

CORPORATE GOVERNANCE (FIRM'S) MANAGEMENT - BESIDE INTERNATIONAL COMPETITION (CASE STUDY – KOSOVO)

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ABSTRACT

As one of the most complex business legal organization form, Corporation when we think international competition, is so much harder to manage when we have to deal with global competitors. The main reason is that we this kind of firms has to deal with companies that operates and have tradition in producing and distributing different kind of products and services. But, trying to use relative, or alternatively absolute advantage of the resources that country posses, we need to consider also other external or internal factors of business, that may help us to do better things, in other way, to produce or to distribute services or products to consumers of our country (Kosovo). Through this paper we will try to explain that what are the most usual techniques of managers, that use to go through and achieve success, beside international competitors of this country, and of course of their companies.

Keywords: Companies, advantages, culture, Kosovo, managers.

JEL qualification: F2; M14; L1.

INTRODUCTION

The economic sustainability of a country is based on the level business development and their general impact in micro and macro economic factors. The influence of businesses in the society of a country is very high, especially when we think in the aspect of micro and macro factors and International business. In order to prove this affirmation, it is necessary to note several facts:

- In view of microeconomics, businesses influence to increase the investment level which is manifested with the increase of quality of goods and services and improvement of infrastructure, additionally level increase of innovations, especially those in technology, enlargement of market offer, etc.
- In view of macroeconomics, businesses play a key role, firstly in increasing the employment number, which means decrease of unemployment, increase of currency value of market, and in particular improvement of market balance in national level.

Each particular market, especially local markets, are identified based on their business tradition, but also based on opportunities offered by the market, e.g. local market of Kosovo's country or national market in general, provides possibilities to business community and to new entrepreneurs not only to open businesses in trade or service sector, but also business of the character that can provide touristic services, agricultural products and services, based on absolute advantages that can be provided in this country.

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The difficulties and various problems that were caused to the business environment in the Republic of Kosovo, as well noticed in the recent years based on statistical data, there was lack of real quality economic growth, followed by a moderate increase of the inflation rate, increase of unemployment, etc. All the occurrences noted above have caused difficulties in sense of effective operation, which is manifested in various ways. However one of the most significant ones that are worthy to be mentioned is the decline of sale of goods or services (demand decline). The global financial crisis of year 2007 was the hardest strike for all the institutions and organizations throughout the world, including the Republic of Kosovo. Regardless of the noted issues and difficulties of political nature, and especially the economical one, in marketplace of Kosovo during the last 3 years, a considerable number of business were not registered and they impacted in local development growth throughout their lack of their business activities.

The Kosovo's market is distinguished in the domination of the trade sector, which is also shown with the data provided below which were obtained from the responsible and competent municipal authorities, showing that tradition still continues as well as it shows that the main role of business activities is still being carried out by the trade sector. The importance of this sector within market of Kosovo is very significant, since there entrepreneurs are familiarized and possess higher affinity to carry out their activities in various business areas.

LITERATURE REVIEW

The nature of business is to provide goods or services for potential consumers of a particular market; the business through this activity achieves to earn revenues expressed in money (M., Domniku S. & Domniku, 2011). When we as consumers decide to purchase a good or service, our profit out of realization of this activity is the benefit and satisfaction from this good or service purchased, e.g. If you buy an insurance for your vehicle, the benefit out of this service is that it will insure coverage of expenses in cases if a potential accident occurs in traffic, or if you decide to buy food in any of the restaurants located in market of Kosovo.

From the viewpoint of the consumer, usage of product or service differs, but simultaneously it varies from the view point of how the product was produced and served. A product is a tangible good or modified good e.g. a vehicle, a jacket, a book, or a hamburger, while the service is regarded as intangible good, e.g. visits and medical checks, insurance policies, internet, accounting consultancy, etc. In this aspect it is very important to note that businesses exercise their activities in a particular market, and they sell particular products or services. Since all businesses provide products or services, it is very important to explain the reasons where does the benefit stand in order to do so.

The objective of every single business, regardless of its activity, type, or legal treatment, is to sell products or services and to generate profit (Ferrell O. C, 2008). Profit is acquired when achieved, the positive difference of costs of goods sold and the generated income. Each business is interested to gain as much consumers as possible and to sell its products or services with the highest price possible, aiming to achieve the highest level of revenues. In order to achieve their objectives, executives of every single business have to base their activities in accordance with the following principles:

- Each business shall provide quality products or services (which means businesses needs to secure more productive, long-life or more securable products for their consumers).
- Each business shall provide products or services with reasonable and rational prices in accordance with average market value (which means every business need to follow and respect the demand and supply regarding the prices of their competitors).
- Each business shall provide products or services in accordance with demands and needs of their consumers, etc., (their style of life, their new benefits, etc.).

Innovation can help business to face global competition, especially if they focus on using their absolute advantage regarding their foreign competitors. Businesses and, therefore, the key for profit growth. Innovation can be seen as the process of introducing and exploiting a new idea, or the process of developing and exploiting new products and services on the market. Innovations may be technical, institutional, or cognitive, and may induce changes ranging from incremental to radical (Freeman, 1988). Innovation during an economic downturn might seem counter intuitive at first sight. However, it is precisely the right moment to implement an innovation strategy. The establishment of a business model innovation is difficult to achieve because it affects so many parts of an organization and also because it needs the support of so many different people. In addition, it requires the right organizational structures and a sense of urgency to make it happen. All of these conditions are, unfortunately, easier to achieve during an economic crisis scenario. According to Osterwalder, in an economic crisis, complacency is gone and everybody feels a sense of urgency to act. He defends that people resist changing much less when the survival of their company and ultimately their jobs are at stake (Osterwalder, 2009).

Human Resource also can improve to deal and to challenge the International competition. Budhwar and Sparrow suggest that due to the fast changing of global economy and therefore, a global dimension of HR model should be focused on at today's world. As HRM theories and practices were mostly originated in the Western cultural contexts, there is a need to conduct studies in other nations, particularly in developing and newly developed nations to testify the generalizability of the western HRM theory in those countries and whether we can find alternative policies or practices to suit different regional or national contexts (Aycan *et al*, 2007). Furthermore, Southeast Asia is arguably one of the most culturally diverse regions in the world; hence, the HR policies vary significantly in terms of different national contexts. Nevertheless, because of the regional and historical connections within different nations in Southeast Asia, the patterns of economic development and human resource management among countries in this region have many similarities.

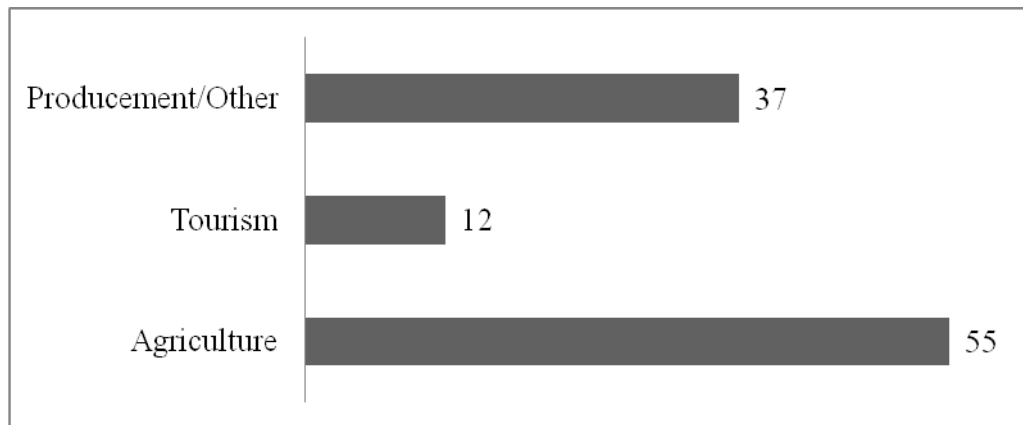
According to Elmuti and Kathawala (2011), leaders in an organization which is implementing change, need to be visionaries, communicators, motivators, and leg breakers. Leadership has to be committed to the change. One issue that appears to remain as a problem, is middle managements' view of the change and unwillingness to change. Paper and Chang (2005) suggested, top-down imperatives should be tempered with involvement from people along the process path. Change management, however, is very difficult because people tend to react negatively to it. Furthermore, cultural change seems to be the most difficult challenge of BPR. According to (Den Hartog, Boon, Verburg & Croon, 2012), leadership will aid in increasing the trust between leaders and employees by leadership communicating honestly with employees and demonstrating they are embracing the change effort, which will increase job satisfaction. Change

Management/Resistance to Change Theorists (Della Torre & Solari, 2012; Lozano, 2012; Peccei, Giangreco & Sebastiano, 2011), have suggested that leadership needs to address the issue of change management at all levels within the organization. Some of the recommended methods aimed at reducing resistance to change and hence moving the organization towards a culture that embraces change are communications with employees, empowering employees, allowing employees to make decisions, and training. According to Lewin, who works in organizational change, found these methods to be successful? Both organizational change theorists and specifically BPR theorists (Al-Mashari, et al., 2010; Baer & Frese, 2003; Berthon, Mac Hulbert, & Pitt, 2004; Black & Porter, 1996; Brown & Leigh, 1996; Caron, Jarvenpaa, & Stoddard, 1994; J. A. Champy & Nohria, 1996) agree with Lewin's findings. Therefore, to examine the relationship between leadership support level and BPR performance, the following

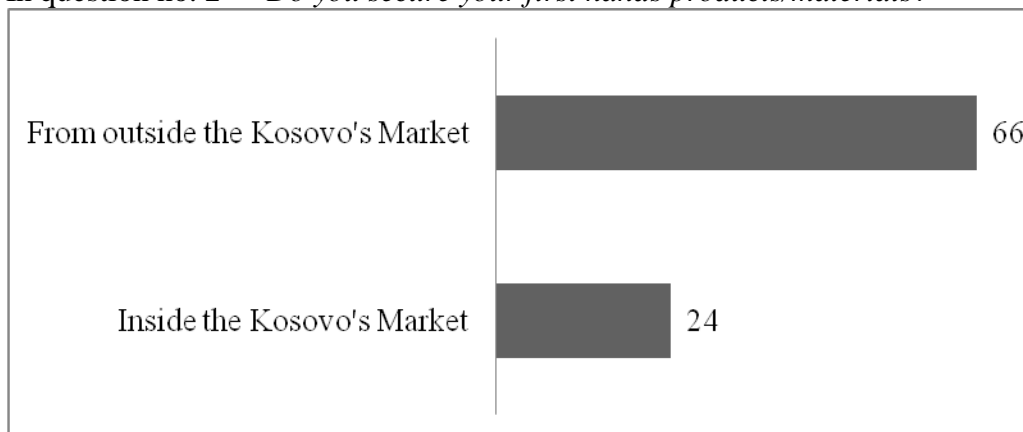
1. Research results and data collection

We made a research through a survey made from questionnaire, and we tend to get results from some of the most important companies that operate in Kosovo's market and that usually most of them belong to producing sector. The main objective of this research was to understand the key problems and ways that how these companies manage to surface the international competition, including their products services, and in general their way that how they achieve to distribute their products/services.

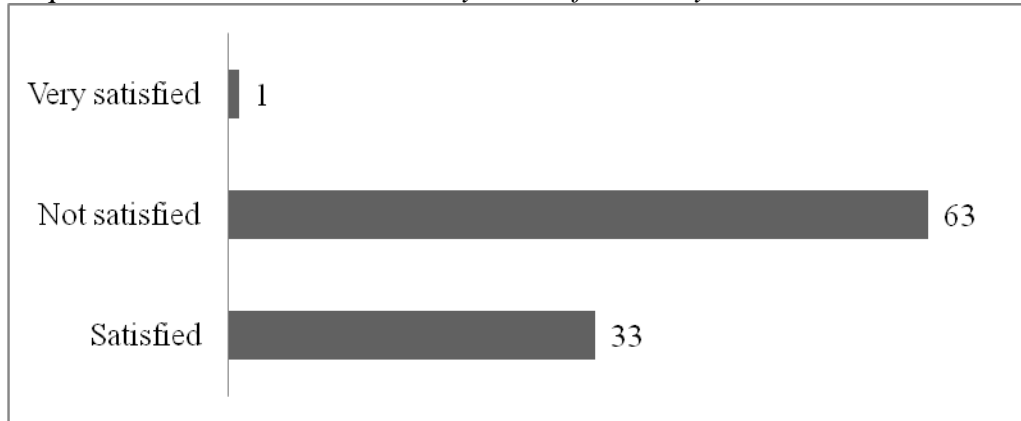
In the question no. 1 – “What business activities does your business belong?”



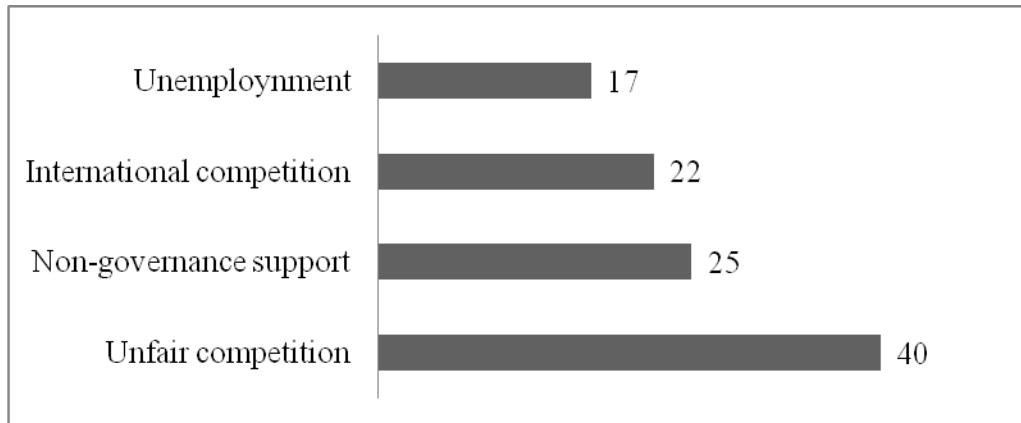
In question no. 2 – “Do you secure your first hands products/materials?”



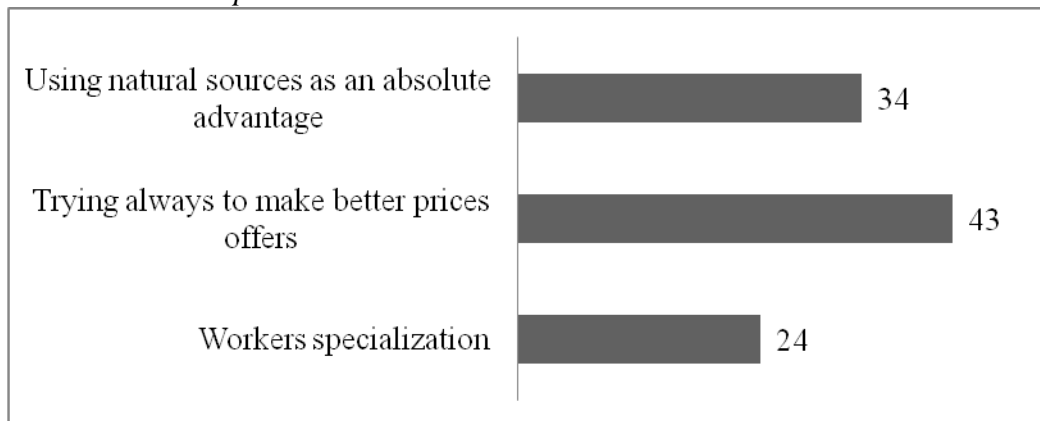
In question no. 3 – “How much are you satisfied with your sale level?”



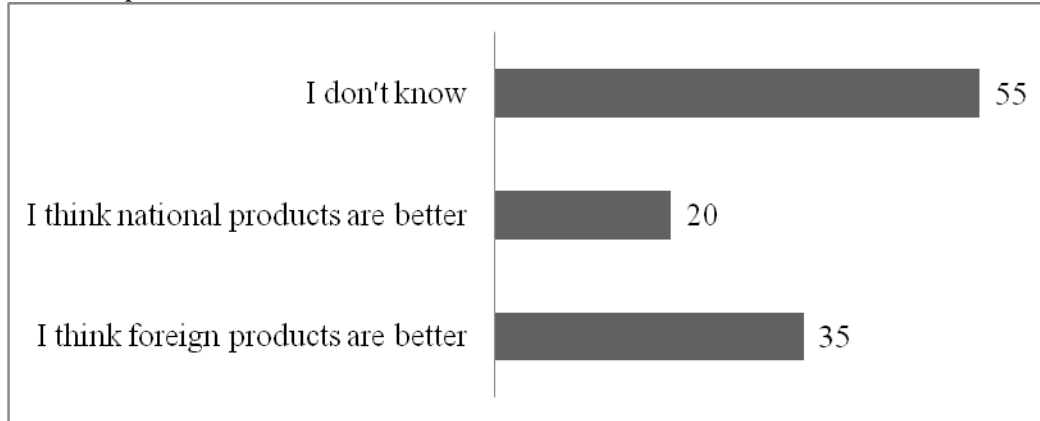
In question no. 4 – “Which from the reasons below you think that they impact on decreasing your sale level?”



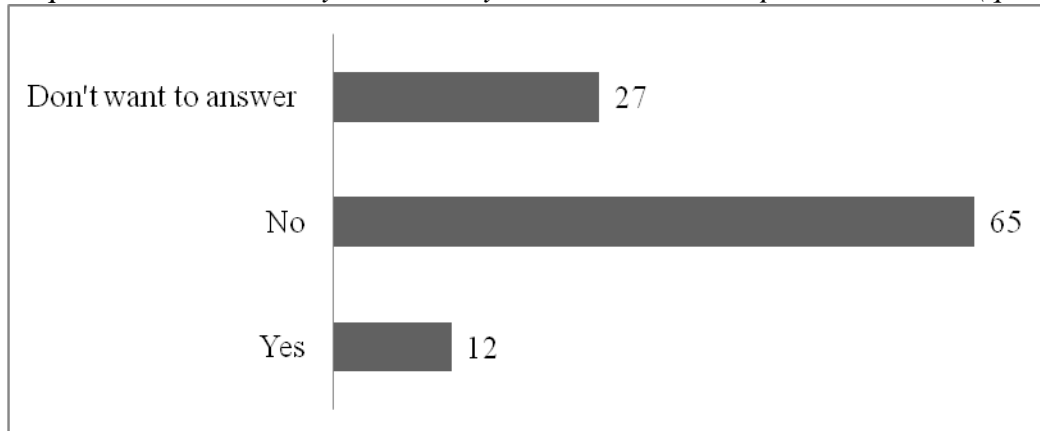
In question no. 5 – “Which from the methods below does u usually use to stand up in front international competition?”



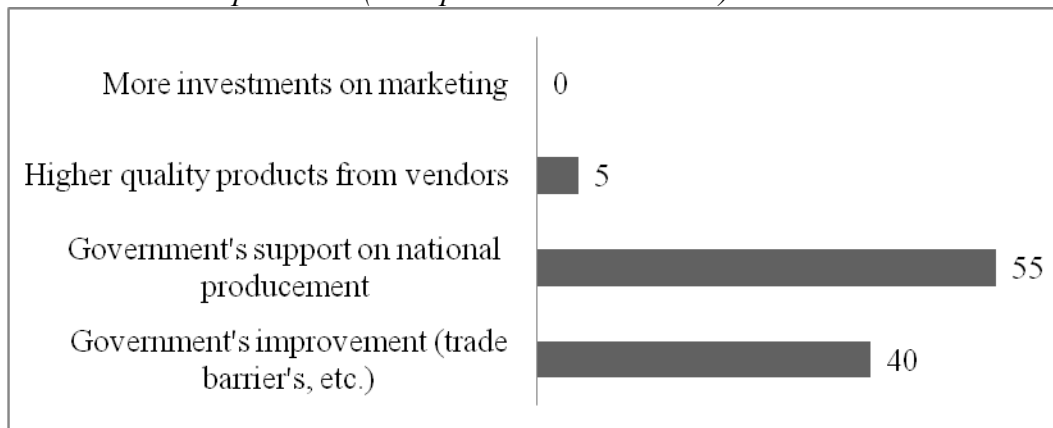
In question no. 6 – “Does you have information that how does consumers assess your products beside imported ones?”



In question no. 7 – “Did you make any research about this problem above / (question no. 7)?”



In question no. 8 – “What of the factors below do you think that would help you beside international competition's (their products and services)?”



DISCUSSION AND CONCLUSIONS

- In the question no. 1, we achieved to identify that most of local businesses that operates in Kosovo's market, are focused on producing based in agricultural products. This is from cultural and tradition viewpoint very normal here in Kosovo because this country has mostly great potential in using the natural resources (like ground), etc. But we can see

also a moderate percentage of businesses that are focused on tourism activities. This is also because Kosovo is also known for their mountain's which are a great possibility to rise up tourism activities in this place, like skiing, hiking, etc. We can also see considerable percentage of businesses that are focused on producing different products and services. In this country businesses are known for producing the high natural qualitative water, different consuming products, but also are important to mention that services like telecommunication and Internet services are very qualitative and very attractive in this country.

- *In question no. 2*, we achieved to identify that most of first hand products, half-products or products, are secured from outside the country, respectively from international suppliers. Some percentage of them businesses achieves also to secure from national market.
- *In question no. 3*, businesses in very high percentage (63%) are very unsatisfied with they're level of sales. It is the reason because in this country, the macroeconomic indicators are very negative, starting from high unemployment rate of population, negative trade balance (90% import dominating), high rate of loans, etc.
- *In question no. 4*, business owners and managers declare that unfair competition is one from the main reasons why they're businesses suffers, it's because the black economy is very actual in this country, also not including other opinions like were mention above; unemployment, none-governance support, international completion, etc.
- *In question no. 5*, businesses need and are more focused on method to try to sale with lower prices, which means basing also from comments taken from them, they need to sacrifice their profit level and sometimes to sale in critical point, only to continue and to survive their business activities. Some of them try to improve with their workers level of specialization, and some of them trying to use or identify the absolute advantage of natural resources or geographical position were their business are located in.
- *In question no. 6*, most of managers had responded that they do not know if they products or services are better than their international competitors, but, considerable part of them think the international products are more qualitative ones, beside only 25% of them think they products are more qualitative.
- *In question 7*, this question made us possible to understand that a highly number of businesses do not make the market research, not even qualitative or quantitative. While smaller number of them declare they make research, and higher number of them didn't want to answer to this question.
- *In question no. 8*, almost most of businesses share the opinion that government have failed to help businesses. From the comments taken from them they think Government should secure and give more stipendiums to businesses, especially those which are focused on using natural resources.

In general, basing from the research, businesses in Kosovo are so pushed in beside competition especially international one, because it's a lack and result of different factors or indicator's, starting from: high rate of unemployment, decrease of buying force, informal economy, owners and managers skills and abilities not making research, not using the potential of national economy, e.g. natural resources, like land, mountains, etc., etc.

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