and now	47
4.3.3 Development plan	49
4.3.4 vision of small and medium companies	50
4.3.5 Does construction companies have a future in Kosovo?	51
4.3.6 Company internal organisation –organisation chard	51
4.3.7 Analyze of internal and external factors that influence development of you company?	52
4.3.8 Analyses of internal and external factor for strategic-development planning	52
4.3.9 SWOT analyses	53
4.3.10 Risk analyses	55
4.3.11 Strategic planning –staff involvement	56
4.3.12 Strategic plane –time frame	56
4.3.13 Geographical tendency of SME to operate	57
4.3.14 Innovative planes	57
4.4. Evolution and evaluation of SME-in Kosovo	58
4.4.1. Does SME-s in Kosovo have a ST MANAGEMENT? and do they follow their planes	58
4.5. Influent factors on SME development in Kosovo	59
4.5.1 Explanation of obstacles of SME construction companies	60
4.6. Strategic management importance for SME construction companies in Kosovo	67
4.6.1 What small and medium construction companies need currently	67

## Strategic Management of SME Construction Companies in Kosovo

---

4.6.2 Strategy application	67
4.6.3 Quality control of strategy application	68
4.6.4 Evaluation of outcomes	68
5 CONCLUSIONS	70
6 FURTHER RESEARCH	73
7 REFERENCES	74
8 APPENDIX	75

### LIST OF ABBREVIATIONS

<b>SMECC</b>	Small and Medium Size Enterprises Construction Companies
<b>SECC</b>	Small Enterprises Construction Company
<b>MECC</b>	Medium Enterprises Construction Company
<b>EU</b>	European Union
<b>HR</b>	Human Resources
<b>IEM</b>	International Engineering Management
<b>KEK</b>	Kosovo Eclectic Corporation
<b>NGO</b>	Non Government Organization
<b>PEST</b>	Political, Economic, Social and Technological
<b>QC</b>	Quality Control
<b>R. Kosovo</b>	Republic of Kosovo
<b>TUV</b>	Technical University of Vienna
<b>SME</b>	Small and Medium Enterprises
<b>SP</b>	Strategic Planning
<b>SWOT</b>	Strength, Weakness, Opportunity, Threats
<b>UBT</b>	University for Business and Technology
<b>UNMIK</b>	United Nations Mission In Kosovo
<b>USP</b>	Unique Selling Points



### LIST OF FIGURES /TABLES

**Figure no- 1 (page no- 12)**

Number of Construction Companies in Kosovo registered in ministry of Economy of R. Kosovo.

**Fig. no-2 (page no-26)**

Graphic presentation of strategy

**Fig. no 3. (page no-29)**

Presents strategy driving forces-source **Dr. Ian A. Fair 2003**

**Fig. no-4; (page no-42 )**

Decision making and decision communication hierarchy at Construction Companies-small size

**Fig. no-5; (page no-44 )**

Decision making and decision communication hierarchy at Construction Companies-medium size

**Fig. no-6 (page no-59)**

“T” Model for strategic plane of SME

### TABLES

Table no- 1 -Kosovo companies registered in Ministry of economy (page 11)

Table no-2 Present foundation time of construction companies (page 47)

Table no-3 Number of employs of small and medium size construction companies in Kosovo in the beginning and current (page 48)

## STRUCTURE OF THE THESIS

Title page (according to template)

Acknowledgement

Abstract

Table of contents

List of abbreviations

List of figures

List of tables

Introduction

Chapter 1- Background and problem definition, Purpose and question of the thesis

Chapter 2- Methodology, research methods

Chapter 3- Terminologies and definitions for strategy, planning, analyses

Chapter 4- Strategic management of SME-s Construction Companies in Kosovo

Chapter 5- Conclusions

Chapter 6- Further research in this field ore related fields

References

Bibliography

Appendix: comprehensive data sources, theoretical background,

## 1. INTRODUCTION

Analyzing Kosovo Economical situation and Post war developments in Economy clearly is understandable that intentions are that economy of this country to be presented by SME-s.

Kosovo before the war had economy organized by communist system that were socially owned enterprises that were operational until 1999 (before war in Kosovo), companies were medium and big size companies and rest of companies were organized as private small business.

Having this system of organizing the companies in place for many years the working force (staff) created very interesting behaviour that more was oriented on leading structure, respecting their management, that having innovative approach for the business they are in.

Furthermore management hierarchy was very much „overloaded “with different position that were created in order to help the company to move toward economical growth-profit that some time was a big failure.

The post war situation in Kosovo brought a new way of organizing companies in a small a medium size.

The Report of Ministry for economy <sup>1</sup> shows that registration of companies in Kosovo resulted to classify them at four categories:

- Micro Companies
- Small Companies
- Medium Companies
- Big Companies

Following tables present number of companies that are registered in Ministry of Economy and their classification (in number and percentages)

---

<sup>1</sup> Statistical analyses of SME sector in Kosovo second edition –Ministry of Economy of R. Kosovo

## Strategic Management of SME Construction Companies in Kosovo

Table no- 1 -Kosovo companies registered in Ministry of economy

Classification	Num. of employs	Num. of companies	%
Micro companies	1-9	58 113	98.25
Small cmpanies	10-49	882	1.49
Medium companies	49-249	124	0.20
Big companies	Over 250	37	0.06
Total		59 156	100

The construction companies were part of new organization and new way of doing business

Based on registration done by Ministry of Economy <sup>2</sup>the number of construction companies is as follow:

- year '03----1294
- year '04----2010
- year '05----2669
- year'06----2948
- year'07 ----3125

Currently in Construction are working more than 11336 workers<sup>3</sup> that are registered and having in consideration that some of companies have not registered their business this number is more that is presented by the Ministry of Economy.

Based on analyses of Ministry of Economy of R. Kosovo number of construction companies had a permanent growth that is presented in the diagram below.

<sup>2</sup> Statistical analyses of SME sector in Kosovo second edition –Ministry of Economy of R. Kosovo

<sup>3</sup> Statistical analyses of SME sector in Kosovo second edition –Ministry of Economy of R. Kosovo

Numbers 1,2,3,4,5,6 in diagram present years of registration (2002, 2003, 2004, 2005, 2006, 2007 )

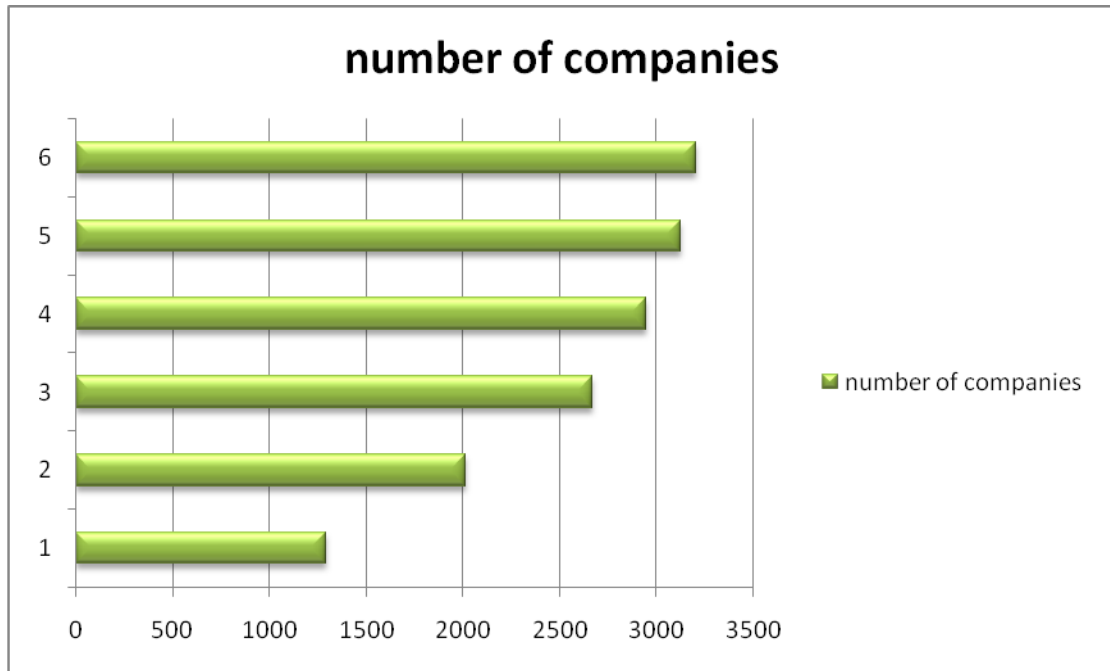


Figure no- 1 Number of Construction Companies in Kosovo registered in ministry of Economy of R. Kosovo.

### 1.1. BACKGROUND AND PROBLEM DEFINITION

The construction companies after year 1999 (after conflict) were organized differently comparing to organization that was before 1999.

Kosovo and construction companies<sup>4</sup> did not managed to be developed before year 1999 because of business environment and main impact on development had political situation that played a big role (negatively) on Construction Company's development.

Construction companies in the recent years have been successfully merging into the Kosovo's economy, while thorough studies indicate of their potential to expand, grow and compete in the Europe, bringing qualitative and demanding products to the EU market.

During past years the construction industry became one of the most important sectors contributing to Kosovo's economic growth. Financed mainly through foreign aid, the construction sector in Kosovo has so far utilized several hundred million Euro that were primarily used for the construction of new homes, or for the rehabilitation and development of the road infrastructure respectively.

The construction industry remains a sector with highly promising economic potential for Kosovo. Roughly estimated, in order to meet the existing market demand, in the next few years Kosovo will need some 60,000 new apartments, including the associated infrastructure, such as roads, kindergartens, schools, leisure facilities, restaurants etc.

Kosovo has enough capacity on construction and as time goes through the experience of those companies has improve but still construction companies are not prepared for a big projects to be competitive and have more developed this industry.

---

<sup>4</sup> Before Kosovo conflict the big construction companies were socially owned and small-private companies had difficulties to be developed and have a permanent growth.

This issue can be closely identify at infrastructure construction companies as Kosovo currently have a lot of infrastructure project that are going on and some of them are in final phase.

Analyses showed that those companies a part from external difficulties to have a successful development have internal problems that directly has been shown during analyses of their way of implementing projects, resources etc.

Knowing fact that number of construction companies is growing every year but their behaviour in business has changes that are not that much visible leads us to a feeling that construction companies are missing a “leader” to their growth and this is very much to believe that is strategic management that construction companies are missing. Being not sure, what are obstacles that construction companies have in their development; it was a big encouragement for me to initiate a scientific approach to identify this problem and explain-recommend a solution that is a main object of this thesis.

The study of this problem will challenge construction companies to start thinking about their future more professionally and have professional approach in their internal organization and external business environment

The main obstacle of construction companies in Kosovo, I did identified, is strategic planning and management of construction companies that this thesis (in following pages) will try to identify, explain, and recommend professional solution that will be of good help for construction companies.

### 1.1.1. PROBLEM OF -SME CONSTRUCTION COMPANIES IN KOSOVO

As a lot of companies in Kosovo are with not that much experience and having in consideration way how those companies were organized after that war some of them are facing a lot of problem and are going to close their business.

Problems that those companies are facing have different nature and can be grouped as follow:

- External
- Internal

#### EXTERNAL PROBLEMS

This category of the problems has to do with construction company business environment but Construction Company's access to those problems is very limited and therefore construction companies cannot have desirable impact and as this thesis is more focused in internal organization we will be more detailed in internal problems.

#### INTERNAL PROBLEMS

Construction company's internal problems are different nature and one of them is company strategic planning and management that is of big importance for development of construction companies. Comparing to external problems, Internal problems can be managed by company although business environment have as well impact in internal organization of the company, still company can have under control its internal developments and business orientation.

This thesis is focused in connection between internal and external problems of the construction companies in Kosovo because Company Strategic Planning is harmonization between internal (strength and weakness) and external factors (Opportunity and threats)



### 1.1.2. PROBLEM OF BUSINESS ENVIRONMENT

The business environment had a lot of changes comparing to post war situation because as Kosovo had a lot of destruction during the conflict it was a big need for construction of small houses, institution and a lot of different buildings the business environment for construction companies was very suitable and this environment give opportunity to professional and non professional companies to operate and to be developed –grow without having any clear mission or vision for the business they were in .

After some yeas the post war situation was over and some of construction companies were out of busies because of their internal organization and possibility to compete with companies that managed to be well structured, logistically well organized and had a capacity building (HR) well developed that make them stay still competitive in the market, but .....

### 1.2. PURPOSE AND QUESTIONS OF THE THESIS

All information collected, research done and scientific information collected during personal experience and during our academic time schools universities and institutions are the architectonic structure of this thesis that contains following information:

- Information regarding SME in Kosovo
- Scientific explanation of strategy, strategic management, and strategic plane.
- Detailed analyses regarding SME in Kosovo
- Findings from research regarding SME in Kosovo
- Recommendation for SME in Kosovo
- Further research
- Sources of Information

The main question of the thesis is:

- ***Q1 -does construction companies (SME) have a strategic management?***
- ***Q2- does construction companies (SME) have a development plane?***

## 2. METHODOLOGY

### 2.1. SCIENTIFIC METHOD

According to PEL model developed by Hugh & Gauch (2003) we have three factors that are combined to come to a scientific conclusion and those factors are:

- Presuppositions (P)
- Evidence (E)
- Logic (L)

*Presuppositions* are beliefs that are absolutely necessary in order for any of the hypotheses under consideration to be meaningful and true but that are completely non-differential regarding the credibility of the individual hypotheses. Science requires several common-sense presuppositions, including that the physical world exists and that our sense perceptions are generally reliable.<sup>5</sup>

*Evidence* is data that bear differentially on the credibility of the hypotheses under consideration. Evidence must be admissible, being meaningful in view of the available presuppositions, and it must also be relevant, bearing differentially on the hypotheses.<sup>6</sup>

*Logic* combines the pre-suppositional and evidential premises, using valid reasoning, to reach a conclusion. Science uses deductive and inductive logic.

Figure 2.1 summarizes inquiry using the PEL model, from starting question to final conclusion.<sup>7</sup>

Kosovo has a big number of construction companies that are located and operate all over Kosovo.

---

<sup>5</sup> Hugh & Gauch (2003)

<sup>6</sup> Hugh & Gauch (2003)

<sup>7</sup> Hugh & Gauch (2003)

I think that the best way of collecting data, real data, is interview with construction companies directly with managers-decision makers that we conducted all over Kosovo and through this interview geographically all companies that their business is oriented in construction field was covered.

I did create a questioner in order to have a same treatment for all visited construction companies that contained questions that are below written

1. Date of Foundation (business start)?
2. Number of employs in the beginning and now?
3. Do you have a development plan for your company for coming period?
4. What is your vision, where do you see your company in the future?
5. What is mission of your company-why do you exist?
6. Do you think that Construction companies have a future in Kosovo?
7. Company organization –which departments do you have in your company?
8. Do you analyze internal and external factors that influence development of you company?
9. Do you use those analyses of internal and external factor for your strategic-development planning?
10. Do you do SWOT analyses?
  - a. Strength
  - b. Weakness
  - c. Opportunity and
  - d. Threats
11. Do you do a Risk Analyses, how do you manage risk – when the risk appears or do you have a plane before?
12. For strategic planning who is involved in your company?
13. Your strategic plan is for how many years?
14. Do you plan that your company operates in Kosovo, region or globally?
15. Do you have innovative planes? In what field ?

### 2.2. RESEARCH APPROACH

Research is defined as human activity based on intellectual application in the investigation of matter. The primary aim for applied research is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe (Wikipedia).<sup>8</sup>

The research approach is very scientific, real and contemporary without using electronic methods or any other that avoid having a direct contact and therefore result are very realistic and at scientific because all information were collected from construction companies that currently operating in this field and have experience on construction.

The main point of this approach was direct contact with decision maker, owners and managers that provide me with all necessary data for this study and as well necessary information that helped me to scan current situation of the construction companies and s well to create a comparative theory of theatrical and practical issues of strategic plan for construction companies and as well create a very good overview of this sector of economy in Kosovo.

Through this approach I managed to have information that leads me to problem identification and to final recommendation for construction companies in regard of strategic planning.

The main objective of this research of SME-s (construction companies) is to scan the current stage of development of those companies, see their capacity, and their growth from the beginning up to now.

The research resulted to give me more information that I did expected because a part of information that I got for strategic planning, during the interview the companies provided me with a lot of other information that are not subject of this study but are very useful for me in general to create very realistic overview for level of

---

<sup>8</sup> Source internet Wikipedia

development of construction companies and as well to identify their need for future development to make Kosovo construction Companies competitive with construction companies in Region and Globally as well.

Knowing contemporary business development, experiences of very successful companies in the world and having all this information from this survey will make me possible to have a very professional recommendation for construction companies in regards of Strategic plane and business reengineering.

### 2.3. THEORY AND MODEL

According to Hugh & Gauch (2003), in order to make any observations at all, scientists

must be driven by a theoretical framework that raises specific questions and generates specific interests.<sup>9</sup>

The Theoretical part of every single problem, study, issues etc. is the road that leads to a detailed exploration and can be viewed initial stage toward final recommendation, conclusion or solution of above mentioned.

The theory will help us to distinguish positive from negative results.

The model is something that we our mind generates based on information we do collect and keep them stored.

Model in this thesis in regard of strategic management of SME construction companies are based on the information and experience that I had for some construction companies in regards of strategic planning.

The model created based on information will be compared with a clear picture that I got from this research and after comparing, using theory, data, and information will lead to final model that is very close to real model of the strategic planning of construction companies in Kosovo.

---

<sup>9</sup> Hugh & Gauch (2003),

The scientific presentation of the model is a physical, mathematical, graphic or logical representation of a system of entities, phenomena, or processes.

After going through research, the first model created before research will be transformed to a real model (ore very close to a real model) and address the main issue (questions of this Thesis) toward solution and recommendation that are to be implemented as real solution that leads construction companies to be more developed and competitive at the Kosovo business environment.

### 2.4. QUALITATIVE AND QUANTITATIVE METHODS

During this research I did used both methods that helped me a lot on data gathering and as well on transforming my “model” of strategic planning of construction companies before research to real model of strategic planning f construction companies in Kosovo

As quantitative method is more focused on numerical information was very useful to use during research for data collection of several companies but mainly is used qualitative method for gathering information from the companies during research for strategic planning of construction companies in Kosovo.

### 2.5. RESEARCH STRATEGY

According to Yin (2003 cited in Sternberg 2008), the choice of a research strategy depends on three conditions: type of research question posed, the extent of control an investigator has over actual behavioral events, and the degree of focus on contemporary as opposed to historical events.<sup>10</sup>

As I used a very direct method for this research by interviewing a construction companies resulted that not all of the decision makers, leader or managers of

---

<sup>10</sup> Yin (2003 cited in Sternberg 2008),

companies had the same level of education but because it was them that are key persons in regard of strategic planning I used a strategy of adaptation based on their level of education.

The interview with some of the companies was very easy because they are familiar with contemporary business development and the rest of them needed more explanation on what they are interviewed but the result more or less was the same.

### 2.6. METHODS OF DATA COLLECTION

I think that data or information collection means gathering data from the right sources to be able to better address issue that is object of this thesis and have enough information to be able to do a right recommendation that will move ahead –improve a strategic planning of the construction companies in Kosovo.

The researchers use a different methods of gathering data that are using for their studies therefore there are a lot of methods available to gather data from the different sources.

Sources of data sometime will influence on method selection of gathering data because not all sources require a same approach.

Which method to select will depend from different factors as: resources availability, importance of analyses, source availability, time, cost, etc.

The importance of analyses is the factor that plays a big role in my thesis because strategic management is prepared and decided by key persons at the construction companies and therefore meeting with those people and having a direct interview was of big importance but usually those people are not available at any time therefore

using a method of scheduling meetings with those persons was the method that I did applied and resulted to be very successful.

As we can have a data that are from the “first hand” and fro the “second” hand and as I did mentioned before I needed a data directly from the key persons of companies I decided to apply a “first hand” data method in order to have a real research and have a god conclusion and recommendation for construction companies in Kosovo.



### 3. TERMINOLOGY AND DEFINITION

*...The need to remain competitive, productive and open to the challenges of the future in the face of organizational change is becoming more important than ever, and the demand for innovative technology and service in the information age environment is just one of the challenges facing companies today...*<sup>11</sup> (Kaplan & Norton)

#### 3.1 STRATEGY AND PLANE

*"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations".*<sup>12</sup>

By Johnson and Scholes

A strategy is the company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage

**Planning** in organizations and public policy is both the organizational process of creating and maintaining a plan; and the psychological process of thinking about the activities required to create a desired goal on some scale. As such, it is a fundamental property of intelligent behavior. This thought process is essential to the creation and refinement of a plan, or integration of it with other plans, that is, it combines forecasting of developments with the preparation of scenarios of how to react to them.<sup>13</sup>

---

<sup>11</sup> Kaplan and Norton 1996

<sup>12</sup> By Johnson and Scholes

<sup>13</sup> Patrx Dixon- Futurewise –source internet

Any detailed scheme, program, or method worked out beforehand for the accomplishment of an object; a proposed or tentative project or goal.

Strategy is a subject that has exercised the minds of political, military and business leaders for centuries.

The earliest recorded attempts to define strategy emanate from Roman military commanders who sought to document the strategic options available on the battlefield. The acceptance of the need for strategic behavior in business is evidenced by the volume of literature dedicated to the subject.

Much of the knowledge base has been developed by researchers and theorists; practitioners have had to apply critical judgments on how such theories can be applied to their own industry.

This is particularly so in the construction industry where little material in the strategic management field has been available despite the efforts of authors such as **Newcombe, Channon and Grinyer** who have done much to bring strategic management theories to the attention of construction management practitioners.

### 3.2 STRATEGIC MANAGEMENT

Strategic management is a systematic approach to major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will ensure its continued success and make it secure from surprises.

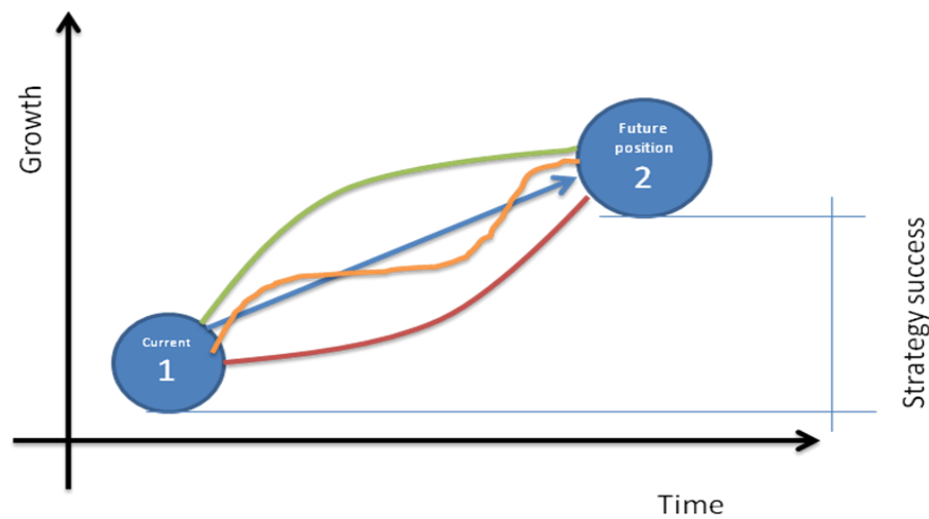
Strategic management is concerned with deciding on strategy, and planning how that strategy is to be put into effect.

It can be thought of as having three main elements within it. There is strategic analysis, in which the strategist seeks to understand the strategic position of the organization.

## Strategic Management of SME Construction Companies in Kosovo

There is strategic choice which is to do with the formulation of possible courses of action, their evaluation and choice between them. Finally there is strategic implementation which is concerned with planning how the choice of strategy can be put into effect.

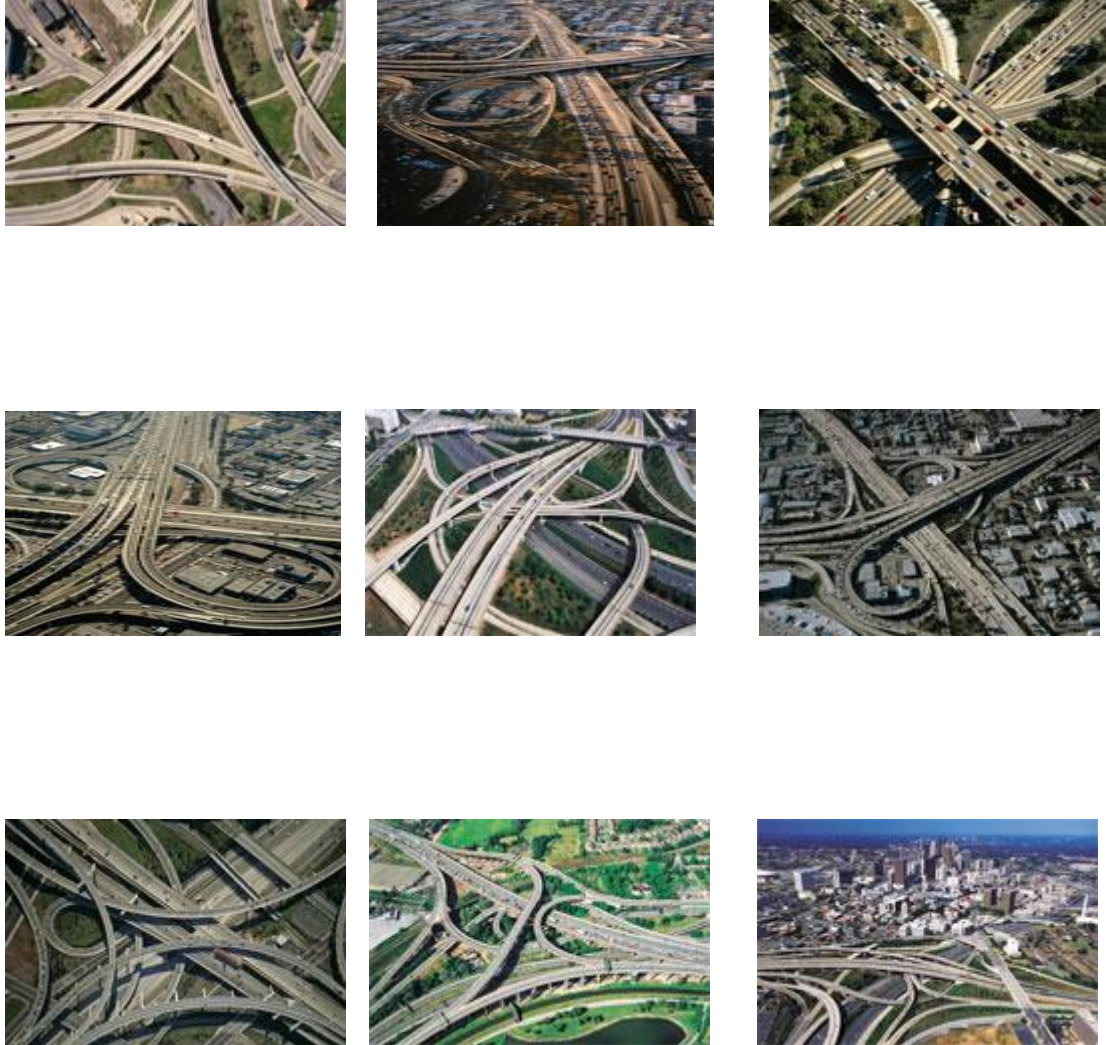
The three elements of the strategic management are often seen as sequential in traditional texts, but actually they overlap and interact so that partial implementation may modify strategic choices for example.



Strategy- road that company should follow to get from position 1 to position 2

Fig. no-2 Graphic presentation of strategy

Which is the road that leads toward our goals?<sup>14</sup>



<sup>14</sup> Photos are taken from internet

*“I do not fear poverty amongst my Ummah more than I fear the consequences of poor planning”*

*-Prophet Muhammad (PBUH)<sup>15</sup>*

Collaborative planning...working together to design a future...has many benefits...regardless the purpose.

It forces concerted attention on what we're doing, how we're doing it, and for whom;

It makes us think about appropriate metrics for scoring our successes...and failures;

Deliberate planning forces us to not only set targets and goals, but also to create a roadmap to achieve these goals.

Deming<sup>16</sup> circle for continual improvement says Plane, Do, Check, Act

Based on Deming circle and business environment development and requirements we can ask and answer question: Why Plan?

- Improves organizational focus among all participants.
- Promotes collaboration across the entire organization.
- Defines measurements of success (and failure).
- Translates strategies into programs, projects, products.
- Fosters accountability among participants.

### 3.2.1 STRATEGIC PLANNING

Following are presented some definition in regard of strategic planning, what is strategic planning, what is its content, priorities and benefits from strategic planning.

- A systematic process through which an organization agrees on, and builds commitment among key stakeholders to, priorities that is essential to its mission and is responsive to its environment. <sup>17</sup>

---

<sup>15</sup> *Prophet Muhammad (PBUH)<sup>15</sup>*

<sup>16</sup> Deming circle for continual improvement of processes

- A creative process for identifying and accomplishing the most important actions in view of organizational strengths, weaknesses, opportunities and threats. <sup>18</sup>
- A systematic way to manage change, creates the best possible future, and guides the acquisition and allocation of resources to achieve priorities. <sup>19</sup>

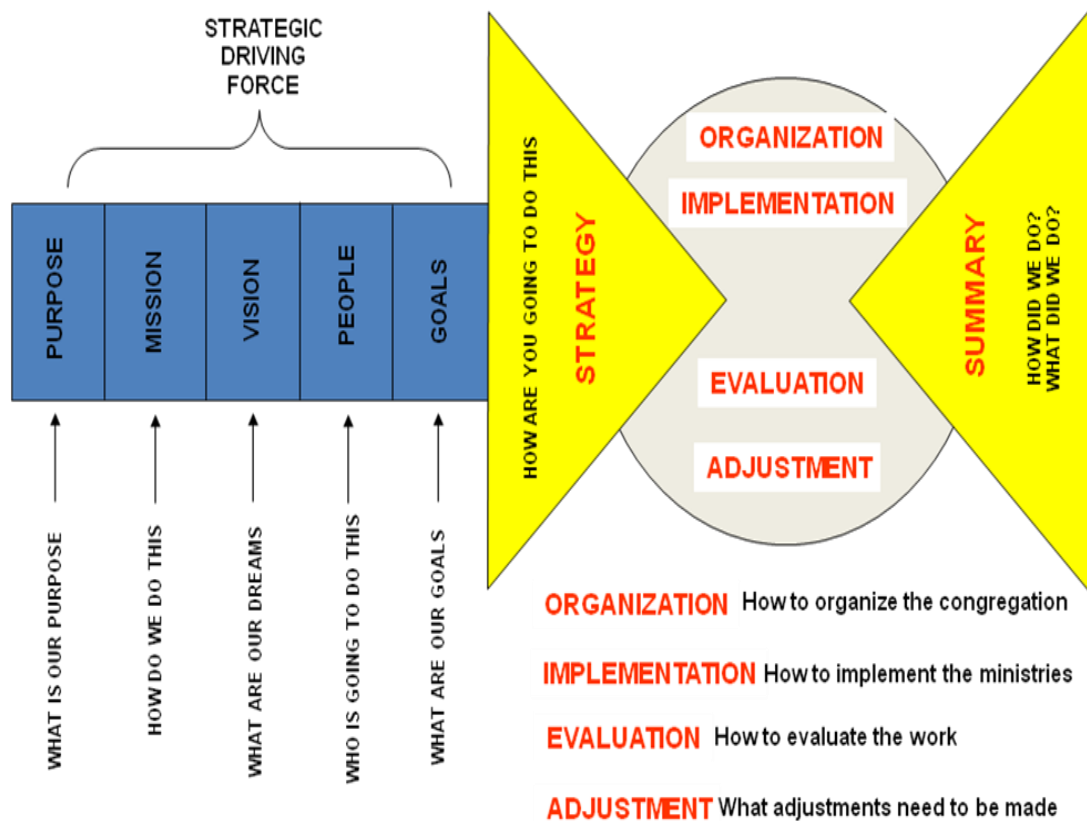


Fig. no 3. Presents strategy driving forces-source **Dr. Ian A. Fair 2003**

Companies that are in process of creation a strategic planning J.M. Bryson<sup>20</sup> recommend following 10-Steps for Strategic Planning Process that are listed below:

<sup>17</sup> Allison & Kaye, 2005-

<sup>18</sup> A.D. Chandler, 1962-source internet

<sup>19</sup> Connelly, 2005- source internet

1. Agree on a strategic planning process
2. Identify organizational mandates
3. Clarify organizational mission and values
4. Establish an effective organizational vision
5. Assess internal and external environments
6. Identify strategic issues
7. Formulate plans of action to manage issues
8. Review and adopt the plan
9. Develop an effective implementation process
10. Reassess strategies and planning process

(From J.M. Bryson, 1995)

The strategic planning can be considered as a third eye that makes possible for companies to see very clearly their future and have a clear vision for the coming period.

As well “the third eye” will help companies to identify their position and capacity to be adapted in coming business environment and company orientation (company resources) toward goals and position that is identified through “third eye” and therefore, before we explain strategic planning-management, we can say that:

... naturally person with two eyes have a better view than person with one eye, and it is understandable that person (company) that have a third eye will be in much more better position that person with one or two eyes...

Following points will explain and give answers in several questions that strategic planning provides to a company about internal and external factors, business environment, development of internal resources etc.

- Where is the business trying to get to in the long-term (direction)

---

<sup>20</sup> J.M. Bryson 1995

- Which markets should a business compete in and what kind of activities is involved in such markets? (markets; scope)
- How can the business perform better than the competition in those markets? (Advantage)?
- What resources (skills, assets, finance, relationships, technical competence, and facilities) are required in order to be able to compete? (Resources)?
- What external, environmental factors affect the businesses' ability to compete? (Environment)?
- What are the values and expectations of those who have power in and around the business? (stakeholders)

### 3.2.2 STRATEGIC PLAN CHECKLIST

The strategic planning, as every plane, have its creation phase, implementation phase and evaluation phase that need to be very detailed and specific at every step in order to leas company toward desirable goals.

In order to have a successful strategic planning-management the strategic plan should be analyzed in detail and following points are points to show in what company must be more focused in regard of strategy:

#### FEASIBLE

Does the organization have the resources to carry out the plan?

Company may have a strategic plan that will overtake company capacity and this plane, although may lead company to very high position and development, should be feasible comparing to company capacity for strategic plane implementation



### MEASURABLE

Are the goals specific enough that you will know when you have achieved them?

Measurement is a very important part of every goal, plane, objective, task, process or activity, that gives a feedback of plane implementation and generate a good input data for next planning of above mentioned in order to have improvement.

### TIME-SPECIFIC

Is the plan translated into comprehensible time lines and time-specific work plans with clear deadlines?

Time specification is very important to control plane implementation as strategic plane has its time limit and deadlines to be implemented otherwise plane without time limit will not lead company to have improvement-success within desirable period ( 3, 5 years )

### FLEXIBLE

Have you scheduled regular review sessions for assessment and revision?

Review of plane implementation organized in regular session will help company to follow up and identify progress or obstacles that may increase or decrease speed of achieving strategic goals.

### INSPIRING

Does the plan give people a sense of something worth working for? Is it bold and imaginative?

Every staff should be enough informed for company strategic plane, plane implementation and progress that will help them understand in which direction company is going and this as well will help them give all their efforts to complete their tasks that are part of company goal. Information on time will make staff be more business and success oriented

### IN WRITING

...If the plan isn't in writing, you might as well not have a plan because everyone will have different idea of what the plan is.

As implementation of strategic plan will have different time frame, time limits and deadlines and in order to do a detailed implementation the strategic plan should be in written.

Furthermore the success full implemented plan is a good input to develop more strategic plan and e more professional.

### 3.3. SWOT ANALYSES

Every business (even individuals) needs to know everything about their internal and external factors that have impact in their business.

In business this is possible to be analyzed through SWOT analyses.

SWOT is acronym for Strength, Weakness, Opportunity, and Threat

SWOT is a very useful tool that SME- construction companies should apply for understanding and decision-making for all sorts of situations in business and organizations.

The SWOT analysis done by Construction companies will provide a good framework for reviewing strategy of the companies, their position and their direction or business proposition.

Companies in order to have a good strategic planning should have a very professional SWOT analysis and a part from SWOT they should also do a PEST analyses as well in order to have more clear view of their future.

PEST is an acronym for Political, Economic, Social and Technological factors

Generally speaking a SWOT analysis measures a business unit or proposition, whereas a PEST analysis measures the market potential and situation, particularly indicating growth or decline, and thereby market attractiveness, business potential, and suitability of access - market potential and 'fit' in other words. PEST analysis uses four perspectives, which give a logical structure, in this case organized by the PEST format that helps understanding, presentation, discussion and decision-making...<sup>21</sup>

---

<sup>21</sup> <http://www.businessballs.com>

### STRENGTH

Strength might include adequate financial resources, economies of scale, and proprietary technology.<sup>22</sup> (Gary Dassler)

The following list presents some of strength of companies as: <sup>23</sup>

- Advantages of proposition
- Capabilities
- Competitive advantages
- USP's (unique selling points)
- Resources, Assets, People
- Experience, knowledge, data
- Financial reserves, likely returns
- Marketing - reach, distribution, awareness
- Innovative aspects
- Location and geographical
- Price, value, quality
- Accreditations, qualifications, certifications
- Processes, systems, IT, communications
- Cultural, attitudinal, behavioural
- Management cover, succession

---

<sup>22</sup> (Management -Gary Dassler-Principles and practices for tomorrow leader-Third Edition)

<sup>23</sup> <http://www.businessballs.com>

### WEAKNESSES

Weakness includes lack of strategic direction, obsolete facilities, and lack of managerial depth and talent.<sup>24</sup> (Gary Dassler)

Following list present some of weakness that companies might have:<sup>25</sup>

- Disadvantages of proposition
- Gaps in capabilities
- Lack of competitive strength
- Reputation, presence and reach
- Financials
- Own known vulnerabilities
- Timescales, deadlines and pressures
- Cash flow, start-up cash-drain
- Continuity, supply chain robustness
- Effects on core activities, distraction
- Reliability of data, plan predictability
- Morale, commitment, leadership
- Accreditations
- Processes and systems
- Management cover, succession

---

<sup>24</sup> (Management -Gary Dassler-Principles and practices for tomorrow leader-Third Edition)

<sup>25</sup> <http://www.businessballs.com>

### OPPORTUNITIES

Opportunity might include possibility of serving additional customers in the face of weakening competition, or the change to enter foreign markets due to falling trade barriers.<sup>26</sup> (Gary Dassler)

Following list present some of opportunity that companies might have<sup>27</sup>

- Market developments
- Competitors' vulnerabilities
- Industry or lifestyle trends
- Technology development and innovation
- Global influences
- New markets, vertical, horizontal
- Niche target markets
- Geographical, export, import
- New USP's
- Tactics - surprise, major contracts
- Business and product development
- Information and research
- Partnerships, agencies, distribution
- Volumes, production, economies
- Seasonal, weather, fashion influences

---

<sup>26</sup> (Management -Gary Dassler-Principles and practices for tomorrow leader-Third Edition)

<sup>27</sup> <http://www.businessballs.com>

### THREATS

Threats might include the likely entry of new lower-cost foreign competitors, rising sale of substitute product and slowing market growth.<sup>28</sup> (Gary Dassler)

Following list present some of Threats that company might have<sup>29</sup>

- Political effects
- Legislative effects
- Environmental effects
- IT developments
- Competitor intentions - various
- Market demand
- New technologies, services, ideas
- Vital contracts and partners
- Sustaining internal capabilities
- Obstacles faced
- Insurmountable weaknesses
- Loss of key staff
- Sustainable financial backing
- Economy - home, abroad
- Seasonality, weather effects

---

<sup>28</sup> (Management -Gary Dassler-Principles and practices for tomorrow leader-Third Edition)

<sup>29</sup> <http://www.businessballs.com>

### 4. STRATEGIC MANAGEMENT OF SME-s CONSTRUCTION COMPANIES IN KOSOVO

#### 4.1. COMPANY ANALYSES

At the research analyses on strategic management at construction companies in Kosovo are involved small and medium size companies, successful and less successful companies, companies involved at construction of small houses and companies that are constructing apartments (more than 5 floor buildings) and companies that are involved on construction of infrastructure.

A construction sector plays a big role in Kosovo economy and as this field has a permanent growth the analyses are focused more on strategic plane of construction companies to make possible to identify if construction companies have a vision about their position in the future and does the Kosovo Companies have a clear picture of the road that they selected to come to planned position, does construction companies analyze business environment, competitors, internal and external factors that have impact on company growth and development

The research as well was focused on professional level of the companies and their internal company organization and structure, their current potential and future potential.

One of focuses of the research was innovation of the construction companies in Kosovo, their planes in the future to do something different from what they are doing now, any innovative development in their companies and as well any research activity or institute within construction companies that will change, develop and improve a quality of their operation and make them leaders in Kosovo, region, global, as a result of this innovative program that companies may have.



### 4.2. FINDINGS FROM RESEARCH FOR SME CONSTRUCTION COMPANIES IN KOSOVO

#### 4.2.1 FINDINGS FROM RESEARCH FOR SECC IN KOSOVO

Small size companies usually are Family business that have limited resources and are more focused on small construction projects (especially houses and small buildings as garages, store, restaurants, small bridges, etc.)

The research showed that those companies are not that much organized and the only way of attracting clients to work with them is their qualitative work that they do that is used as their marketing.

Those companies because of their limited capacity some times are part of big projects but as a subcontractor and they complete a small part of the project based on their resources.

#### 4.2.1.1 RESEARCH FINDING OF STRATEGIC PLANNING FOR SECC IN KOSOVO

The result of the research showed that small construction companies have no clear strategic plan for the future. The only strategy resulted to have owner of the company that is not clear for them because their strategy will depend from the internal and external factors that companies do not analyze at the desirable level that sometime result with closing the business or join another construction company in order to create more capacity and resources. Some of the small construction companies were created for only emergency faze –past war time because of big need for construction and less control of quality.....

Companies; a part of god will to become a big company with big capacity and research showed that currently small companies are more focused on:

- Control of quality that has impact in their growth
- Professionalize their staff through realizing a different buildings
- Be more independent( have logistic, material, experts)
- Be more exposed in public (marketing)
- Use technology of construction from big companies from Kosovo and abroad
- Have technical expert that will control realization of the plan
- Contract an Architect or have and architect in their company

#### 4.2.2.2 RESEARCH FINDINGS FOR DECISION MAKING OF SECC AND STAFF INVOLVEMENT FOR STRATEGIC PLANNING

The research showed that the decision making process at the small construction companies has a very limited involvement of the staff and at usual cases the only decision making factor is owner that decide about strategy and company future planes. The involvement is a key factor for planning of company activity in the future because not usually the decision making person is at operational level and has no feedback from the operation in ordered to improve operation and have a clear picture in this regard.

This is a result of non professional company owners and their unprofessional approach of al company issues.

As a result of above mentioned factors some small companies does not exist anymore or they changed their field of operation they changed their business.

The small constriction companies did not have a god communication system and not all the staff members had information about company planes that did result that staff members did not had any security for their working place and this was a reason that staff members because of not being informed , left the company.

Some of the small construction companies managed to involve all staff members directly-through meetings, or indirectly in order to get a feedback from all of them in regards of implementation –operation activity that are used for strategy planning (that

usually strategic plane is not in written form) and make possible that staff members feel more involved and feel more ownership of the company that they are working with. Those companies had a permanent growth and for a short period those companies will be a medium size companies because their number is usually growing and their success for this growth is internal organization of staff and by staff involvement the owner –manager gets a clear picture about their future.

At the following figure we can see the staff involvement and staff communication at small construction companies.

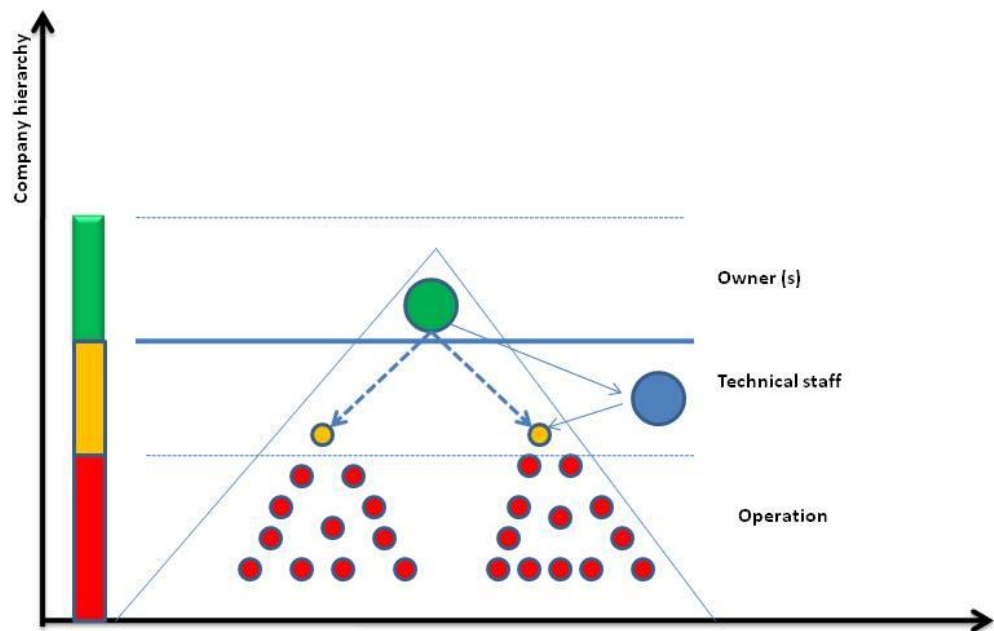


Fig. no-4; Decision making and decision communication hierarchy at Construction Companies-small size

### 4.2.2. FINDINGS FROM RESEARCH FOR MECC IN KOSOVO

Medium size companies are some of them as well Family business but those companies are more completed and more organized in every aspect comparing to small construction companies

The research showed that those companies are organized and those companies have more resources in aspect of professional, logistic and operational.

Those companies were small companies in the beginning of their business but they had a permanent growth and managed to create capacity, professional performance and human resources that make them be listed as medium construction companies.

Their business is focused more on “high buildings” all over Kosovo especially in Pristine as Capital of Kosovo.

### RESEARCH FINDING FOR MECC STRATEGIC PLANNING

Although those companies are more professionally organized and have developed internal organization a very small number of the construction companies have a strategic plane in written.

The research showed that usually strategy “lives inside” together with owner, manager or decision maker and only them to know the way that company will follow for next period.

The involvement of the staff in strategic planning resulted to be very indirect and not usual.

Medium size companies usually involve technical and managerial staff for future planning but although these staffs are involved they do not have that much impact on strategic plane of the company or they have just up to certain level.

### DECISION MAKING AND STAFF INVOLVEMENT FOR STRATEGIC PLANNING

At the medium size construction companies the situation in regard of staff involvement for strategic planning is different that at small construction companies because the research showed that the decision making process at the medium construction companies is more organized and has more importance for top management because in very rare cases it is only owner that decide about strategy and company future planes, usually are involved a technical staff , department managers and operation supervisors that in the same time every supervisor has a feedback from their staff members that they supervise

Following figure shows staff involvement of staff on decision making and strategies planning of medium size construction companies.

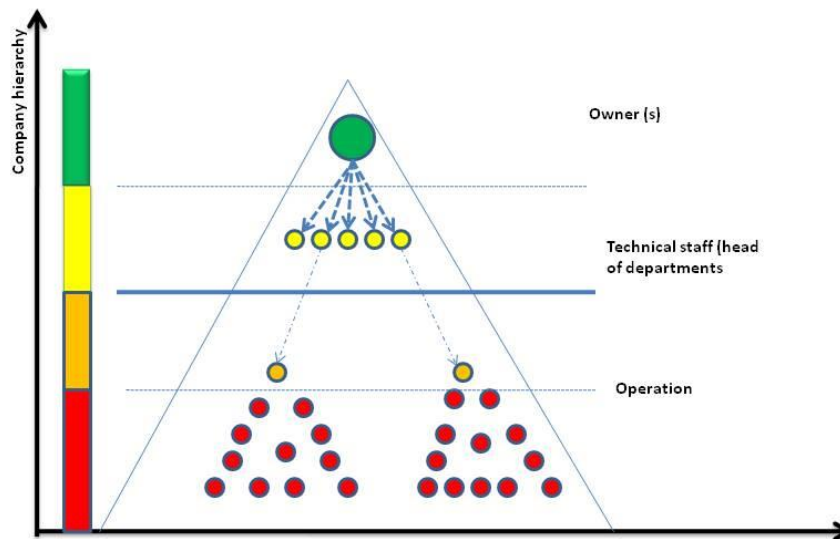


Fig. no-5; Decision making and decision communication hierarchy at Construction Companies-medium size

Medium size construction companies have a system that makes every single staff to be part of decision making process regarding company future planes but it is not respected all the time.

As research showed during interview the decision making persons get a lot of feedback from the staff but usually those feedback has no impact on their decision for strategy plan of the company.

The decision communication for strategy plane of the company in the future the medium size construction companies as well have a system of communication from top –down but does not reach the bottom level of the company (as it is shown at the figure no 5)

The small construction companies did not have a good communication system and not

### 4.3 ANALYSES OF SME CONSTRUCTION COMPANIES IN KOSOVO

The company analyses have been focused on Strategic Management of the small and medium size construction companies through the research that made possible to have a following results:

#### 4.3.1 FOUNDATION (BUSINESS START)

The construction companies in Kosovo can be divided in following groups:

- Construction companies socially owned
- Construction companies privately owned

### CONSTRUCTION COMPANIES SOCIALLY OWNED

The construction companies socially owned are companies that are in the final phase of privatization in Kosovo and some of them are already privatized.

Those companies usually were a big size companies with more than 1000 employers and with long experience (some of them were founded after second war –after 1945)

The main operation of those companies were building of socially owned building (schools, cinema, theatres, municipal buildings, factories etc)

The strategic plane of those companies was dependent from general municipal and regional development plane.

### CONSTRUCTION COMPANIES PRIVATELY OWNED

Thos companies resulted to be founded later (around 1990) and most of them are founded after Kosovo conflict (1999).

Based on research result at the beginning all those companies were family business with small number f employs (1-10) and those companies were exclusively focused on building of residential building-houses and small building that not requiring a big logistic.

The strategic view of those companies was not so clear because of business environment and their professional level and experience.

The result showed that construction companies privately owned were founded at different time but most of them after 1990 and after Kosovo conflict 1999 although there are companies that are founded before 1990.

Table no-2 Present foundation time of construction companies

Company	Address	esatbilished
Company 1	Prishtina	2000
Company 2	Fushe Kosove	2004
Company 3	Prishtine	2001
Company 4	Prishtine	1989
Company 5	Prishtine	2000
Company 6	Prizren	1999
Company 7	Dardane	2005
Company 8	Ferizaj	2005
Company 9	Gjakove	2001
Company 10	Istog	2008
Company 11	Istog	1990
Company 12	Istog	1969
Company 13	Kline	1990
Company 14	Mitrovice	1990
Company 15	Mitrovice	2000
Company 16	Prizren	1978
Company 17	Gjilan	1993
Company 18	Dardane	2000

Some of the socially owned company's still existing as a potential to be privatized but the experience with privatized companies up to now is that those companies are totally transformed and their business at the most of the cases changed.

#### 4.3.2 NUMBER OF EMPLOYIS IN THE BEGINNING AND NOW

The construction companies started their business with very low number of employs but they has a systematic growth of their number of employs and some of them now are a medium size construction companies and company planes are to continue growing.

Some of the companies had a growth but their business because of bad management was closed and those companies were operating only at the time of emergency



## Strategic Management of SME Construction Companies in Kosovo

building after the Kosovo conflict (1999) and they did not had a any strategic view of the company future.

Some of the companies with not professional management (experienced in the field of construction) joint their resources with another company as partnership that resulted to be without success because the stronger company got over the leadership of the company.

Table no-3 Number of employs of small and medium size construction companies in Kosovo in the beginning and current

Company	Address	N. of employs	N. of employs
		I the beginning	current
Company 1	Prishtina	10	80
Company 2	Fushe Kosove	4	40
Company 3	Prishtine	1	58
Company 4	Prishtine	25	4
Company 5	Prishtine	15	70
Company 6	Prizren	15	60
Company 7	Dardane	6	10
Company 8	Ferizaj	24	180
Company 9	Gjakove	10	50
Company 10	Istog	30	30
Company 11	Istog	6	28
Company 12	Istog	4	35
Company 13	Kline	7	84
Company 14	Mitrovice	4	111
Company 15	Mitrovice	10	85
Company 16	Prizren	10	140
Company 17	Gjilan	7	27
Company 18	Dardane	1	9

### 4.3.3 DEVELOPMENT PLAN

Construction companies declared to have a development lane for their future that is not in written.

A very small number of the companies, especially medium size companies, have plane in written for their future steps in their business.

Small construction companies i general failed to have a development plane in written.

Usually owner, decision maker, have a plane (wish) for development that is not clear for them and although is not in written this plane does not promises any development because it is very isolated (owners mind) and not easy to be accessed.

Small construction companies develop plane is to grow their business which human need and to improve their work quality.

The medium size companies the approach for a develop plane is different comparing to small size companies because they have more power that create the possibility to think for more detailed development plane or to have a strategic management.

Those companies (few of them) managed to have development plane and as well to have a strategic plane how to get to the position they set up for them as a goal for next 5 years.

Analyses showed that medium size companies are one step ahead comparing to small size companies in regard of strategic planning.

The promising fact is that some of the construction companies are thinking to have (some of them have a development plane not detailed yet) a research institute in their companies that will be focused on more on construction and fields related to construction and as well will be used as a quality Control centre of the realized project.

Those companies today can be listed as companies with almost clear vision for their future because they are thinking to improve: Professional level of their staff, Quality of their work, be leaders on specific fields.

### 4.3.4 VISION OF SMALL AND MEDIUM COMPANIES

In aspect of Company vision I got a feeling that a lot of small and medium size construction companies had difficulties to identify their mission having in consideration the business environment and business opportunity that Kosovo have and the political situation.

Small size contraction companies vision (where do you see your company after 3 or 5 years) was „Quality building-client satisfaction“ because all of them are improving every day quality of the work.

Medium size Contraction Company’s vision (where do you see your company after 3 of 5 years) was „ Quality through professionalism „ (the majority answers were around quality and professionalism)

A very small number of medium size construction companies have a plan to be profilised on a specific field as infrastructure, bridge building etc.

The promising think of those companies is that a part of develop plane and strategic plan for implementation of those development plane they did a first step toward their goal because they started company investment on that direction and as well they started a professional preparation by having a „knowledge“–specialized staff for those specific direction that company has decided to start their business.

The quality control of the construction company work they do measure in many ways as:

- Quality control of building materials
- Certified staff skills
- Permanent control of completed work,
- Client satisfaction etc.

### 4.3.5 DOES CONSTRUCTION COMPANIES HAVE A FUTURE IN KOSOVO?

Construction companies are very optimistic that there is a future for them in Kosovo business environment and research did prove the same because majority of the companies had a permanent growth in every dimension.

Based on research and information gathered from different construction companies based on analyses of ministry of industry and economy construction department companies that will have a future in this field will be companies that can offer:

- Quality
- Professionalism
- Standardized buildings
- Modern technology
- Clear vision –clear strategic plane
- With financial stability

### 4.3.6 COMPANY INTERNAL ORGANISATION –ORGANOGRAM

Just few construction companies have a internal company organization –organ gram that designed in paper the rest of the construction companies have a internal company organization but this hierarchy is just orally communicated to staff members.

In this concept all companies seems to have internal organization and all necessary departments for their daily business but still there if a bit difference between small and medium size construction companies because small companies usually are outsourcing several dependents comparing to medium size companies that have intention t have all departments within a company.

### 4.3.7 ANALYZE OF INTERNAL AND EXTERNAL FACTORS THAT INFLUENCE DEVELOPMENT OF YOUR COMPANY?

Because those analyses directly connected to strategic planning this is a sector that companies have to be more focused and create a system of gathering information the research showed not satisfactory results because very few number of companies have a system of gathering internal and external information that will help them to update or have another strategic plan for their future planning.

The daily, weekly and monthly reporting is an internal information gathering system of few companies (in written) and as well daily reporting (not in written-orally) to supervisor of realized activities.

### 4.3.8 ANALYSES OF INTERNAL AND EXTERNAL FACTOR FOR STRATEGIC-DEVELOPMENT PLANNING?

Although construction companies do a very few analyses of internal and external factors all information that companies managed to have from different sources they incorporate in their planning that create a very competitive environment and improve quality.

The economical development in Kosovo and post conflict situation, social problems etc, had a direct impact on development of strategies for construction companies because in several cases companies that are not focused on their development are building for international NGO-s and in this way they become attractive for a „small“ clients but still their development planes are out of every standard and those companies that did not change this approach many of them are out of business because in Kosovo every day we have less international NGO-s that are interesting on construction.

### 4.3.9 SWOT ANALYSES

Analyze that are directly related to strategic planning are not at satisfactory level applied to construction companies, especially at small companies but that fact that companies do a SWOT analyses at the level of their professional ability it is a promising for the future to be more developed and to do SWOT in more professional level that will influence company strategies planning and company organization.

This research showed that different construction companies with different professional level and different way of doing SWOT analyses have a following SWOT:

- STRENGT
- Staff professionalism
- Family tradition on building
- Quality of executed projects
- Registered in European Union as qualitative company
- International experience
- Internal organization
  
- WEAKNESS
- Loans from the bank
- Staff experience
- Bad debt
- Financial aspect of our company
- Low level of working culture
- Motivation of employs

- OPURTUNITY
- Young , educated and experienced staff
- Representative of many European Union Companies
- Connection with world wide experience in construction-visits
- Our representative office within European Countries
  
- THREATS
- Kosovo Energetic Corporation (KEK)
- Not professional competition
- Not registered Companies
- Black market
- Connection of some Construction companies with institutions
- Social situation
- Security
- Poverty growth

Companies in this stage of development started already to think about being very specialized at only one construction field and they already are in beginning faze of preparing logistic, staff and their development plane toward set up goal of their mission.

They are doing all necessary to have a very good educated staff, good logistic and internal company organization in order to create a strategic plan to move from current position up to their set up goal that is to be e leader on hat field of construction.

### 4.3.10 RISK ANALYSES

Having in consideration a business instability environment in Kosovo that is part of every construction company in Kosovo make them to apply a very much Risk analyses in order to avoid undesirable situation during implementation of their projects.

The research showed that small companies because of their limited resources have less risk that medium size companies that are involved in a big project sometime more than their capacity is and therefore focus on risk is very serious and permanent.

The risk analyses are part of company strategic planning and most of the companies (especially medium size) have a option how to avoid risk-reduce to minimum and based on their experience up to now risk was less than was predicted.

Small companies because of their small projects consider that their risk is not that mach to be considered but most of them have a system to avoid risk that usually is financial in that way that they „implement project at the level that they are paid“

Both small and medium size Construction Company's main risk declared to be institutional protection and regional political development that has a direct impact on importing necessary materials that those companies are using in their business that may result with deadlines of their project and clients dissatisfaction.

I general based on above mentioned factors Small and medium size companies are very much focused on risk analyses that have a direct impact in their strategic planning.



### 4.1.11 STRATEGIC PLANNING –STAFF INVOLVEMENT

Staff involvement, as a very important for strategic planning, resulted to be not that much applicable at small and medium size construction companies in Kosovo.

Comparing to small companies, the medium size companies have a better involvement and professional because those companies involve their technical and managerial staff but usually this is more feedback information that recommend improvement but is not directly involved in decision making.

In this matter small companies are in better position because of their small number of employs but usually staffs is not that much involved as research results showed.

Both and medium size companies failed to have information system (very few number of them have intranet network) in order to make possible access of all employs to strategic pales of the company.

### 4.1.12 STRATEGIC PLANE –TIME FRAME

Although not in written (a part of few of them) all small and medium size companies have a strategic plan for next 3 to 5 years.

SME construction companies find their self in difficulty to have planes for the future because of Kosovo political situation and business environment, but in general is lack of experience and experts in their companies that they are missing.

Identifying a customer needs that SME construction companies need to do (marketing part of those companies is at very low level developed) and customer financial and social instability that is a key factor that has a direct impact on strategic plane of the SME.

In general SME have a 3 to 5 years strategic plane that is not developed professionally because of above mentioned factors.

### 4.1.13 GEOGRAPHICAL TENDENCY OF SME TO OPERATE

The majority of the companies see their future in Kosovo market because based on their growth from the foundation Kosovo is a good market for them.

A small number of construction companies are currently operation out of Kosovo in temporary bases and very limited number of construction companies has a representative office in some EU countries and some of them operate at EU countries with the same company name (but different standards compatible with standards of the country they operate)

### 4.1 14 INNOVATIVE PLANES

SME construction companies are trying to have innovation planes that according to the research are not so innovative but are not applied in this country yet and therefore can be considered as innovative planes on construction companies.

All innovation are oriented on internal research institute that medium size companies want to have and some small project on energy saving by using another sources of energy for cooling and warming system at small houses

A very few companies are thinking for having a idea for „mobile building“ that according to them will be revolution on small buildings but currently no resources for that kind of building which will be different from the prefabricated building.

### 4.4. EVOLUTION AND EVALUATION OF SME-IN KOSOVO

All construction companies in Kosovo are companies that started as small construction companies with very small group of employs and majority of them were founded after Kosovo conflict 1999.

Comparing to their starting period the quality and professional level has improved and as well their building capacity has grown therefore some of small construction companies became a medium size companies and they are in good way to be developed and more professional.

In increasing the quality had impact government by requiring a quality control data from professional and licensed institutes for construction and construction materials quality control.

#### 4.4.1. DOES SME-S IN KOSOVO HAVE A ST MANAGEMENT AND DO THEY FOLLOW THEIR PLANES

The strategic management have a many dimension-levels that if company have one of them we can consider that company have a Strategic Management but n regard of strategy the companies based on results achieved on their set up goals.

Regarding SME –construction companies in Kosovo based on research results the strategic management is in the evolution phase that need to be developed by companies and professional people.

The strategic management currently in construction companies has only one dimension that is horizontal dimension. The horizontal dimension involves only top managers and very high level in construction company hierarchy.

The construction companies should try to develop strategic management –plane as a T- model in order to make clear for all employs where are they going.

The figure below shows how should be strategic management-plane developed within a company access of employs to company strategic plane

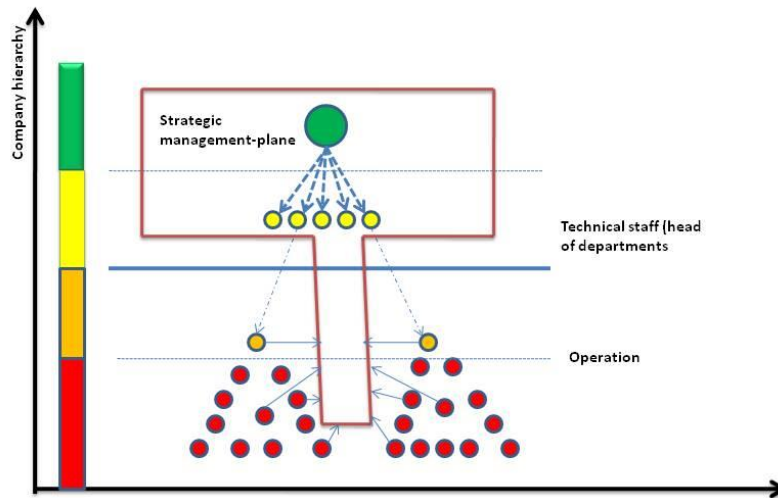


Fig. no-6 “T” Model for strategic plane of SME

The only risk that companies have, if they involve all levels of the staff based on research was that, if any staff member leaves company and joins another construction company than their entire professional and intellectual property will be transferred to another company.

In this regard companies should have a “surface access” for all staff members to their strategic plane to avoid above mentioned problem.

### 4.5 INFLUENT FACTORS ON SME DEVELOPMENT IN KOSOVO

As Kosovo a “Newborn” country in the world (17.02.2008) the construction companies, as other part of economy and country development at all, are facing a several problems that influence or has a big impact in their development.

The research feedback from the construction companies showed that the construction companies itself identified several negative factors that they see as obstacle in their development.

Both small and medium size companies identified obstacle that are follow:

- Loans from the bank
- Staff experience
- Bad debt
- Financial aspect of our company
- Low level of working culture
- Motivation of employs
- Kosovo Energetic Corporation (KEK)
- Not professional competition
- Not registered Companies
- Black market
- Connection of some Construction companies with institutions
- Social situation
- Security
- Poverty growth

### 4.5.1 EXPLANATION OF OBSTACLES OF SME CONSTRUCTION COMPANIES LOANS FROM THE BANK

According to construction companies the banks that are operating in Kosovo are very much interested to help Kosovo economy but the interest on loans are very high and therefore construction companies do not prefer to have a loans from the bank in order to easy and faster complete their projects because the higher rate of interest has a direct impact on their profit and their growth as well.

Some of construction companies managed to have a selling system of apartments that they construct through banks but bank has directly to deal with potential clients therefore construction companies will get their payment from the banks and than bank will follow up loans that they issued for clients that bought apartments from the construction companies.

### STAFF EXPERIENCE

The experience of staff was a worrying factor for construction companies because the technology of construction is changing everyday because of development in this field and staffs that are involved directly in the construction have no opportunity to follow up those changes.

Further more young people that working as a technical staff at construction companies has no enough experience in execution of the projects and this issue has a direct impact in company development because above mentioned factor will not accelerate enough potential for fast and professional development

### BAD DEBT

After Kosovo conflict Kosovo ha a new administration that was combination with United Nations Administration (UNMIK) and Local Administration (that had a very few competences) therefore the gas in legal system created a possibility “bed debt” to be created.

Bed Debt for construction companies are not receiving payment for construction work completed on time (or at all) that had a direct impact on companies finance ability to do any investment or to construction companies development plane.

### FINANCIAL ASPECT OF OUR COMPANY

Based on research feedback small and medium size companies the main obstacle that has a big impact on company development and as well limit those companies to do their strategies is financial instability.

Very few number of the companies manage to have a enough budget to be independent on their activities and have all necessary resources to effectually complete their contracted work.

The research showed that in this aspect small and medium size companies have a “bottle neck” at the supply chain.

### MOTIVATION OF EMPLOYEES

Very few number of small and medium size companies have in their strategic plan the staff motivation programs that make them be more attractive for their staff but the motivation aspect according to small and medium size companies can be seen as:

- Internal motivation
- External motivation

The main focus of small and medium size management is in internal motivation and less in external motivation because they have very limited impact on external factors but external factors at the other hand have a big impact on their staff and through staff motivation to success of small and medium size construction companies.

### LAW LEVEL OF WORKING CULTURE

Kosovo working mentality had passed from socialist working environment to capitalist working environment and currently these phenomena is on transition phase.

Because of this transition small and medium companies have three typer of working force:

- Working force that most of their working lifetime had in socialist working environment and has a very much difficulties to be adopted in new working environment –resist a lot on changes.
- Working force that small part of their working lifetime had in socialist working environment and this category has no much difficulty to be adopted in new working environment –less resistance on changes.
- Working force that started their working lifetime in a capitalist working system and has no difficulties to be adopted in new working environment –do not resist on changes because never worked I socialist working environment.

### KOSOVO ENERGETIC CORPORATION (KEK)

As Kosovo did not managed to have stabile energy system that is part of every construction company, small and medium size companies, because of this problem, have additional expenses on generating energy with generators to have their operation planes completed on daily, weekly bases.

Not having energy (no operation with electric equipments), not stabile energy (that result with equipment defect) result to be a main problem for those companies because it affect directly their working activity, create a additional cost, and affect their financial planes.



### NOT PROFESSIONAL COMPETITION

Not all companies in the construction field have a same professional development and developed management structure within companies that leads to unprofessional competition.

Because of above mentioned weaknesses some of the small and medium size companies in order to be still competitive on the market reduce their construction prices that directly affect their quality, have unprofessional staff that required less payment and uses black market for supply with materials that have no warranties and are not attested on quality bases.

### NOT REGISTERED COMPANIES

Those companies usually are small size companies and operate usually not in urban zones.

Those companies avoid doing following:

- Pay taxes
- Insurance for workers
- Get quality materials
- Have professional staff

Those companies had a very good environment to operate after the conflict and their number was very big on that time but nowadays their activities are limited and therefore their number every day is less and less as government have more control in this field.

### BLACK MARKET

Kosovo after the conflict on 1999 did not managed to control all economical developments and as it was under United Nations administration local government had a limited possibility and limited competences to control and stop black marked that had a big development.

Black Market, although it had a very gig growth in the beginning (1999) , nowadays is less every day and with tendencies not t exist anymore.

This market (not licensed construction products) gives possibility some of construction companies to be “competitive” among the other construction companies because of their low offered price for construction market.

### CONNECTION OF SOME CONSTRUCTION COMPANIES WITH INSTITUTIONS

This issue is very sensitive for construction companies because of limited access to big construction bids that may help construction companies to develop themselves.

The companies that have this “opportunity “even professionally and financially are not stabile because of above mentioned reason-connection with government they usually get all construction works and by doing this they affect professional construction companies, quality of construction, and image of construction companies in Kosovo in general because those companies realize most of construction in Kosovo and therefore are bed representative.

### SOCIAL SITUATION

Social development, according to results from the research, is a worrying issue of construction companies and economical development at all.

The big number of unemployment, social policy of government, unstable political situation in some parts of Kosovo leads to criminal activities of individuals and groups that construction companies see this issue as a big threat for them and their activities because sometime directly and some time indirectly affect their business.

The reason that Construction companies see this as a threat is that they may end up with clients that are potential as a “Bad debt” and with physical threats.

### SECURITY

The security issue is as well one of the obstacles that construction companies have in their development and has impact on their strategy because the legal system in Kosovo currently is not fully operational.

The security has a big impact on company’s investment, logistic and staff.

The research showed that Construction companies in Kosovo managed to insure their business but those companies did not managed to convince the construction companies that can rely on those companies and insure their business (bad experience with insurance companies).

### POVERTY GROWTH

Social development in Kosovo, unemployment and political instability had a big impact on poverty growth that construction companies see as a threat on security of their business and as reduction of client’s investment potential.

### 4.6. STRATEGIC MANAGEMENT IMPORTANCE FOR SME CONSTRUCTION COMPANIES IN KOSOVO

#### 4.6.1. WHAT SMALL AND MEDIUM CONSTRUCTION COMPANIES NEED CURRENTLY

It is operation need of small and medium size companies to start thinking about their future activities, future position in business environment and identify their strength and weakness (internal attributes) and prepare to face opportunities and threat that all companies have in their development road.

The construction companied resulted to be not that much prepared and internally organized in order to be competitive in the Kosovo business environment.

Therefore all construction companies that until now did not managed to have set up internal organization structure should start first of all identify their position in the future, prepare a strategic plane to achieve this position, have clear mission and vision and have more professional approach to face challenges in the field of construction and have more analyses of competition and business environment.

#### 4.6.2. STRATEGY APPLICATION

Very few number of companies (although not in written) have a strategic plane and have almost clear vision of their future position. Construction companies that have a vision about their future have a strategy as well that is not detailed and not clear.

Construction companies that are planning to be positioned very good in construction business experienced that by following a strategy that is “designed”<sup>30</sup> they managed to have more results and avoid having confusion on projects implementation and as well risk was all the time under control and they did managed to minimize risk therefore

---

<sup>30</sup> Strategy that is not designed in the written form but only decision makers of construction companies have thought for this strategy.

construction companies that are business oriented<sup>31</sup> are applying a strategic management or better saying are in beginning faze of strategic planning that in not professionally developed and structured and as well is not done by professionals.

Construction companies that already started and experienced positive effects of strategic planning understood the importance of strategy and they are more focused on Strategic planning and based on analyses from the research those companies are every day more professional and more business oriented.

### 4.6.3. QUALITY CONTROL OF STRATEGY APPLICATION

Not in professional level but construction companies have a QC. The QC in not focused on strategic planning that is a key for company development. The reason why companies are not focused in QC f strategic planning is that those companies have no strategic planning that they are following in order to control and measure implementation of SP

The QC is more focused on quality of the work realized during construction and construction companies have intention to have more control on quality of the work completed.

### 4.6.4. EVALUATION OF OUTCOMES

The outcomes from the research can be evaluated as:

- Quality of the research
- Outcomes from the research

Regarding quality of the research the evaluation can be considered very much realistic because of direct contact with construction companies and their business and information were taken from key sources of every company that was part of this research.

---

<sup>31</sup> Very limited number of construction companies are business oriented

Outcome from the research in regard of strategic planning analyze resulted to change my opinion of construction companies. Does construction companies have a strategic plane?... resulted to be that construction companies do not have a strategic plane, a part from some companies that have a SP but not in written that in case of any “accident “ of “SP holder”<sup>32</sup> the company will not have possibility to continue its activity.

Construction companies and SP are issue that are not going in the same way. Companies should try to have more to develop their current strategic planning (that is not in written) and have more focus on their resources and their professional development.

---

<sup>32</sup> “SP holder” Strategic Plane holder is person that is a decision maker at the construction companies that has SP in himself.

### 5 CONCLUSIONS

The conclusion for this master thesis is build based on theory and practical gathering data, information and knowledge for strategic plan that is very important issues and it is a key factor for development of construction companies.

The research showed that the majority of the construction companies are small companies and minority are medium enterprises and very few number are big construction companies (some of them in process of privatization and socially owned) The analyses in regard of strategic management and development planes of SME brought me to a very interesting result and made me change opinion for construction companies in Kosovo.

Analysing small and medium size construction companies I can conclude that those companies currently have failed (a part of very few number of companies) to have a strategic plane-management at the current stage of development but those companies have intention to have strategic plane in near future. ( answer for this thesis question ***Q1 -does construction companies (SME) have a strategic management? )***

In this aspect the medium size companies, because of their internal resources an need for managing those resources (logistic, staff, infrastructure, administration etc) are more close to develop a strategic plan as a responsible need for exploitation of those resources in the future.

The presence of strategic management at SME construction companies exist as intangible asset of those companies because research showed that decision making persons at construction companies have a vision about their future but a part of him (in some cases them) the rest of staff have no information about company vision or very high level of management staff have information but they are not in position to decide (approve or change) strategy.

Important factor on strategy development have employs involvement in decision making and decision communication that majority of construction companies in Kosovo failed to have. This issue create a big risk for company for their future because the decision making person for any reason can not be part of the company than company can not continue to follow “strategic plane” that does not exist physically.

This risk affects more small construction companies because usually the decision making person is owner of company comparing to medium size construction companies that have board of directors that takes decision for future of the company and losing member of the board still company can operate although the strategic plane is not in written.

Failure to have strategic management leads to another failure in our case to have a professional development plane that helps company to be oriented toward a goal that they will be focused on. Research showed that construction companies failed to have a development plane that in fact exist as intangible asset and it is not accessible and not professional.(this gives answer to a question of this thesis:

***Q2- does construction companies (SME) have a development plane? )***

The research showed that Construction Companies need for “education “of their management because jus few of them have professionals as managers but not in management field.

Without having educated professionals I do not see any possibility for construction Companies to work out of Kosovo as it is intention of some Companies because experience, standards and professionalism that Companies showing in Kosovo may not be acceptable for others out of Kosovo



### RECOMANDATION

Current level of development of Strategic management of construction companies in R. of Kosova I think need a urgent improvement in order to have catch up with international strategic management development and I recommend for Construction companies in Kosovo to do following:

- Create a strategic management, companies that already have to develop more in order to have a clear mission and vision of their companies and have a clear view of their road toward their goals. The construction companies in Kosovo that are not able to create a strategic plane should ask assistance of professional institutions or individuals that are specialised in this field.
- The construction companies in the process of creating a strategic plane should apply involvement of employs that is very important because their feedback information is important tool for planning.
- The construction companies after plane is created should communicate to all staff members and be accusable for all and every update, modification or change in plane should be as well communicated on time.
- Very important issue is that Construction Companies should evaluate check and control their strategic plane and use those measurements to improve their planning and orient company toward desirable success.

### 6. FURTHER RESEARCH

The construction companies, their eternal and external development are not that much explored and therefore need for further research is very big and high priority that will help a lot the evaluation of construction companies in Kosovo.

This master thesis can be considered as initiative of exploration of construction companies in Kosovo and need more to be developed in the future as a professional benefit of individual, companies and science.

A part of Strategic management the similar research should be done at the related fields for better understanding of SME development and at the same time have impact on professional development of SME .

Therefore recommendation for further research should be done at following fields:

- Operation Management of SME Construction companies
- Marketing Management of SME Construction companies
- Supply Chain Management of SME Construction companies
- Financial Management of SME Construction companies
- Accounting Management of SME Construction companies
- Inventory Management of SME Construction companies
- Project Management of SME Construction companies
- Human Resources Management of SME Construction companies

## 1. REFERENCES

- Statistical analyses of SME sector in Kosovo second edition –Ministry of Economy of R. Kosovo
- Williams J. Stevenson; Production Operation management –sixth edition
- Roger G. Schroder-Operations Management –Contemporary concept and cases
- Kaplan and Norton 1996
- internet
- Allison & Kaye, 2005-soure internet
- A.D. Chandler, 1962-source internet
- Connelly, 2005- source internet
- <http://www.businessballs.com>
- UBT management forums
- Conference for strategic plane of Housing and property directorate –(Sofia 2006)
- Conference for strategic plane of Kosovo Property Agency- (Prishtina 2008)
- Interview with construction companies in Kosovo
- **Hugh & Gauch (2003)**
- Source internet Wikipedia
- Yin (2003 cited in Sternberg 2008),
- Patrix Dixon- Futurewise –source internet
- Prophet Muhammad (PBUH)
- Dr. Ian A. Fair 2003
- Management -Gary Dassler-Principles and practices for tomorrow leader-Third Edition)

### APPENDIX

In order to get direct information from the company, respectively from persons that are directly involved in decision making following companies have been interviewed:

- **SMAK**
- **RUBIN INVEST**
- **HAB engineering**
- **AR-Beton**
- **Armendi of Malteser**
- **LOKU**
- **BENITA**
- **LIN Project**
- **MANI**
- **AL Trade Construction**
- **ALBA**
- **Alfa.i**
- **ARHING**
- **Cetta –General invest Group**
- **HOXHA**
- **Renelual Tahiri**
- **Komfori**
- **Ndertimi**