Kosovo Consulting Market

Needs and Opportunities

Market Survey Research Report

September-2017

BUSINESS
CONSULTANTS
COUNCIL

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I) Executive Summary

The past several years have shown an increased potential for Kosovo consultants with the market's growing number of clients and rising revenues. Nonetheless, compared to the larger economies and to the national markets in the region, there is ample room to improve and to grow.

This report turns the anecdotal evidence into a purposive scientific and field study of the consultancy market in Kosovo. In particular, this report draws on how clients and consultants expect the industry to change in the near future. This study looked into the upcoming challenges and plans of the potential clients and how likely they are to seek for consulting services.

Summary of Results from the Survey with Private Businesses

Despite the slightly unstable political and economic landscape, the consulting industry in Kosovo seems to be unwavering in the field of consultancy services offered particularly to the private businesses. Based on the study conducted with private businesses, the client confidence to the consultant is quite high, with only 1% of the businesses saying they do not trust consultants as an external source of support. The survey also revealed that the main reason why interviewed businesses did not use and do not plan to use consultancy services is because they do not have the need for it.

Interviews with businesses additionally exposed that apprehensive clients are becoming more focused on getting the most from their consulting spending, as they want to be certain that these projects would bring benefits and improvement. Businesses that have used consultancy before will continue to particularly look for business planning services (21% of former clients), while the potential new clients will be focusing on sales and marketing services (26.7% of potential new clients).

The consultants with the best experience and qualifications seem to dominate the choices of Kosovo businesses when it comes to their selection of consultancy services. The clients show appreciation for scale and the scope they can offer, especially during the phases of preparing, financing and executing strategic plans.

Summary of Results from the Survey with Consultants

The majority of the consultants participating in the survey are independent/freelance (62.3%), are concentrated in Prishtina (68.4%) and a high number of them are between the ages 36 to 50.

The consultants have had approximately 33 clients on average since they had started working. The most common sector to which clients belong is manufacturing (43.6%) followed by information and telecommunication sector at 38.2%.

Domestic small businesses are the most common client type since a total of 64.9% of the consultants have worked with them.

Around 45% of the consultants think that price competition for consulting services is at "medium level" in Kosovo and as high as 30% of the consultants think that the competition is at a "high level".

The most significant need for consultants is developing links with local networks and international networks while they also need to improve their project management skills and establish private-public partnerships.

II) Introduction, Methodology and Limitations

Introduction

This study was conducted by UBO Consulting in tandem with the Business Consultants Council and was enabled by the Enhancing Youth Employment (EYE) program. The main objective of the study was to conduct an in-depth research that would represent the consulting market and the needs of the sector in this particular industry. Thus, this study will serve as an analytical tool for private sector consultants, who, through the utilization of this report will find an elaborate examination of the needs and concerns that these businesses have pertaining the consultancy market.

It is typically the job of professional consultants to provide forecasts for a product, service or the industry in general and to identify the emerging trends in a specific category. However, what do consultants predict for their own industry and how do they asses their experience with their clients? In addition to clarifying this issue, the study will also provide interpretation of the current conditions and expectations of the business consultants that are active in the market.

Methodology

The study design encompasses two essential steps. The first step of the study was a secondary research (desk research) which served as background research for developing the surveys and the report outline. This was used as a guidance for the composition of the following section, which is a substantial quantitative and mixed methodology research based on two distinctive market segments.

The consultancy market was divided into subgroups of its supply side and demand side corresponding to consultants and private businesses, respectively.

The research objectives for this study could best be disclosed in the form of the following questions that the study aimed to answer:

- What do Kosovo businesses need regarding consultancy services?
- What were the experiences of businesses and consultants?
- What were the most pursued types of consultancy up until now and what might be coming up in the near future?
- How do consultants assess Kosovo market in this field?
- What kinds of training needs do consultants have?
- What are the main challenges of the market operation based on the experiences of both service providers and demanders?

Thereby, the sampling was designed to generate a sample that will address the research questions.

Survey with Private Businesses in Kosovo

The study used homogeneous purposive sampling as means in its methodology in order to examine in detail the groups of interest that share the same characteristics. This allowed us to focus on particular traits of these populations, which were best able to answer the research questions of interest.

Accordingly, with the intention to examine the experiences and expectations of the businesses that have used consultancy, a subgroup was created within the demand side population. The segmentation was done based on the difference of *having used any kind of consultancy service* and *not having used it.* This way, the total sample of 204 businesses was divided into a purposive sample of consultant service users with 97 number of cases (49%) and the rest with 107 number of cases of non-users (51%). It should also be noted that the sampling frame was somewhat larger than the sample and the focus was put on narrative data as well as numeric.

Considering the selected methodology, it is acknowledged that the sample being studied is not representative of the general population, however, since a mixed method analysis was adopted, the non-representative sample does not constitute a weakness in the methodology per-se. Nevertheless, the study sample is tremendously useful for purposes of understanding several different significant issues that businesses who have previously been clients to consultants have faced up until now. Similarly, it enables us to see the best practices, the most preferred criteria and the opportunities this market industry represents in the upcoming years.

Additionally, by creating a contrast the research was able to go to the root of the rationale for businesses who have not used consultancy, clearing the way for understanding the market dynamics, creating innovation, improvement and exploring a great potential in the market. Thus, the sample population does not correspond to the general population by design; however, we are still very much able to see the trends and tendencies of the businesses even with the constructed, smaller sample.

The data collection for the study was completed through face to face interviews. The survey was directed at small, mid-sized and large firms. With approximately 50% of the surveyed businesses having used the consultancy services, the study able to reflect the addressable market for the majority of consulting firms and consultants that have clients in the private sector. The research dealt with response error by pre-testing all the questions for accuracy and consistency of meaning as well as by asking for more convenient times to call the respondents back, if they lacked the time to answer the questions.

Survey with Consultancy Service Providers in Kosovo

KOSME report[1] was used as a baseline research for developing the quantitative instruments for the consultants participating in the study. Consequently, an online survey was carried out aiming at the business consultancy suppliers in Kosovo. In total 114 respondents filled in the survey. After a comprehensive process of data validation, which included filtering the target audience, data completeness, its' consistency and quality, the population size for the supply side was set at 114 cases.

[1] *Kosovo SME Promotion Programme: A Capacity Scan of Business Consultants in Kosovo* (pp. 1-34, Rep.). (2013). Prishtina.

III) Results of the Survey with Consultancy Service Providers

A) Demographics of the Surveyed Consultants

The ages of the responding consultants ranged from 18 to more than 50 years of age. Almost half of the responding consultants (45.6%) were between the ages of 36 to 50 year old. The second largest age group was 26 to 35 year olds which constituted 38.6% of the respondents. The percentage of the youngest age group of consultants who are between the ages of 18 to 25 was 8.8% and 7% was the segment of the oldest consultants attending the survey at more than 50 years of age.

The geographical dispersion of the consultants who participated in the survey was confined in larger cities of Kosovo, where majority of the respondents were concentrated mostly in Prishtina (68.4%) followed by Mitrovica and Gjakova being locations for 8.8% of responding consultants each.

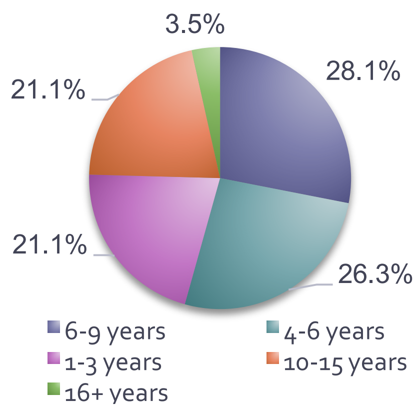

Figure 1. Years of activity of the surveyed consultants in the consultancy services market

The most prevalent range in the number of years that consultants have been active in the market was 6 to 9 years, at 28.1%. Consultants who have been working for 4 to 6 years are 26.3% of the respondents. Relatively new consultants working for 1 to 3 years and relatively more established consultants working for 10 to 15 years make up 21.1% of the survey population each. Consultants working for more than 16 years are the smallest group forming only the 3.5% of the respondents. 62.3% of consultants were independent consultants/freelancers and 37.7% of them were working for a business-consulting firm.

The consulting firms are larger actors of the consulting industry in terms of their size and revenues. However, the consulting industry also has a more transactional type of dimension which entails the freelance consultants. These independent consultants are characterized with their more commoditized approach for services in consultancy.[2]

In terms of educational background of the consultants, Bachelors in Business Management strikes as the most widespread degree of education among the responding consultants at 56.1%. Information/communication technology was the second most common degree at 18.4%, Law and Political Science comprise 15.7% of the degrees and finally Engineering degrees were found at 13.1% of the consultants. Psychology and Communication majors were the least common degrees at just 0.9%. Furthermore, 6.1% of consultants had Masters Degrees and 7% of them had PhD degrees in their fields. At the same time, 32.4 % of consultants had obtained a training and/or certification in the field of consultancy.

[2] Christensen, C. M., Wang, D., & Bever, D. V. (2013). *Consulting on the Cusp of Disruption* (Harvard Business Review, Rep. No. R1310F). Harvard Business School Publishing Corporation.

B) Current Market Conditions

1) How do consultants operate?

The consultants taking the survey had 33 clients in average, since the day they had started working. As high as 9.1% of the responding consultants proclaim that they have had 20 clients, 7.3% of them said they have had 30 clients. The percentage of the consultants that have had 50 clients until the time of survey participation was 6.4%.

When asked about the typical duration of the project, the data from the consultants set forth that 24.6% of the consultants have projects that last more than 2 years, 23.7% projects that last 4 to 6 months and 22.8 % projects that last for a year.

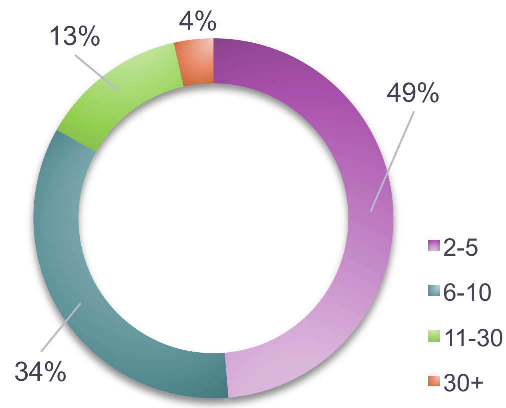

Figure 2. The reported frequency of average number-range of client engagements that consultants have in a year

Figure 2 displays that among the consultants who responded to the survey, 49% of them reported that the average range of annual number of their client engagements was between 2 and 5. Considering both the annual average number range of clients and the approximate length of the projects it appears that consultants are typically dealing with one or two long term, bigger projects and three to five mid-term and short term projects during a year.

When asked about the typical client profile with regards to the sector, the surveyed consultants showed to have a variety of client profiles. The data results can be viewed in Figure 3 on the right which shows that approximately 47% of the clients, based on the reported frequency by the consultants taking the survey, belong to the local private sector. Since the main target group of the survey were business consultants, it would be understandable that state components like presidency, parliament and government as well as local municipalities constituted a less common client profile.

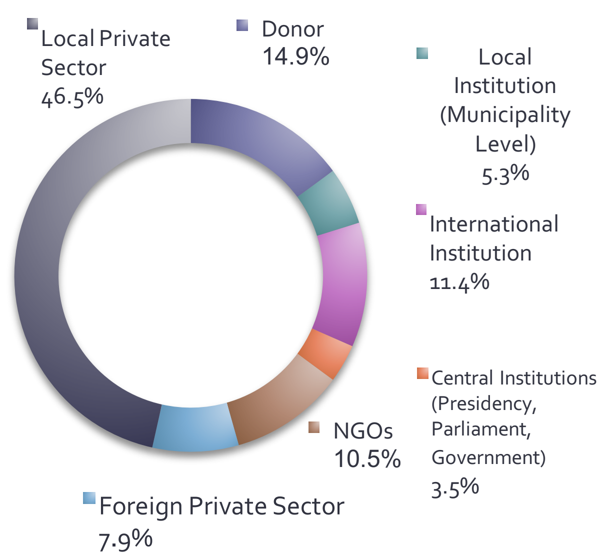

Figure 3. The client types of the typical consulting engagements of the consultants responding the survey

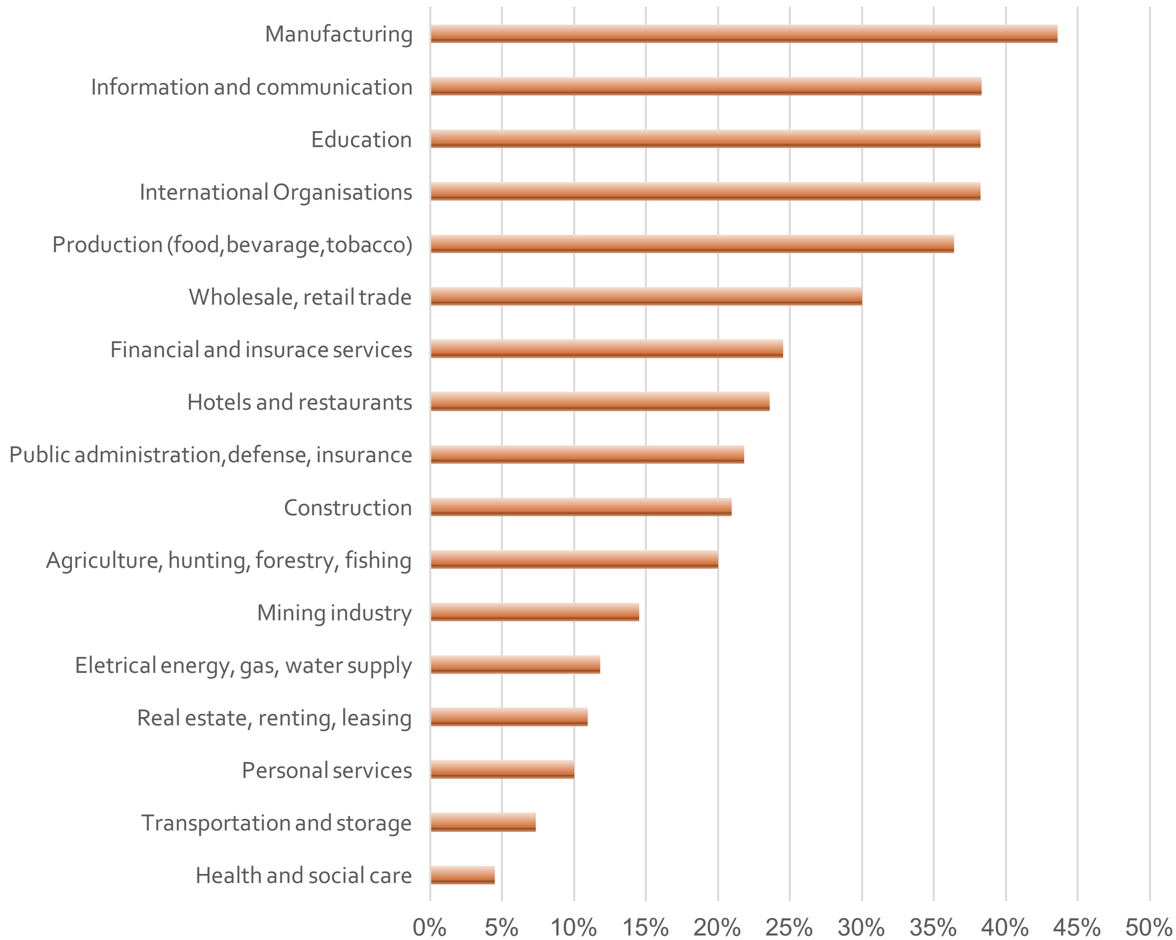

Figure 4. Please list the sectors where your clients belong

Furthermore, the survey with the consultants examined the sectors that the clients belonged to rather profoundly. As it can be seen in the Figure 4 above, the results show that the most common sector to which clients belonged to was manufacturing (of wood, textile, metal and chemical products) as 43.6% of the consultants reported having worked for them. The clients in the information and communication sector made up 38.3% of the reported frequency by consultants being the second most common type of client industry. Education and qualification sector and international organizations sector were both considerably common as well, since 38.2% was each of their rate which consultants reported having worked with these sectors. As an amassed sector, wholesale and retail trade, repair of vehicles and motorcycles, repair of equipment for personal and home use was a sector from which 30% of the consultants' clients were operating in. Clients who belonged to financial and insurance activities and financial mediation were at 24.5% and hospitality sector was reported at 23.6% by the consultants.

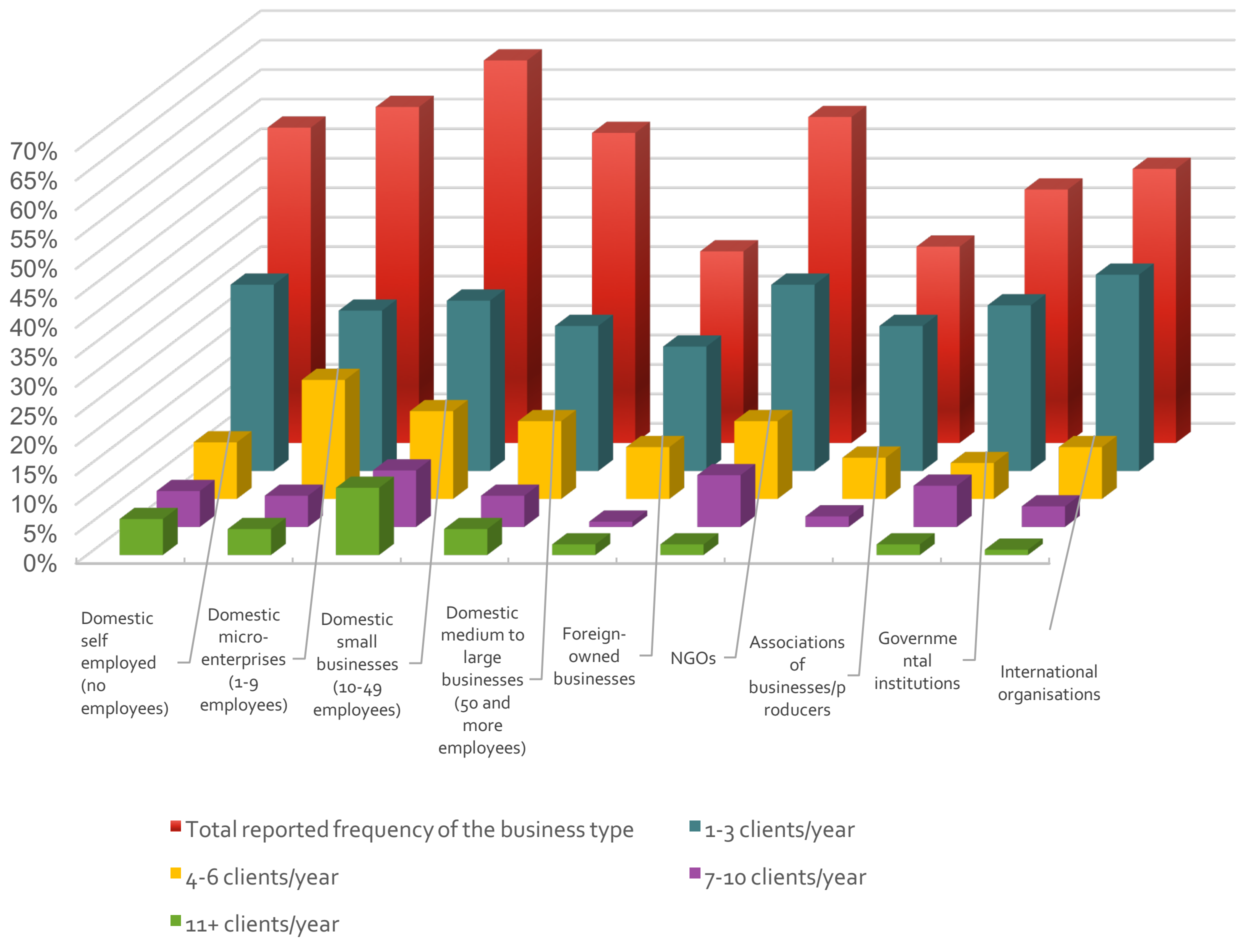

Figure 5. Average number of clients based on business type within a year as specified by consultants

It can be observed in the Figure 5 above that the survey with the consultants disclosed that domestic small businesses with 10-49 employees, were the most common client type since a total of 64.9% of the consultants reported having worked with them within a certain year. Most of these consultants (28.9%) had from one to three domestic small businesses as their clients within a year and as high as 11.4% of them had more than eleven of domestic small businesses as their clients within a year. Domestic micro-enterprises that had up to 9 employees, were widespread as a type of client as well, consisting a total of 57% of the reported frequencies. Domestic self-employed businesses were clients to 53.5% of the surveyed consultants. The NGOs make up 55.3% of consultants' clientele within a year. International organizations were reported at 46% and governmental institutions constituted 43% of the clients of the surveyed consultants within a year. Foreign-owned businesses were a relatively less common type of business consultancy client at 32.5%.

Business type	% of consultants providing service to this type of business	Most common frequency of this client type	% of the total business (revenue) of the business consultants (mean[3])
Domestic self-employed (no employees)	53.5%	1-3 clients (59%)	23
Domestic micro enterprises (1-9)	57.0%	1-3 clients (47%)	28
Domestic small businesses (10-49)	64.9%	1-3 clients (44%)	23
Domestic medium/large businesses (50+)	47.4%	1-3 clients (51%)	37
Foreign owned businesses	32.5%	1-3 clients (64%)	26
NGOs	55.3%	1-3 clients (57%)	25
Associations of businesses/producers	33.3%	1-3 clients (73%)	16
Governmental institutions	43.0%	1-3 clients (65%)	28
International Organizations	46.5%	1-3 clients (71%)	27

Table 1. Types of clients of business consultants, most common number range of clients within a year and average share of the consultants' total revenue

The Table 1 shows the results of a richer elaboration on the client profiles of the consultants. When asked about the revenue contribution percentages for each client profile they have had, the consultants revealed that most of them had a diversified revenue generating profiles. As low as 8% of the respondents were solely reliant on only one client type, meaning that 100% of their revenue was being generated by only one of the client types listed above. This particular result could indicate to a higher degree of specialization for the said consultants. As can be clearly seen from the table, the domestic medium to large businesses with fifty or more employees were the clientele generating the most revenue when the average is taken. Domestic small businesses, being the most common client type, were generating as high as 23% of the average revenue for the consultants who participated in the survey.

When asked about the average working days spent on every consultancy service, the higher number of consultants (22.3%) said they worked from two to four months on average for every project.

The consultants who said they worked one to two months on a project was 18.8%, the consultants spending fifteen to thirty days on a project were 17% of the respondents while consultants working ten to fifteen days on a project were 16% and the ones that reported spending six to twelve months on every

[3] Mean: The mean is an average value equivalent to the arithmetic mean. The calculation of each mean is based on consultants' responses who have a contribution from the particular type of client.

business consultancy were 16% as well. As low as 9.8% of the consultants declared that they worked more than a year on average on every business consultancy service they offered.

There was a correlation in the increase of the number of the total clients the consultants have had until now and the age of the consultants. However, this is not necessarily a causal relationship given that it might simply be because of the active years in the job. However, if this data is to be examined in tandem with the relationship of age and reported frequency of average number-range of engagements per a given year, we can say that older consultants (26+ year olds) have more clients per year on average.

Subsidies and co-financing schemes have long been a part of business consultancy market in Kosovo[4]. The majority of the consultants (77%) did not state that they had used a grant scheme before for their consultancy services. When compared to the 2013 KOSME report, where around 67% of the consultants had used subsidies or some form of co-financing, we can see that the number has dropped vastly. However, among the consultants who had used a grant scheme, ARDA EU, USAID (Empower), EBRD, World Bank, IMF, CBM, EU, KOSME, GIZ, BERZH, MTI, UNDP, SDC, BCCK, were the most commonly mentioned grant schemes and donors by the consultants who have used grant schemes through and/or for their work.

2) Assessing the consultancy market situation in Kosovo

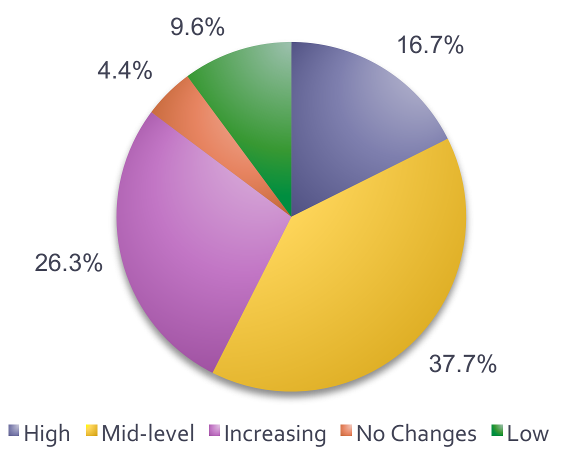

Figure 6. How do you assess the competition in consultancy market in Kosovo?

The survey with the consultants asked to the consultancy service providers if they thought that gender was an important factor when it came to clients choosing a consultant they work together with. The outcome from the research tells us that 22.8% of the consultants agree with the statement, suggesting that gender is an important determinant when clients chose the consultant. Majority of the consultants seem to disagree with the statement, based on their experience, stating that gender does not constitute significant criteria while selection of consultants is made.

Around 45% of the respondents among the consultants stated that price competition for consulting services was at medium level in Kosovo; as high as 30% of the consultants however, think that the price competition is at a high level.

The competition by international consultants was also assessed to be at a high level, at 64.9% of the respondents saying it is mid-level to high.

[4] *Kosovo SME Promotion Programme: A Capacity Scan of Business Consultants in Kosovo* (pp. 1-34, Rep.). (2013). Prishtina.

The quality of consultancy services is considered mid-level again with 39.5% of the consultants assessing the market. However, 18.4% of the consultants seem to support the idea that there is an increasing level of quality in the market.

Quality of education / training measures for consultants is said to be at mid-level by 42.1% of the consultants.

Also, 36% of the consultants taking the survey, are in the opinion that the number of consultants in the Kosovo market is rising, 29% of them think that the number is mid-level and 17.5% of them think that the number is already at a high level.

3) Areas of Improvement: What do consultants need?

In order to meet the requirements of private sector clients and gain significant market traction amongst increasing competition, providers should have the capability to manage projects with technical expertise as well as collaborate with stakeholders efficiently, they are expected to possess good judgement and effective action plans when confronted with problems to facilitate better outcomes.

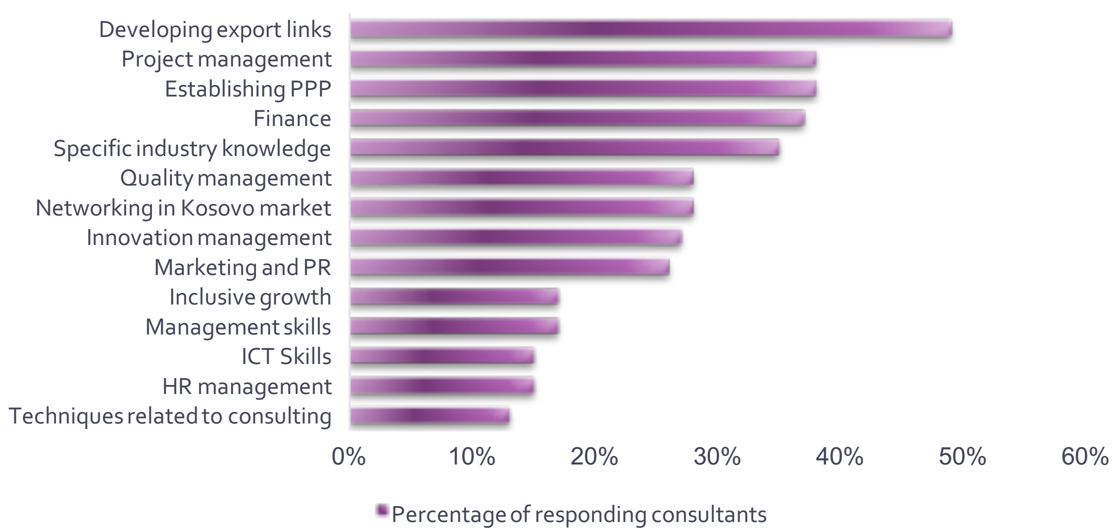

Figure 7. The most essential needs of consultants

Figure 7 displays the graph showing the most essential needs for consultants based on the survey conducted with consultancy service providers in Kosovo. The most significant attribute that consultants disclose a need for is developing links with international actors for exports and imports. The rationalization behind this finding could be that the issue of geo-political isolation of Kosovo is forming an obstacle on the ways of the consulting services industry, as it does for other industries.

Providing services to private businesses, particularly mostly to domestic small enterprises, would require that the consultants have the necessary conditions and the means for providing their clients with international networking and creating ways of contact for exports and imports.

Developing project management skills and establishing public private partnerships appear to be equally important, precisely for 38% of the consultants that participated in the survey. Putting additional attention to establishing public-private partnerships, it can be inferred that consultants are keen on receiving support from the public sector/state in form of the partnerships. PPPs have been a widely discussed matter particularly in public management, despite having certain risks, PPPs have proven to be useful frameworks for both state institutions and private sector.[5]

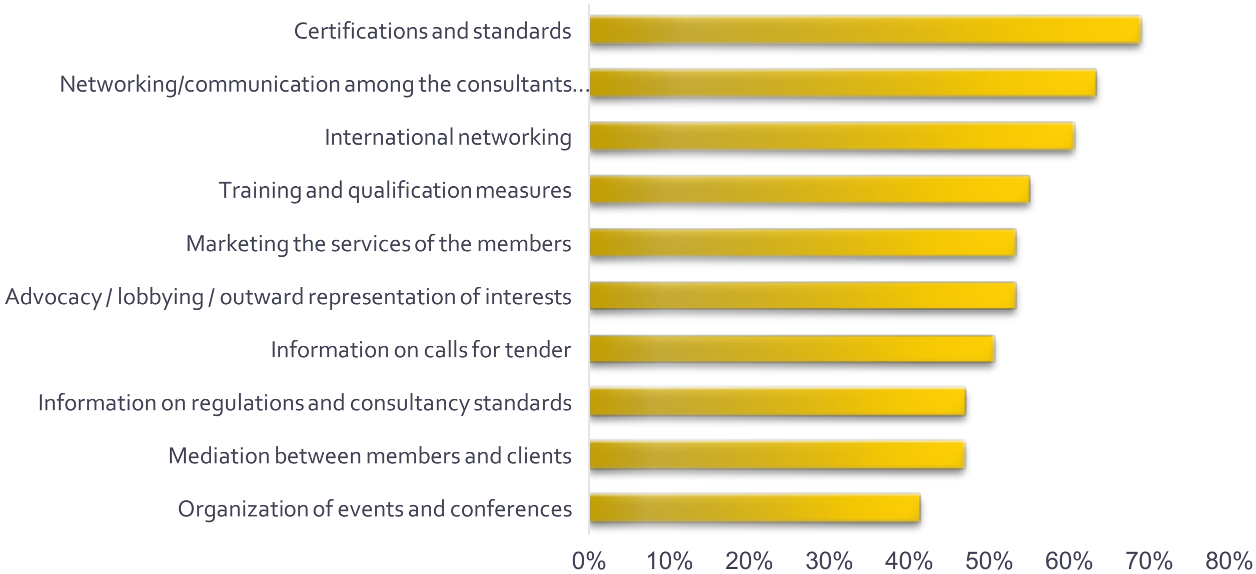

Figure 8. What are consultants requiring from BCC?

Figure 8 exhibits the list of the results from the consultants when asked regarding the kinds of services do consultants think the Business Consultants Council should offer to/for its members.

Certifications like CMC, CME, etc. and standards like ISO are the most required services (69%) from the Business Consultants Council for its members. At 63%, the networking and communication among consultant community is the second most common requirement from the BCC. In addition to inclination for generating relationships and ties within the domestic consultants' market, the consultants also prefer (at 61%) to have networking opportunities with the international community of consultants as well.

[5] For more detailed analysis of the PPP frameworks see: Akintoye, A., Beck, M. & Hardcastle, C. (2008). *Public-Private Partnerships : Managing Risks and Opportunities*. Chichester: John Wiley & Sons. and also : Bovaird, T. (2004). Public–Private Partnerships: from Contested Concepts to Prevalent Practice. *International Review of Administrative Sciences*, *70*(2), 199-215. doi:10.1177/0020852304044250

IV) Results of the Survey with Private Businesses

A) Characteristics of the Surveyed Private Businesses

The interview results with the private businesses showed that the average year of establishment for businesses participating in the survey was 2002 with the oldest business having been established in 1956 and the newest one in 2017.

The prevailing majority of the surveyed businesses had male owners (96.1%) and 3.9% of them had female owners. As it can be observed in Figure 2 on the right, the ratio was only one female owner in every twenty five business owners. This result is a reflection of the general gender distribution of Kosovo business owners. According to the USAID's Public Opinion Survey Analysis, Kosovar women make up just 0.3% of top managers in private companies, which represents the lowest share in Eastern and Central Europe countries, where women on average constitute 20% of company managers.[6]

Figure 9. Gender distribution of the respondents

Almost all of the businesses (99.5%) had at least one full time employee, around 30% of the businesses stated that they had part time workers, and 33% of them had seasonal workers. The total number of employees (for all work categories) of the businesses was at average 56 employees. The number of the full time employees of the businesses ranged from one worker to as high as 2300 workers.

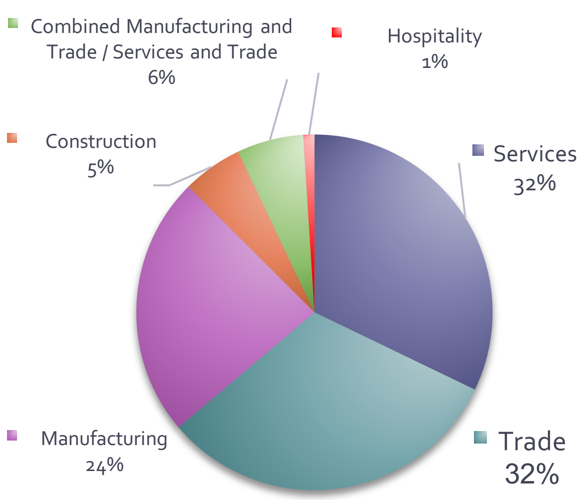

Figure 10. Industry of operation of the surveyed private businesses

The locations of the headquarters of the surveyed businesses was geographically spread across the country. The respondents were higher in number from the larger cities like Prishtina (11.3%), Ferizaj (11.8%), Peja (11.2%), Gjakova, Gilan and Fushe Kosova at (9.3%) and Mitrovica at (8.8%) which could be considered proportional to the population.

The plurality of the businesses who answered the survey were working in services (31.9%) and trade (31.4%) industries, followed by the manufacturing industry at 23.5%, construction sector at 5.4%, combinations of manufacturing and trade or services and trade at around 6% and hospitality at only 1%.

The majority of the businesses (56.9%) had only one location for their firm. The businesses that had two sites were the 19.1% of the respondents and the businesses that had three sites were forming the 8.3% of the total. Businesses who were operating in

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[6] United States Agency for International Development (USAID). (Ed.). (2014, May). *Gender Equality in Commerce Public Opinion Survey Analysis* (Rep. No. AID-167-C-13-00001).

locations ranging from five to ten were 5.5%. On average, the firms had around three sites while the total number of locations ranged from one to seventy.

B) Current Market Conditions

1) How do businesses operate?

The survey with the private businesses in Kosovo, reveals that, 67.7% of the respondents who have previously used consultancy services (30.8% of the total respondents) are potential returning clients. On the other hand, businesses who have used consultancy before however, do not plan to use the service again are 32.3% of the respondents.

Around 30% of the businesses who have not used consultancy before (15% of the total respondents) are potential new clients, meaning the businesses who have not used consultancy services before, are willing and planning to use now. The businesses who have used consultancy services and who are planning to use consultancy services, most commonly had 6 to 15 employees and 1 to 2 branches. Based on the data collected from the businesses, this could be considered a characteristic of a typical client profile for private sector consultancy services.

With the intention of acquiring deeper insights to the operation of the consultancy service receivers, the surveyed private businesses were divided into four categories of size. The categories were created based on the number of the full time employees these firms had, which is shown in brackets in the figure below.

Figure 11. Businesses who have used and will use consultancy according to their size

The graph above clearly reflects that the all of the interviewed large businesses have used consultancy services in the last three years. It can be seen that the company size is in direct proportion of using consultancy services. As the companies get larger, the demand for consultancy services increase.

When compared to the survey results with consultants, the small businesses with 10-49 employees are the most common client type. The results from the survey with businesses show us that the percentage of small businesses planning to use consultancy in the near future (56.5%) is higher than the small businesses which have used consultancy in the last three years (45.7%) which points to the potential of 10.8% of new clients in addition to the returning clients.

Notwithstanding that the largest companies might be the biggest contributors to the revenues of the consultants, they form a smaller portion of the clients as a result of the both surveys. The reason behind this finding could be that the larger scale companies can afford to keep or chose to have in-house consultants for their issues and plans.

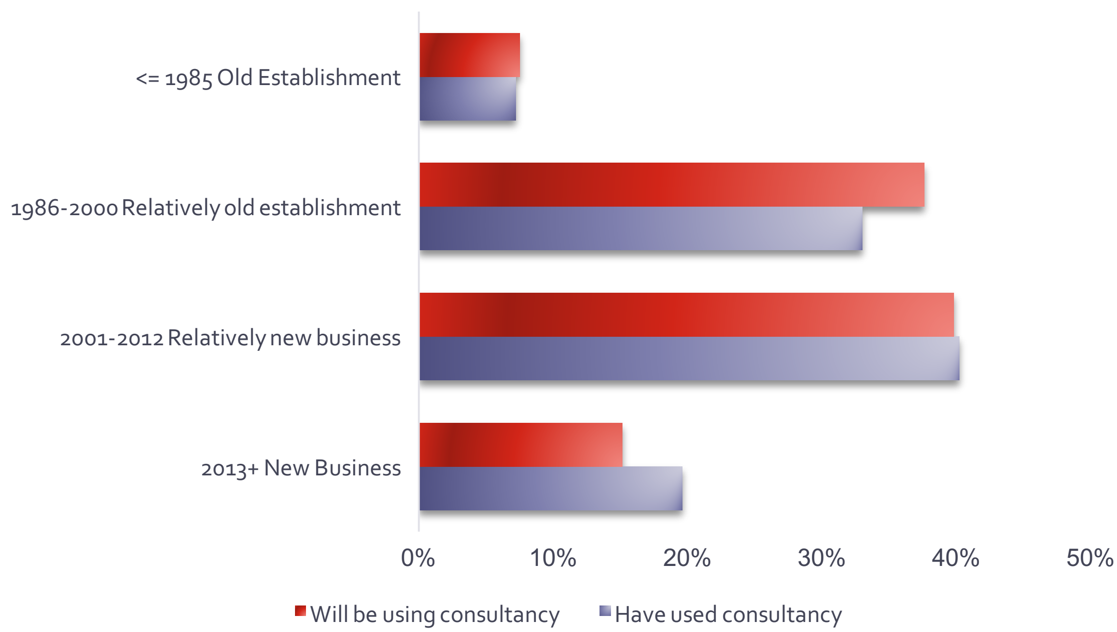

Figure 12. Businesses who have used and will use consultancy services according to their establishment year

Figure 12 shows us that the clients of the business consultants were most commonly businesses that were established between the years 1986 and 2012. When analyzing the trends between the companies who have used consultancy before and who are planning to use consultancy services in the near future, it can be noticed that old establishments (established before 1985) and relatively old establishments (established between the years 1986-2000) are more inclined to be looking for consultancy services than the new businesses. A possible motive behind this trend could be that the older and accordingly more established businesses might be in the need to adapt to the changing market situations in terms of strategic planning, innovation, exports, imports but especially IT and technology. Moreover, more established businesses, having a longer trajectory of their business might be more able to realize and act on their weak points. This might be linked with the lower number of new businesses planning to use consultancy. Since newer businesses might be over-confident in their entrepreneurship compared to the more established businesses.

Among the businesses who have been former clients to consultants 34% of them have used consultancy services up to 5 times in the last three years. While the number for the businesses who have only sought for consultancy once is quite high as well (23%). The percentage of the businesses that have used consultancy services before and plan to use again (64.9%), is higher than the percentage of the businesses who have used consultancy services, but do not plan to hire a consultant in the near future again (35.1%).

In the same way, compared to the businesses who have never used consultancy services before and plan to use the services now (28%), the businesses who are returning customers, form a higher number of the businesses who plan to use the consultancy services in the near future.

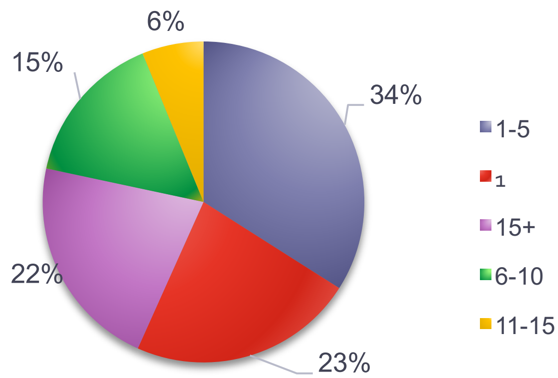

Figure 13. Number of times the businesses have hired consultants in the past 3 years

Thus, the analysis of the data suggests either a considerable level of satisfaction with the consultancy services received or a high degree of awareness of the cost-efficiency of using the services or both.

When looked at the experience of the clients, it can be inferred that the larger majority (87.6% of them) have paid for the consultancy service with their companies' own funds, 8.2% of them have paid through a combination of a grant scheme and companies' funds and only 3.1% of them have paid through solely subsidies.

Of the businesses who have received subsidies and who have declared the donor, two of the instances were a grant scheme from USAID and one of them Swiss HELVETAS.

Among the businesses who have hired consultants in the past three years, 71.1% of them preferred to hire a local consultant. The percentage of the businesses who had the preference to hire international consultants or both international and local is the same at 14.4%.

2) Upcoming Challenges: What difficulties are businesses expecting to have?

As seen in Figure 14, the greatest challenges for the companies seem to be the expansion of the company and the intensive local competition. More than half of the surveyed businesses are considering expansion as their greatest challenge (59.3%). While at the same time, approximately two fifth of the businesses think strong local competition is a challenge to them (42.2%). Considering the results, it could be inferred that Kosovo businesses will be focusing on getting ahead on the local competition while trying to increase their profits and attempting to satisfy the ever-more aware customers in the country. This situation is definitely carving a room for action for the business consultants, particularly the ones in the niches that would help the above concerns, to be able to target the demand.

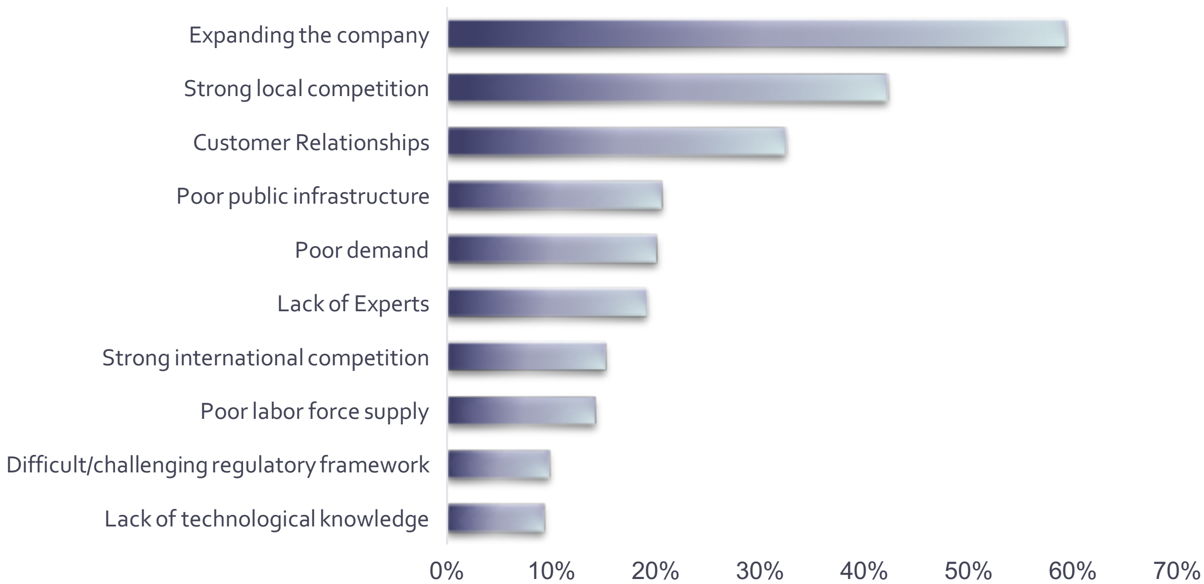

Figure 14. Which of the given choices do you consider as greatest challenges for your business?

In this case consultancy services like business planning services and marketing and sales/PR services would prove to be beneficial when considering the greatest upcoming challenges private businesses have reported so far.

It can be observed that customer relationships are considered as a challenge by 32.4% of the responding businesses. At the same time, analyzing the results of the survey both with businesses and the consultants regarding the most requested and offered services, customer relationships or public relations is present at high levels as well. This could indicate an issue regarding the changing dynamics of the customer relationships in Kosovo market, in general. According to a research done in 2015[7], the rights and interests of customers in Kosovo are still not at a satisfying or required level despite the legal framework. Simultaneously, with the widespread social-media, the tools that improve customer awareness are being utilized especially by the customers in the larger cities. This makes way to a possible

[7] Bektashi, M. (2015). Protection of consumer rights and interests. Case of Kosovo. *EuroEconomica, 34*(1). Retrieved from http://journals.univ-danubius.ro/index.php/euroeconomica/article/view/2773

increase in the levels of complaints and request for better customer care, which essentially might be a contributing factor behind the results that businesses are seeing customer relationships as one of the greatest upcoming challenges for them.

3) What are the upcoming plans of private businesses?

Business plan	Total	Have never used consultancy service before	Have used consultancy service before	Is planning to hire a consultant/firm
Expanding customer base	41.2%	47.7%	34.0%	31.2%
Exports	23%	15.9%	30.9%	31.2%
Increase capacities	18.6%	21.5%	15.5%	23.7%
Market research for a new product	5.9%	5.6%	6.2%	4.3%
Introduce a new product	3.4%	2.8%	4.1%	1.1%
Strategic Partner-Joint Venture	3.4%	2.8%	4.1%	3.2%
Imports	2.0%	.9%	3.1%	2.2%

Table 2. Upcoming business plans of consultants segmented based on their previous use of consultancy

As can be seen in the Table 2, the most common upcoming business plans, particularly for the businesses who plan to hire consultants, is expanding their customer base, making exports and increasing their capacities. These results from the survey with businesses further elaborate on the choices of the potential new consultancy service clients. The private businesses looking for expanding their customer base signify potential new clients for consultants who offer especially marketing services. The sector segmentation in Table 2 will be providing deeper insight on targeting areas based on industry and services that could be offered to respond to the declared business plans.

Business plans	Manufacturing	Services	Trade	Construction
Accessing new markets for sale (Exporting)	47.9%	10.8%	23.4%	9.1%
Increase capacities/existing product-services	18.8%	15.4%	18.8%	9.1%
Expanding customer base	18.8%	58.5%	37.5%	54.5%
Market research for the new product	4.2%	3.1%	9.4%	18.2%
Introduce new product/ service	4.2%	3.1%	3.1%	0.0%
Strategic partner (Joint venture)	2.1%	6.2%	1.6%	0.0%
Finding new suppliers(Importing)	2.1%	0.0%	4.7%	0.0%

Table 3. Primary upcoming business plans of clients segmented based on the industry they belong

The table above shows the percentages of the businesses according to their business plans, within their industries. It can be seen that 47.9% of the manufacturers who answered the survey plan on exporting, while more than half of the service providers (58.5%) and construction sector (54.5%) plan on expanding their customer base. The trade companies will be focusing on expanding their customer base as well as exporting. Construction industry is a smaller market however, a potential here lies in the works revolving around clients looking for help with expanding their customer bases.

In an attempt to compete in the increasingly more competitive national market, which the service receivers have listed as one of the biggest upcoming challenges above, the businesses might be allocating larger budgets to the external help component that could potentially encompass several expenditures at once.

Will they be able to achieve their business plans by themselves?	Total	Have **never used** consultancy service before	**Have used** consultancy service before	Is **planning to hire** a consultant/firm
Yes	74.0%	86.0%	60.8%	55.9%
No	26.0%	14.0%	39.2%	44.1%

Table 4. Table showing segments of business populated based on their belief whether they think they can or cannot achieve their business plans on their own

When asked if the businesses thought they were able to achieve their plans on their own, the majority of them (74.0%) said yes. A higher number of the respondents who believe they can achieve their plans by themselves had not used consultancy before.

Figure 15. Phase of the job that requires the most help from the consultant

An interesting outcome from the data gathered by the question above would be that as high as 55.9% of the businesses that plan to hire a consultant said that they could achieve their business plans by themselves; This would possibly imply that some businesses, despite thinking that they can achieve certain goals by themselves, are still willing to hire a consultant for the job. Therefore, the fact that they are considering hiring a consultant might point out to a higher amount of realistic self-assessment of the needs and resources of the companies.

Among the businesses who will hire, the phase of the job that they need the consultant the most is shown in Figure 15 above.

The businesses express that they need consultants the most in the preparation phase (31.2%) of their jobs for conducting market research, planning, etc. Moreover, almost one in five respondents to the question have said that they need consultants for financing and executing their business strategy plans.

For certain consultancy service providers, their work could be described as feeding the decisional processes by providing specific information about markets and/or technologies. As an example, the case of a project manager who, before starting the design of a new product, turns to external consultants to gather specific information about technological trends that they considered relevant to the project. Engineers and managers seek out these contributions because of the perception that the consultants have superior knowledge about and expertise in the focal industry. There is also the assumption that consultants also have been exposed to general trends in the industry, rather than focusing on a single firm's specific activities or search paths. This level of expertise allows consultants to act as counsellors and futurists, especially for firms that are new to the market or lack a specific form of expertise[8].

4) Some trends that businesses have when selecting the consultants

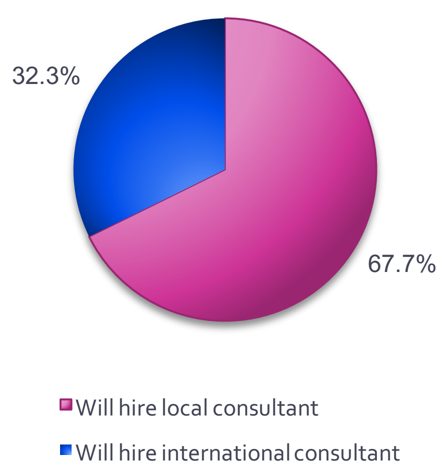

Figure 16. Do you plan to hire local or international consultant?

The majority of the businesses plan to pay with companies' own funds for upcoming consultancy services. The businesses who have hired consultants before are more willing to pay with their own funds than the ones who have not worked with a consultant. The majority of the potential clients plan to pay for the services with their own funds however the number of the businesses that aim to pay for it through a combination of subsidies and companies own funds is almost half as much as the majority.

Among the businesses who responded to the survey, both businesses who have used consultancy and who have not used consultancy which expressed their intention to hire consultants, majority of them are leaning towards hiring local consultants (at 68%)

Many of the interviewed businesses seem to hold a perception that local consultants have better knowledge of the national market and this is the primary reason that businesses who plan to hire a consultant, will look for the local services in this sector. As high as 11.3% of the business respondents stated the above as the reason for preference of the local consultant. The second most common reason was the issue of communication, where around 4% of businesses said they communicated more easily with the local consultants. Flexibility, practicality and offering services adequate to the businesses

[8] Canato, A. and Giangreco, A. (2011), Gurus or Wizards? A Review of the Role of Management Consultants. *European Management Review*, 8: 231–244.

needs were other common reasons for choosing local consultants. Lower prices of national consultancy services were mentioned in the 1.5% of the reasons of the respondents.

Conversely, among the businesses who preferred to hire international consultants (which amounts to 32% among the businesses who plan to hire a consultant) were mainly focusing on the experience as a criterion. 6.4% of the respondents who plan to hire international consultants had the perception that they had better experience and were more professional. Furthermore, another common rationale (around 2% of the reasons why) was that the international consultants were operating within the framework of the newest approaches and world or European standards. This was another reason that Kosovo businesses would be more willing to hire international consultants.

V) Comparing and Contrasting Findings from Surveys with Consultants and Businesses

A) Contrasting payment and compensation choices of businesses and consultants

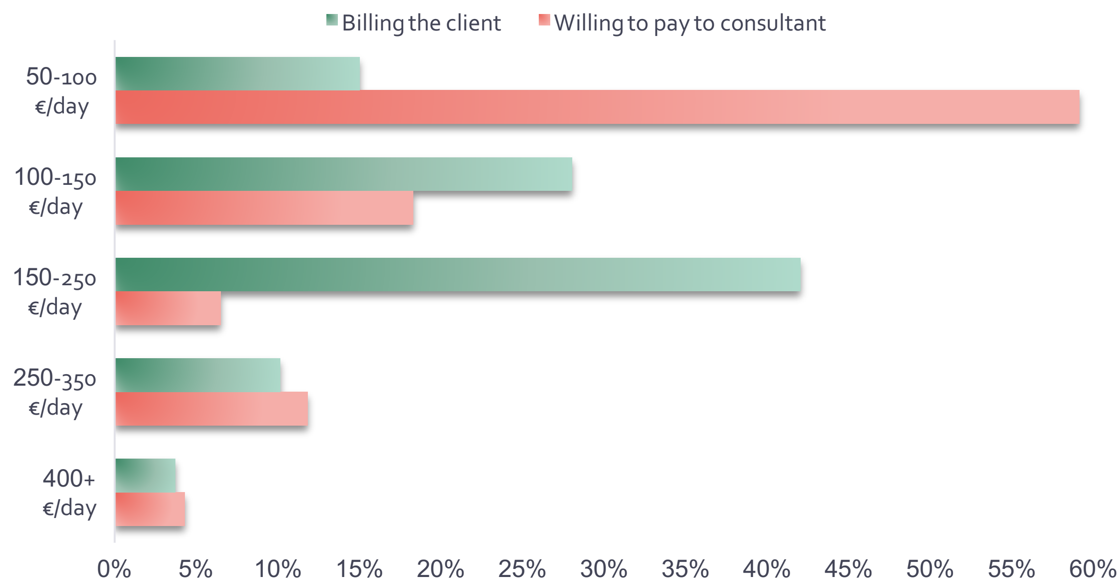

Figure 17. Comparison of payment amounts that consultants are billing to clients and clients are willing to pay. Values are in Euro per day.

Figure 17 displays a significant finding with regards to compensation in the consultancy services market. As can be seen from the graph, the majority of the businesses who have used or are planning to use consultancy services are willing to pay in the range of 50 to 100 € per day. However, the percentage of willingness to pay does not steadily decrease when the price increases. As high as 11.8% of the businesses are willing to pay 250 to 350 € a day for the consultancy service they might need.

In contrast to the analysis of the choices by the businesses, the results from the survey with the consultants show us that greater part of the consultants (42%) are billing their services at the rates ranging from 150 to 250 € per day. Interestingly, this range is the amount the businesses are less willing to pay (only 6.5% of them).

Consequently, the comparison sheds light on a possible area of opportunity for the consultancy service providers. Where in the range of 250 to 350 € per day, the consultants are billing lower than the private businesses would be willing to pay. However, a compelling explanation for this would be that the businesses would be willing to pay more in order to get the consultancy service that they need, both in terms of specialized service and high quality service.

B) Evaluating the disparities between offered and required service areas

1) Survey with businesses: Which consultancy service areas are being sought out by private businesses?

Consultancy Service Area	Manufacturing	Services	Trade	Construction	Other (Hospitality, Distribution, Transport)	Total
Finances	7.2%	17.5%	12.4%	2.1%	0%	39.2%
Marketing Sales	7.2%	6.2%	18.6%	2.1%	3.1%	37.1%
Business Planning	5.2%	9.3%	14.4%	3.1%	1%	33%
Strategic Planning	5.2%	4.1%	10.3%	3.1%	2.1%	24.7%
Marketing Promotion	5.2%	4.1%	13.4%	1.0%	1%	24.7%
Accounting/ financial reporting	2.1%	8.2%	11.3%	2.1%	1%	24.7%
Marketing Strategy	4.1%	7.2%	8.2%	1.0%	2.1%	22.7%
Human Resources	4.1%	3.1%	7.2%	2.1%	4.1%	20.6%
Legal Services	2.1%	4.1%	10.3%	1.0%	2.1%	19.6%
IT	6.2%	6.2%	3.1%	2.1%	1%	18.6%
Technology	7.2%	3.1%	5.2%	1.0%	1%	17.5%
Quality Standards	7.2%	3.1%	5.2%	1.0%	0%	16.5%
Operations	1%	5.2%	6.2%	0.0%	2.1%	14.4%
PR	1%	3.1%	2.1%	1%	1%	8.2%

Table 5. Most acquired consultancy fields by businesses, disaggregated by the industry in which the private business operates

The table above is based on the experiences of the private businesses in Kosovo. Among the interviewed businesses, the finances are the most sought out service at almost 40% of the reported engagements with consultants. Services, trade and manufacturing industries make up the bulk of the businesses who have needed financial consultancy. Sales section of the marketing is a highly demanded consultancy service as well, where trade makes up the larger portion as the industry seeking marketing consultancy particularly for sales.

The businesses operating in manufacturing industry have required consultancy in many service areas, nevertheless, the IT, technology, quality standards, finances and sales marketing are the front runner service areas for manufacturing businesses. In addition, the construction industry businesses have looked for business planning and strategic planning services more than the other types of services.

Consultancy Service Areas	Total = All that will hire	Businesses which have not used consultancy	Businesses which have used consultancy
Marketing- Sales	21.7%	26.7%	19.4%
Strategic planning	16.3%	6.7%	21.0%
Business planning	14.1%	20.0%	11.3%
Accounting/financial reporting	8.7%	3.3%	11.3%
Marketing- Strategy	7.6%	6.7%	8.1%
Finances	5.4%	.	8.1%
Technology	4.3%	6.7%	3.2%
IT	4.3%	3.3%	4.8%
Marketing- Promotion	3.3%	3.3%	3.2%
Operations	2.2%	.	3.2%
Legal	2.2%	.	3.2%
Human Resources	1.1%	3.3%	.
Quality standards	1.1%	.	1.6%

Table 6. Table showing area preferences of potential new clients and returning clients

Table 6 breaks down the service areas that are sought out by the private businesses, into the two groups of businesses to determine the potential returning clients and new clients which will be hiring consultancy services.

The data shows that the sales segment of the marketing field will be gaining the highest motion, particularly among the businesses who have not used consultancy before. The businesses who have used consultancy and are planning to use it again for the sales marketing at a rate of 19.4%.

As another outstanding example, strategic planning seems to be the area that the previous clients are the most willing to continue working with consultants. According to the analysis of the survey with private businesses, strategic planning as an area of consulting will be used by 16.3% of the businesses in the near future. Within this 16.3% of the businesses, 21% of it are businesses who have used consultancy before, and only 6.7% of it are potential new clients who have not used consultancy previously. This difference in composition for potential users of strategic planning consultancy service, points out to the experiences of private businesses with consultants. One possible explanation would be that the businesses who have received strategic planning services before are satisfied with the results and thus, would like to make use of services again. Another contributing causal factor to this might be that the businesses that have some experience with the consultants, would be more aware of their needs and accordingly, be able to better target the specific services they need.

As high as 14.1% of the upcoming consultancy clients are orientated towards utilizing business planning services. Among these 14.1% of upcoming clients, businesses who are going to use consultancy first time in at least three years make up the higher percentage (20% of the upcoming users will be new clients in this service).

2) Survey with consultants: Which service areas are being offered by consultancy service providers?

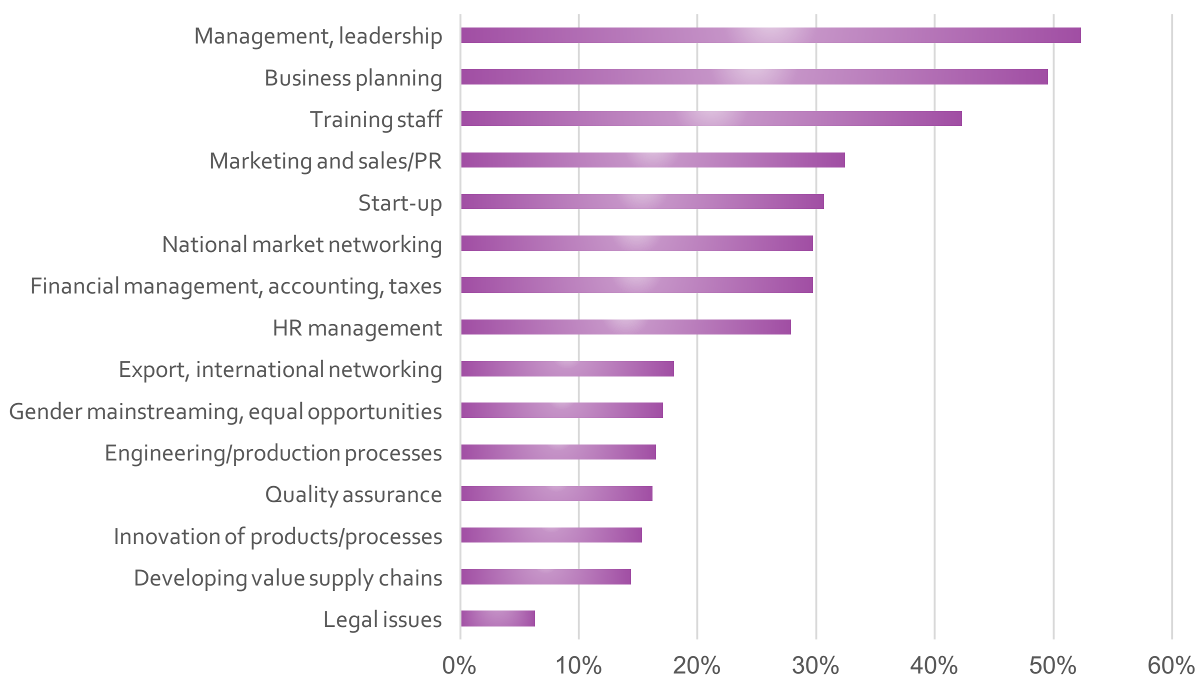

Figure 18. The areas in which business consultants provide their services

The preferences of the private businesses have concentrated in finance, strategy and planning, however, the survey results with the consultants assert that the majority of consultants provide services in the area of management, precisely 52.3% of the responding consultants.

Business planning is the second most widespread service provided by consultants at 49.5%. When compared to the results from the survey with private businesses, it can be seen in the Table 2 that the business planning is the third most pursued service area among the upcoming consultancy clients. Many of these clients will also be businesses who have not used consultancy in at least last three years. Along these lines, it can be said that a potential exists for consultants that offer business planning (49.5% of the survey respondents) to progress in areas of reaching out to clients/marketing and demonstrating their quality level for new users in consultancy, in order to potentially establish longer term relationships with them.

The marketing consulting services segment comprises of establishments providing a range of services dealing with market research for introduction of a new product, for promotion and evaluation, production and logistics scheduling etc. In general, marketing and sales services could be considered one of the most widely offered service in consulting. Examining Figure 18 above, we can see that the demand for the marketing services has concentrated in trade and manufacturing industries. Subsequently, marketing consultancy service offers might plan to focus on these industries more than the others.

C) Comparing central motives behind not using consultancy services

1) Survey with businesses: What are the reasons for not hiring consultants?

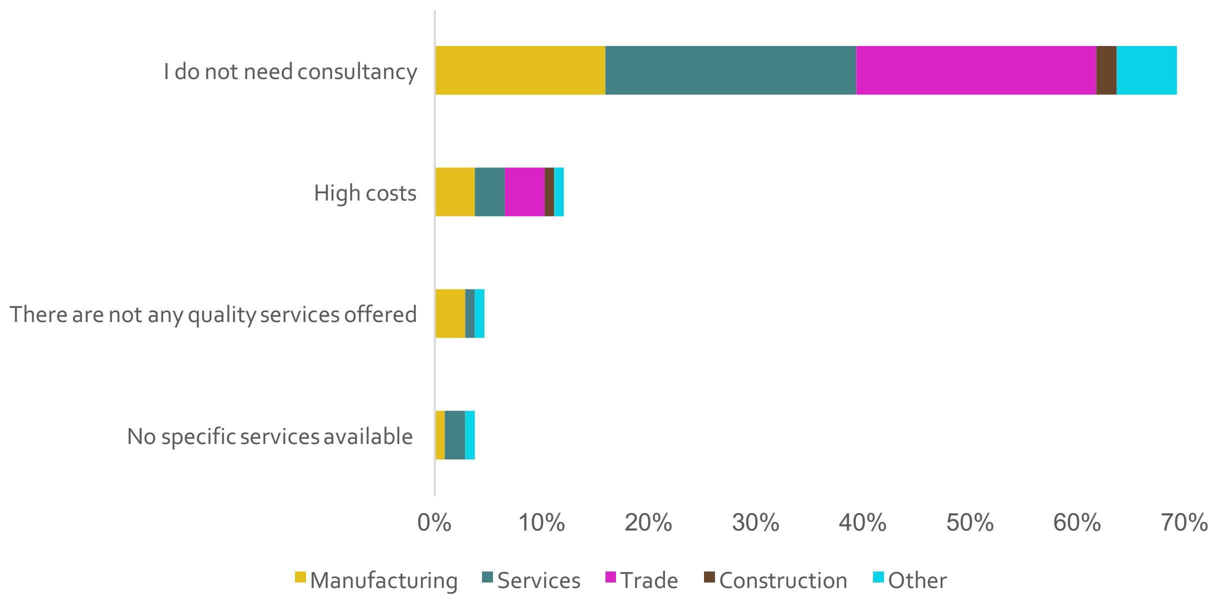

Figure 19. Reasons for not hiring a consultancy service, segmented based on industries of businesses

The majority of the respondents who did not use consultancy said that they did not need it. These businesses typically had one to two sites (branches) of their business, whereas the ones who put forth the high costs as reason for not hiring consultant were smaller scale businesses with lower number of employees and typically had only one business site.

A predominant portion of the businesses who have previously been clientele to consultants and are not planning to use it again said that they did not need the service (70.5% of them). The second reason for not hiring consultants put forward by businesses was the cost of consulting services (8.8%). A very similar ratio was followed by the trends of the businesses who have never used consultants and who are not planning to use it in the near future. The clients who have used consultancy and who have paid with their own company funds for it and that do not plan to hire consultants again primarily said that they do not need it (70%) and 10% of them said that the costs were too high.

The clients not planning to hire consultants, but who have used a combination of subsidies and companies own funds to pay for consultancy were two in number. The reason for one of the cases was the lack of offering specific services from the side of consultants and the other case is the lack of need for consulting. One grant receiver also opted out from hiring consultancy again because of the reason for not needing it.

Some of the businesses in Kosovo (around 32.3% of previous clients) have disclosed the misuse of their resources and time on external assistance in professional services, which they felt has failed to improve the performance of their companies. As many as two in five respondents that has used consultancy services before, does not plan to use again. Not needing the consultancy service and low cost efficiency seem to be the main reasons for dissatisfaction at the service they received. This development suggests that this particular approach would damage the businesses' trust in accessing external talent when it comes to areas they are unskilled in.

2) Survey with consultants: What are the reasons for the lack of demand for consultants?

When asked about the hampering factors to the demand for consulting services in the private sector in Kosovo, the consultants mentioned enterprises' lack of awareness about needs as being the greatest barrier.

Main hampering factors	% of selection
Enterprises / organizations are not aware of their needs	57.5%
No financial means of the enterprises / organizations to make use of consulting services	22.6%
Enterprises / organizations do not believe that consultants can help them	50.9%
Enterprises/organizations are not willing to pay for consulting services	46.2%
High number of informal businesses in Kosovo	47.2%
Mistrust of third-party consultancy	37.7%
Lack of transparency in the consultancy market	46.2%
Enterprises / organizations demand business consultancies which are not offered by the consultants	21.7%

Table 7. Main factors that disrupt demand according to consultants

Comparing the reasons stated by the clients for not hiring consultants and perceptions of consultants regarding the barriers in the market, it can be seen that consultants have somewhat a different read of the behavior of the businesses, mainly assuming that businesses are not hiring consultants because of lack of awareness to their needs.

Half of the surveyed consultants have thought that the reason behind the lack of demand for consultants is that businesses/organizations do not believe that consultants can help them. Nevertheless, this reason was not put forward by businesses themselves in the survey conducted with them. Conversely, businesses have stated the trouble for lack of offering quality services and specific services based on their needs. At the same time, the declaration by the businesses that the reason behind not hiring consultants is that they do not need them, could also potentially include businesses who essentially do not believe that consultants can help them.

C) Evaluating differences in selection criteria for hiring a consultant

1) Survey with businesses: What criteria do businesses have when hiring a consultant?

Criteria looked at for future hires	All	Businesses who have not used consultancy before	Businesses who have used consultancy before	
			Previous experience	**Future Hire**
Price	5.4%	6.7%	11.1%	4.8%
Qualifications	20.4%	20%	20.7%	20.6%
Competences	8.6%	6.7%	10.6%	9.5%
Experience	53.8%	50%	38.0%	55.6%
References	9.7%	10%	19.7%	9.5%
Other [price + experience] [price + reference+ qualifications]	2.2% 1.1% 1.1%	6.7%	.	

Table 8.What criteria are businesses looking at while hiring the consultants?

A highly useful result regarding the criteria that businesses look for when hiring a consultant was that the great majority of them (53.8%) considered experience as the most significant criteria in choosing their prospective consultant. Qualifications ranked second in total since 20.4% of the businesses consider this as an important criterion.

There is a visible increase in the importance attributed to experience as a criterion when comparing the considerations of the businesses who had previous experience with consultancy services. This means that while 38% of the businesses had considered experience important in their previous engagements with consultants, they will be focusing on this criterion much more (at 55.6%) when they plan to hire new consultants. Interestingly, they will consider price and references less than they did in their previous experience.

2) Survey with consultants: What are businesses looking for when hiring a consultant?

Criteria	% of importance of the selection criteria according to consultants
References, recommendations of the consultant	84.3%
Previous positive experience with the consultant	52.8%
Specific industry knowledge	42.6%
Personal network of the consultant within the business community	38.9%
Low fees / prices	38.9%
Practical attitude of the consultant	33.3%
Personal relationship with the consultant	26.9%
International experience / international network	18.5%
Broad range of consulting services ("one-stop-shop")	12%
Know-how about legal issues / regulations	2.8%

Table 9. What criteria do consultants think businesses are looking at while hiring consultancy services?

According to 84.3 % of the consultants, businesses looked for references and recommendations as the most important criteria for hiring consultants. Also, almost 53 % of the consultants consider the consultants' previous experience as an important criterion, while around 43% believe that businesses value their specific industry knowledge.

The analysis of the results from both surveys shows a disparity regarding the true motives during the selection of the consultancy services. Particularly, an emphasis must be put on to the fact that while consultants think that they need references and recommendations the most, businesses want to work with consultants who have experience and do not always look for references.

The sector of consulting services has grown; however, it also faces challenges that cannot be ignored. One of the trends that should not be overlooked is the growing division of the consultancy market into two differing fragments: the lower cost and commoditized part of freelance consultants and a classic and higher value of consulting firms.

This division carries the potential to influence some changes particularly in the traditional and organizational realm of consulting, since freelancers are able to offer better prices, highly focused expertise and innovative developments.[9][10]

[9] Christensen, C. M., Wang, D., & Bever, D. V. (2013). *Consulting on the Cusp of Disruption* (Harvard Business Review, Rep. No. R1310F). Harvard Business School Publishing Corporation.
[10] McGovern, M., & Russell, D. (2001). *A new brand of expertise: how independent consultants, free agents, and interim managers are transforming the world of work*. Boston: Butterworth-Heinemann.

This might force the consulting firms to think about the way they will address the market, which would be necessary if they want to capture the main shares of this lucrative arena. This might lead to a discussion among the consultancy service providers on the issue of their business model, pricing and brand design.

VI) Suggestions

The analysis of the survey results from the both sides of the consultancy services market draws attention to certain areas of opportunities and upcoming challenges for consultancy service providers.

Needs of Consultants

The survey shows that the essential needs of consultants are developing international links, improving project management skills and establishing public-private partnership systems. Therefore, it is advised that organizations supporting the consultancy community put emphasis on the improvement opportunities to assist these most essential needs.

Since many consultants have expressed the need or request to have a networking and communication not only in international arena but also in local consultant community, organizing networking events would prove beneficial to the needs of the consultants.

In addition to improving their project management skills, consultants also disclose that certifications like CMC, CME, etc. and standards like ISO are the most required services by them, needed for improvement.

Since the most sought out criteria while hiring a consultant are experience and qualifications, the independent consultants should improve their service quality and consultancy firms should focus on developing high quality staff and collecting experience.

Experienced and specialized consultants should not refrain from billing their clients at the value they believe they deserve, even if it might be above the market standards because the clients are willing to pay 250-350 Euros a day for them. While the majority of consultants who offer services that are already widespread should consider lowering down their rates to 50-100 euros per day, since the clients are not willing to pay high amounts of money for them.

Types of businesses and consultancy service fields to focus on

Consultants disclosed that domestic small businesses with ten to forty nine employees, were the most common client type since a total of 64.9% of the consultants reported having worked with them within a certain year. Being the most common client type, they were generating as high as 50% of the combined revenue for the consultants who participated in the survey. This way, the medium-sized (mostly domestic) companies are confirmed to be the most common clients as well as the clients with the highest potential to look for consulting services again.

The results show that the most used consultancy services by clients are financial services (almost 40%) while the most offered (52.30%) are management services. This disparity accentuates the need for financial consultants, since they are the most sought out ones, especially by businesses in services industry. On the other hand, management and leadership consulting is not pursued as much as the other types of services, thus the consultants working in this service area might want to diversify their fields of offerings.

Inferring from the study findings, it is visible that the sales segment of the marketing field will be gaining the highest motion, particularly among the businesses who have not used consultancy before. Hence, consultants in this service should be advancing their own marketing strategies and approaches in order to remain as players in highly competitive local consultancy market.

The greatest challenges for private businesses seem to be expansion of the company and intensive local competition. Given this finding, consultancy services like business planning, sales marketing and PR services would prove to be beneficial in responding to the needs of the private businesses.

The private businesses looking for expanding their customer base signify potential new clients for consultants who especially offer marketing services.

Businesses need consultants the most during the preparation executing strategic planning and financing phases, therefore consultants should focus to sharpen their qualities for market research, strategic and business planning, identifying financial problem and contract sources of finance expertise.

Based on the results from the survey with businesses, it would be suggested that consultants offering services with regards to exporting, to focus on manufacturing and trade companies. Consultants offering services in fields like innovation and business planning, might consider to orientate their strategies on manufacturing and trade, particularly to help businesses with increasing their capacities or with their existing products and services. Consultants in the fields of offering services in business planning for expanding customer base might want to focus on businesses that operate in services and construction industries. Finally, trade and construction industries seem to be the most promising areas for market researchers.

Annex

Questionnaire Supply Side

1. **Age of respondent?**
2. **Starting year for working as a business consultant**
3. **Freelancer or consulting company**
4. **Location**
5. **Describe your typical consulting engagement:**
    a. Starting year for working as a business consultant:
    b. Client type:
    c. Client size:
    d. Duration of project:
    e. Average number of client engagements you work on per year:
6. **Please specify areas in which business consultants provide their business consultancy services:**
    a. Business planning / business plan preparation
    b. Management, leadership
    c. Training of company staff
    d. Marketing and sales / public relations
    e. Establishing / developing business contacts and co-operations with markets in Kosovo
    f. Start-up / formation of a business
    g. Financial management / accounting / taxes
    h. HR management / recruiting
    i. International business / export / developing linkages to export markets
    j. Innovation of products / processes
    k. Information and communication technology
    l. Quality assurance / standards and norms (e.g. ISO)
    m. Gender mainstreaming, equal opportunities, diversity management
    n. Developing value/supply chains
    o. Engineering / production processes
    p. Legal issues, contracts, regulations
    q. Other, list_______________
7. **Please specify in the table below the average number of clients within a year and average share of total business (revenue):**

Type of client	Average number of clients within a year
Domestic self-employed (no employees)	
Domestic micro-enterprises (1-9 employees)	
Domestic small businesses (10-49 employees)	
Domestic medium/large businesses (50 and more employees)	
Foreign-owned businesses	
NGOs	
Associations of businesses/producers	
Governmental institutions	
International organisations	

8. **With what percentage (%) do they contribute to your revenue?**

Type of client	% of the total business (revenue) of the business consultants (should add up to 100%)
Domestic self-employed (no employees)	
Domestic micro-enterprises (1-9 employees)	
Domestic small businesses (10-49 employees)	
Domestic medium/large businesses (50 and more employees)	
Foreign-owned businesses	
NGOs	
Associations of businesses / producers	
Governmental institutions	
International organisations	

9. **Gender is a determinant when clients choose a consultant (1- strongly agree, 2- agree, 3-neutral, 4- disagree, 5 – strongly disagree).**

10. **Please list the sectors where your clients belong:**

Sectors	Checkbox
Production of food, beverages and tobacco products	
Education and qualification	
Hotels and restaurants	
Information and communication	
Wholesale and retail trade, repair of vehicles and motorcycles, repair of equipment for personal and home use	
Construction	
Agriculture, hunting and forestry, fishing	
Financial and insurance activities, financial mediation	
International organisations and bodies	
Personal services (e.g. cleaning, hairdressing, physical wellbeing)	
Transportation and storage	
Handicrafts (artistic, traditional and utilitarian handicraft products)	
Public administration and defense, compulsory social insurance	
Business with real estate, renting and leasing and other business services	
Health and social care	
Supplying with electrical energy, gas and hot water	
Manufacturing (e.g. wood, textile, metal and chemical products)	
Mining industry (coal, lignite and poor mineral stratums	
Other, please list…	

11. **What are the average number of working days per business consultancy assignment?**

12. **What is the average daily fee rate for business consulting (in €)?**

13. Are the consultancy services subsidized or co-financed by donors or any other scheme (choose only one)?

Yes, mostly		If yes, which scheme?	
Yes, in some cases		If yes, which scheme?	
Never			

14. Please specify which are the skills development measures and capacities needed by business consultants:

Skills development measures	Checkbox
International business / export / developing linkages to export markets	
Establishing and working with Public-Private-Partnerships (PPP)	
Establishing / developing business contacts and co-operations with markets in Kosovo	
Project management	
Techniques / concepts in relation to consulting services (e.g. market systems analysis, competitiveness analysis, stakeholder analysis, SWOT)	
Innovation management	
Management skills / soft skills	
Marketing and public relations	
Quality management	
Specific industry knowledge	
Financing	
Knowledge of public support measures for companies	
Development of value chains	
Gender mainstreaming, equal opportunities measures, diversity management	
Inclusive growth, making markets work for the poor	
Information and communication technology (ICT) skills	
HR management	
Technical norms / standards	
Development of supply chains	
Other, please list...	

15. Please specify the main factors hampering the demand for business consultancy services in the private business sector in Kosovo:

Main hampering factors	Checkbox
Enterprises / organizations are not aware of their needs	
No financial means of the enterprises / organizations to make use of consulting services	
Enterprises / organizations do not believe that consultants can help them	
Enterprises/organizations are not willing to pay for consulting services	
High number of informal businesses in Kosovo	
Mistrust of third-party consultancy	
Lack of transparency in the consultancy market	
Enterprises / organizations demand business consultancies which are not offered by the consultants	
Other, please list...	

16. What are the most important criteria for businesses when selecting a consultant / consulting company?

Criteria	Checkbox
References, recommendations of the consultant	
Previous positive experience with the consultant	
Practical attitude of the consultant	
Specific industry knowledge	
Personal relationship with the consultant	
Personal network of the consultant within the business community	
Broad range of consulting services ("one-stop-shop")	
Low fees / prices	
International experience / international network	
Know-how about legal issues / regulations	
Other, please list…	

17. How do you assess the supply and the competition of the business consultancy market in Kosovo?

	High	Medium	Low
Price-competition			
Competition by international consultants			
Quality of consultancy services			
Quality of education / training measures for consultants			
	Increasing	**No change**	**Decreasing**
Competition in the consultancy market			
Number of consultants			

18. What is your educational background?

Business & management, tertiary level (university)	
Information/communication technology	
Engineering, tertiary level (university)	
Business & management, secondary level (high school)	
Engineering, secondary level (high school)	
Law, political science	
Other, please list	

19. Did you attend a special training or certification in the area of consultancy? If yes, of what kind?

20. What services do you think the Business Consultants Council should offer to/for its members?

Networking/communication among the consultants community	
Certifications (e.g. CMC, CME) and standards (e.g. ISO)	
Advocacy / lobbying / outward representation of interests	
Information on regulations and consultancy standards	
International networking	
Training/qualification measures	
Organisation of events / conferences	
Mediation between members and clients	
Information on calls for tender	
Marketing the services of the members	
Other, please list…	

21. Innovation Index

a. In the last 6 months, has your business/have you individually begun offering a new product (or service) to customers? If yes, what?
b. In the last 6 months, has your business/have you individually changed the way it accesses information about the market (any information)? If yes, how?
c. In the last 6 months, has your business/have you individually changed its sales strategy? If yes, how?
d. In the last 6 months, has your business/have you individually changed the way it invests in capacity building? If yes, how?
e. In the last 6 months, has your business/have you individually changed the number of functions it performs? If yes, how?
f. In the last 6 months, has your business/have you individually changed its hiring strategy? If yes, how?

Questionnaire Demand Side

Company profile (Optional)

1. **In which industry does your business operate?**

   a. Manufacturing
   b. Services
   c. Trade
   d. Construction
   e. Other________________________

2. **How long has your company been in business?**

   Year of establishment___________________

3. **How many people are employed in your company?**

   Current number of employees: Full time [ ] / Part time [ ] / Seasonal [ ]

4. **Where are headquarters located?**

   Number of sites ______________

5. **What is the company owner's gender?**

   M ____
   F _____

Main questions

1. **Has your company used consultancy services? (In the last 3 years)**

   ☐ Yes (skip to 3)
   ☐ No

2. **Why was the reason for not using consultancy services? (In the last 3 years)**

   ☐ High costs
   ☐ I do not trust consultants
   ☐ There are not any quality services offered
   Don't know where to find I don't need consultant

   (Skip to 8)

3. **If yes, add a question: how many times did you hire a consultant in last 3 years?**

4. Which of the following areas was the consultant engaged with? (check all that apply)

- ☐ Strategic planning
  Business planning (add a box)
  Operations (add a box)
  Technology (add a box)
- ☐ Marketing/Strategic
  Marketing/Sales
  Marketing/Promotion
- ☐ HR
- ☐ IT
- ☐ Finance (Investment planning, financing)
- ☐ PR
- ☐ Legal
- ☐ Quality Standards
- ☐ Accounting/Financial reporting
  Other (add a box) _______________

5. How have you paid for the consultancy services?

- ☐ With companies own funds
- ☐ Through a grant, if subsidized, which donor?
- ☐ Combination of own funds and grants
- ☐ Other___________

6. Your consultants/consultancy firms you hired were:

- ☐ a. Local consultant
- ☐ b. International consultant
- ☐ c. Both

7. **Based on your experience, how would you rate the followings (whenever applicable for you):**

Item	Scale				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Consultant(s) have what it takes to make my business more successful	1	2	3	4	5
Local consultants are better suited to help my business grow compared to international consultants	1	2	3	4	5
I fully trust the consultant I engage and offer them full access to information	1	2	3	4	5
Consultants(s) provided me adequate solution to problems, helped me make better decisions	1	2	3	4	5
I find consultants useful to overcome problems	1	2	3	4	5
Consultants are able to transfer their know-how to meet my business needs	1	2	3	4	5
Consultants are able to properly diagnose my business needs	1	2	3	4	5
Consultants are worth a cost	1	2	3	4	5

8. **Which of the following do you consider before selecting a consultant? (multiple answer)**

- ☐ Price
- ☐ Qualifications (CV, certifications, diploma)
- ☐ Competences

Previous experience with consultant (put a box)

- ☐ References/Referral

Other _____________

9. Please rank the following based on what you consider to be greatest challenges for your business (1- most challenging)

Challenges	Rank
a) Expanding the company – penetrating to new markets	
b) Customer relationship	
c) Lack of experts	
d) Lack of technological knowledge	
e) Poor demand/Slow economy	
f) Strong local competition	
g) Strong international competition	
h) Difficult/challenging regulatory framework	
i) Poor labor force supply	
j) Poor public infrastructure/roads, power supply, telecommunication…	
k) [Item Description]	
l) [Item Description]	

10. Which of the following suits your business plan for the next 3 years?

- ☐ Expanding customer base
- Strategic partner (Joint venture) (add a box)
- ☐ Accessing new markets for sale (Exporting)
- ☐ Finding new suppliers(Importing)
- ☐ Introduce new product/ service
- ☐ Market research for the new product
- ☐ Increase capacities/existing product-services
- Other?

11. Will you be able to achieve the above objectives by yourself?

- ☐ Yes
- ☐ No

If no, where do you look for support? ____

12. Do you plan to hire a consultant?

- ☐ Yes (skip to 12)
- ☐ No

13. Why would you not be willing to hire a consultant?

- ☐ High costs
- ☐ There were trust issues for getting external help
- ☐ There are not any quality services offered

14. In which area would you hire a consultant?

- ☐ Strategic planning
- ☐ Marketing/Strategic
  Marketing/Sales
  Marketing/Promotion
- ☐ HR
- ☐ IT
- ☐ Finance
- ☐ PR
- ☐ Legal
- ☐ Quality Standards
- ☐ Accounting

15. What will determine your selection when hiring a consultant?

- ☐ Price
- ☐ Qualifications (CV, certifications, diploma)
- ☐ Competences
  Previous experience with consultant (put a box)
- ☐ References/Referral

16. In which phase of the job do you need the consultants support the most?

- ☐ Preparation (market research, planning, etc.)
- ☐ Setting objectives and creating strategy
- ☐ Executing the strategic plan
  Organizational
  Financing (identify and contract sources of finance)
- ☐ Monitoring

17. How are you planning to pay for it?

- ☐ With companies own funds
- ☐ Through a grant
- ☐ Combination of own funds and grants
- ☐ Other___________

18. What is the price range you are willing to pay? (Per consultant/per day)

- ☐ 51-100
- ☐ 101-150
- ☐ 151-250
- ☐ 250-350
- ☐ More than 350

19. Which of the following do you plan to hire and why?

- ☐ Local consultant
- ☐ International consultant

Why? ____