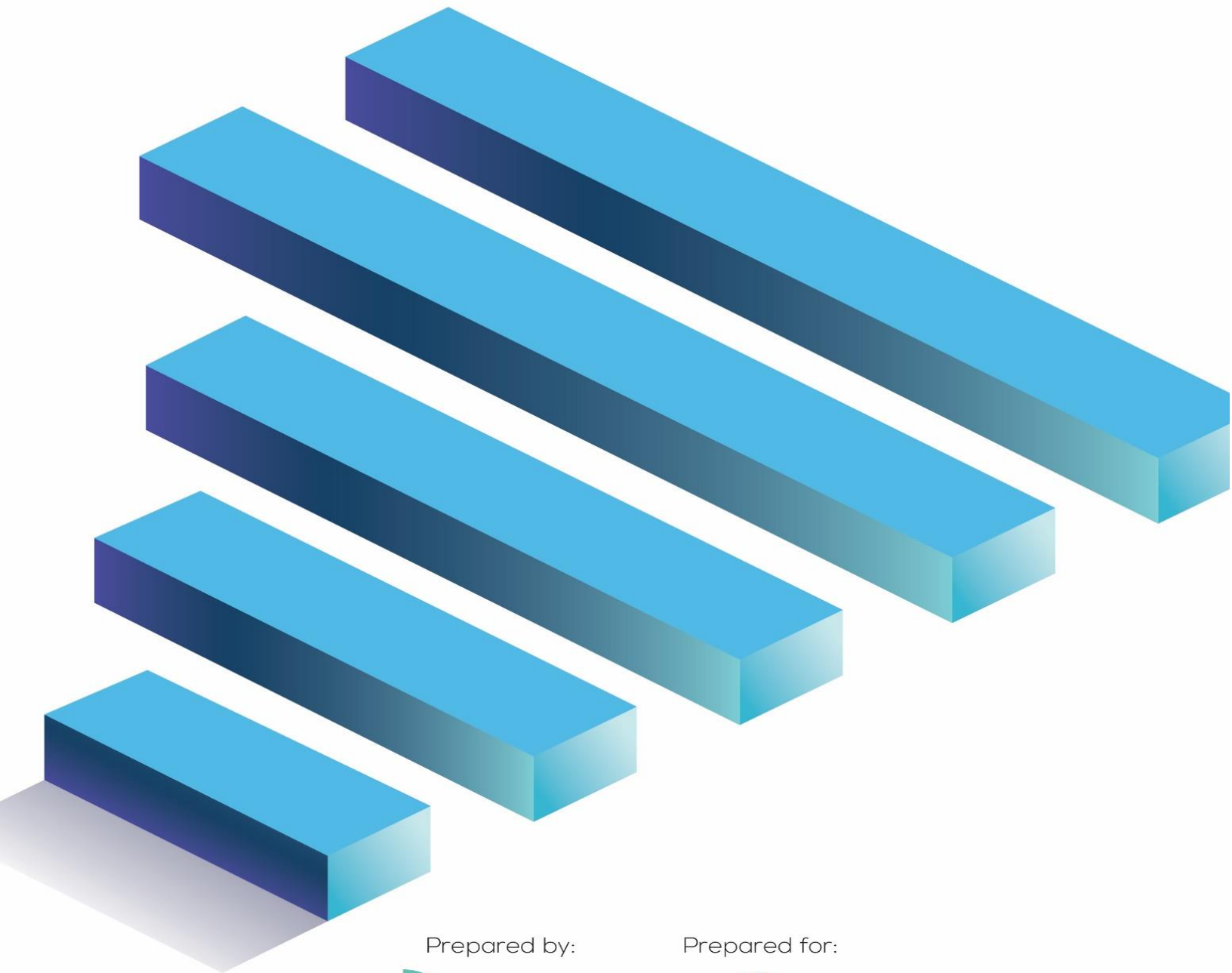


CONSULTANCY REPORT FOR 2021



Prepared by:



Prepared for:



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Executive summary

During December 2021, UBO Consulting on behalf of the Business Consultants Council conducted a report on the consulting market in Kosovo. This report aims to identify and explain the state of the consulting market in Kosovo, where it has been and what is the current state of this market. In this study a comparative analysis has been made with 2019, where among other things this year the problem of taxes for member businesses has been included in the study.

For the purposes of this study, a total of 66 surveys were conducted. The study included most members of the organization. The questionnaires were sent electronically via email and members then completed them. UBO Consulting has utilized the resulting database for further analysis.

The following section presents the main findings drawn from surveys conducted with members of the organization.

Key Findings

- The most provided services in 2021 were business planning, management and leadership and digitalization services, according to the same share of the surveyed respondents (48%).
- The type of client's business consultants had the most during 2021 are domestic small businesses (79%), domestic medium/large businesses (58%) and domestic micro-enterprises (53%).
- Almost half (43%) of the surveyed businesses' daily rate of services, on average is 100-149 euro, while 26 percent of surveyed businesses in 2019 said that 150-199 euro was their daily rate of services.
- Most of respondents (61%) said the proper phase when businesses need consultancy is during business growth while only 17 percent said it would be best if this consultancy is provided during implementation phase.
- Around 48 percent of the surveyed businesses in 2021 said they offer digitalization and energy efficiency services and solutions compared, while 45 percent declared the same in 2019.
- Despite the fact that it was a pandemic year, almost half of the respondents (48%) stated they had increased the number of employees.
- According to the results, about 182 new employees were hired during 2021 with an average of 5.7 people for company.
- Lastly, 45 percent of the surveyed businesses have experienced increase of revenue up to 25%, followed by 29 percent of business representatives who said that their increase was in the range of 26 – 50%. On the other hand, only 14 percent of them stated they did not experience any increase in revenue.

Introduction

In order to better understand how the consulting market is functioning in Kosovo, in December of this year a survey was conducting by BCC as it was done in 2019. In this survey participants were most of the BCC members throughout Kosovo. UBO Consulting as one of the members of BCC has undertaken to make the report of 2019 and 2021 through a comparative analysis. The main purpose of this study is to look at the consulting market in Kosovo, where we see the changes that have occurred in the consulting market over the years.

The survey of this year was completed by a total of 66 members compared to 2019 where there were 157 in total. The questionnaire was sent to all electronically via email. After completing the questionnaires, the database was obtained from us for further analysis. We have cleaned and classified the databases obtained for certain years to proceed with a quantitative analysis in order to provide concrete results.

Methodology

For the purpose of this study, UBO Consulting used the quantitative method of research, which is used to quantify attitudes, opinions, behaviours, and other defined variables – and generalize results from a larger sample population. Quantitative research uses measurable data to formulate facts and uncover patterns in research. The survey was conducted electronically via email by Business Consultants Council.

The principal objective of the survey was to analyse changes in the consulting market over the years in Kosovo. A questionnaire consisting of close-ended questions was utilized as the survey instrument and covered the following areas:

- Differences in the consulting market during the years 2019 - 2021
- The state of the Consulting Market in 2021

Study Results

This section presents the results from 54 interviews with MSMEs in Kosovo on the changes of consultancy market regards to business sales, employment, export, SMEs growth and digitalization efforts. Survey outcomes has been categorized based on the general results from all SMEs, as well by the business size, sector, location, and gender and ethnic group of the owner(s), whenever applicable.

Differences in the consulting market during the years 2019 - 2021

Firstly, surveyed consultants were asked to specify the areas in which they provide business consultancy services' to. The same share of the surveyed (48%) said business planning, management and leadership and digitalization services as the most provided services in 2021. Even though business planning and management and leadership were among the most provided services we can see downward movements in comparison with 2019 (48% from 60% in 2019, respectively 48% from 56% in 2019). However, digitalization services have experienced an increase in percentage (48% from 22% in 2019), which is thought to be a result of the pandemic. Services as training of company staff (46%), marketing and sales / public relations (35%), start-up / formation of a business (28%), and information and communication technology (26%) were among the mentioned services from the business consultants.

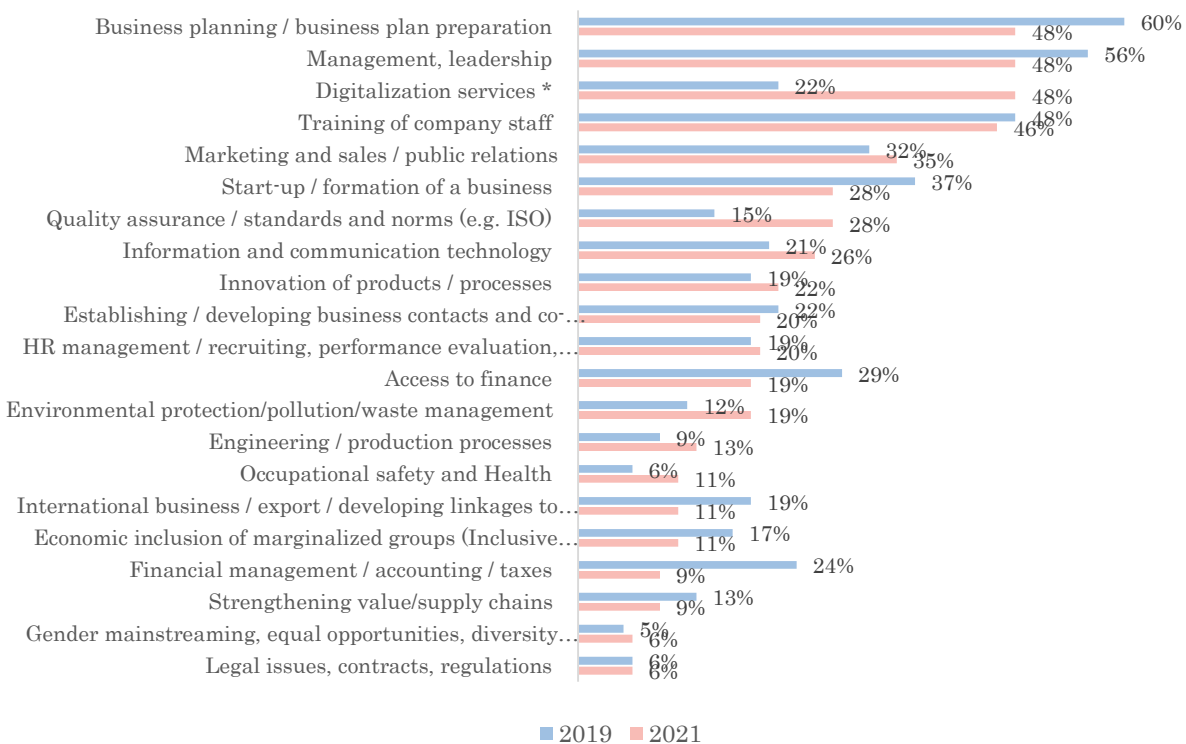


Figure 1. Please specify areas in which you provide business consultancy services?

The type of client's business consultants had the most during 2021 are domestic small businesses (79%), domestic medium/large businesses (58%) and domestic micro-enterprises (53%). In comparison with 2019, increase of clients was seen in domestic small businesses (19% from 64% in 2019) and domestic medium/large businesses (58% from 48% in 2019). Meanwhile domestic self-employed clients (13% from 30% in 2019), governmental institutions (19% from 35% in 2019) and associations of businesses / producers (23% from 31% in 2019) were among the type of clients who had a downward movement in 2021.

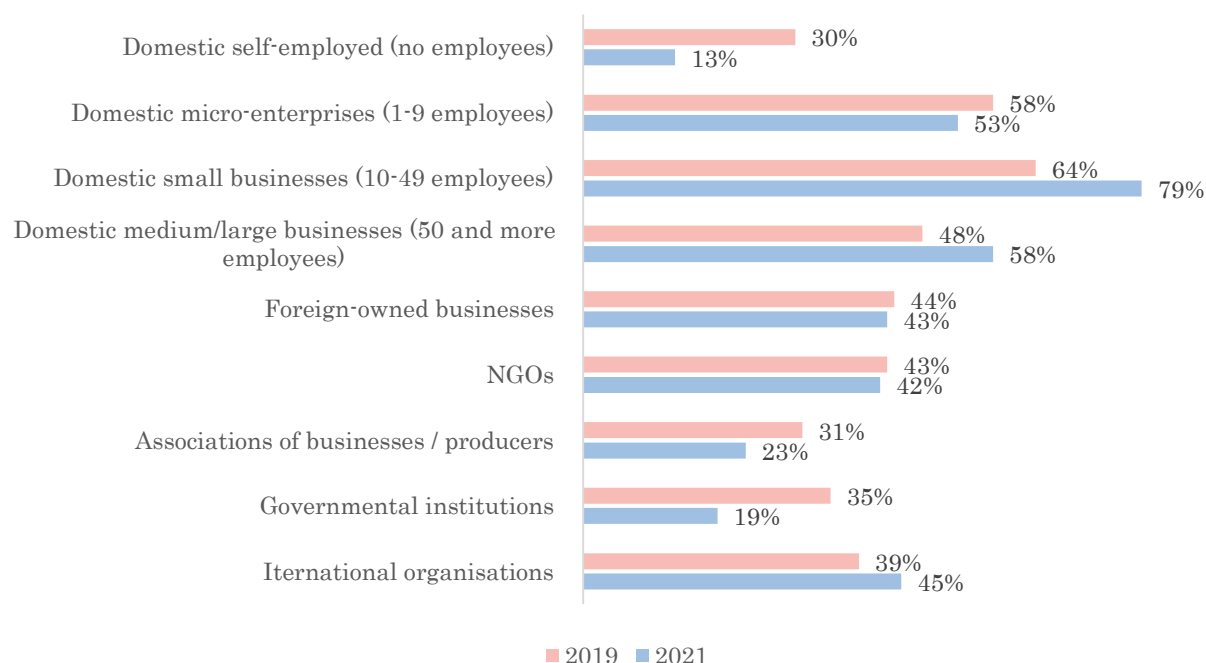


Figure 2. Please specify in the table below your type of clients

Surveyed consultants were asked to show us the average number of clients they had in a one-year period. As it seen in the graph below, there is a significant increase in the average number of clients served within a year for all the client types. The largest increase was in domestic self-employed clients, where from about five clients in 2019 now has increased in 27 clients during 2021. Almost the same increase is observed in domestic micro-enterprises (from 5 clients in 2019 to 19 clients in 2021) and domestic small businesses (from 7 clients in 2019 to 20 clients in 2021).

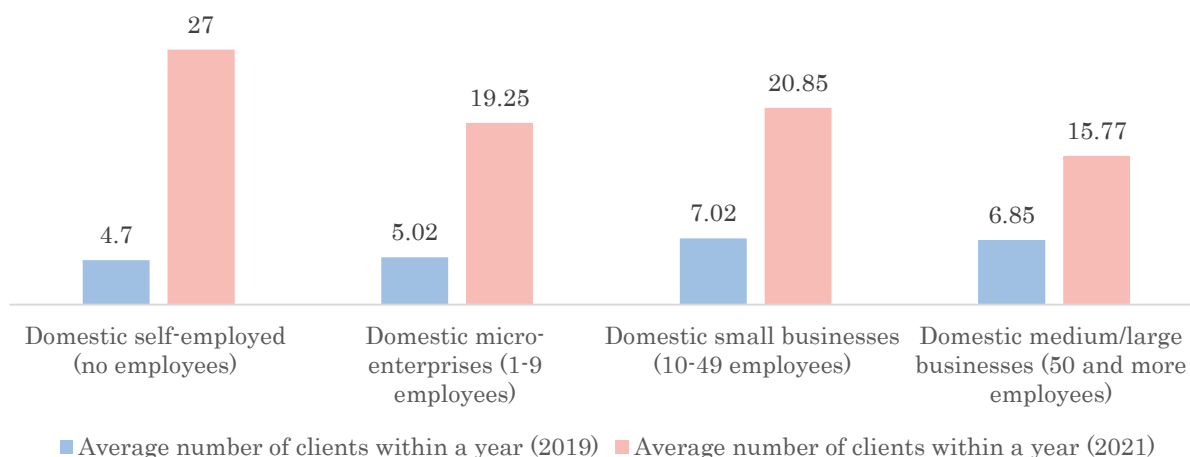


Figure 3. Please specify for the different client types the average number of clients served within a year?

Almost half (43) of the surveyed businesses' daily rate of services, on average is 100-149 euro followed by 24 percent of them who stated their daily average rate for business consulting services is 200 -249 euro. In comparison, 26 percent of surveyed businesses in 2019 said that 150-199 euro was their daily rate of services, followed by 21 percent of them who said that their daily average rate was 200-249 euro.

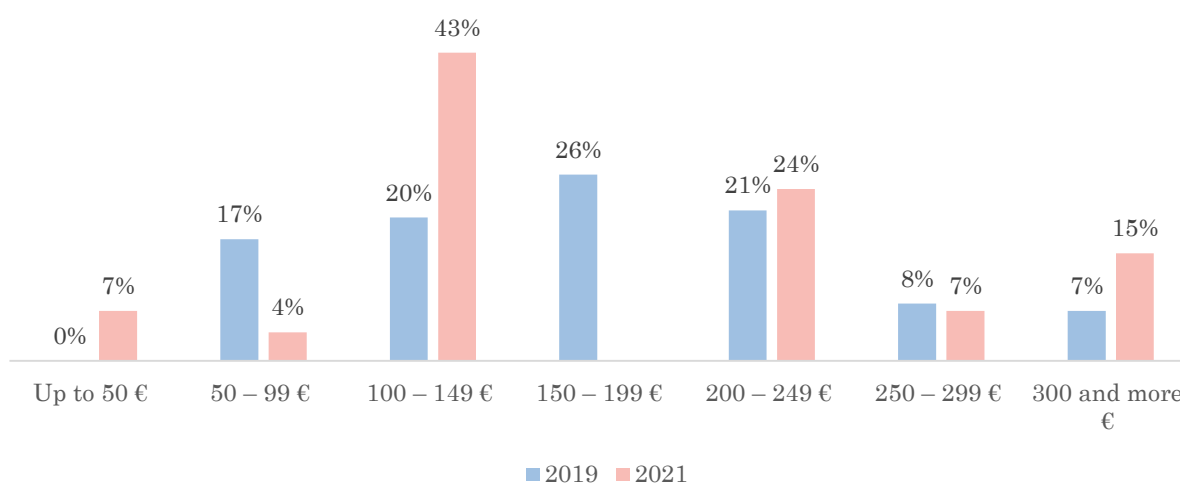


Figure 4. What is your daily (average) rate for business consulting services? (In Euro)

When asked if these businesses have experience in providing business consulting services tailored specifically to groups such as women, ethnic minorities, informal businesses, entrepreneurs / farmers / processors in (isolated) rural areas 56 percent of the respondents in 2019 said Yes, compared to 54 percent in 2021.

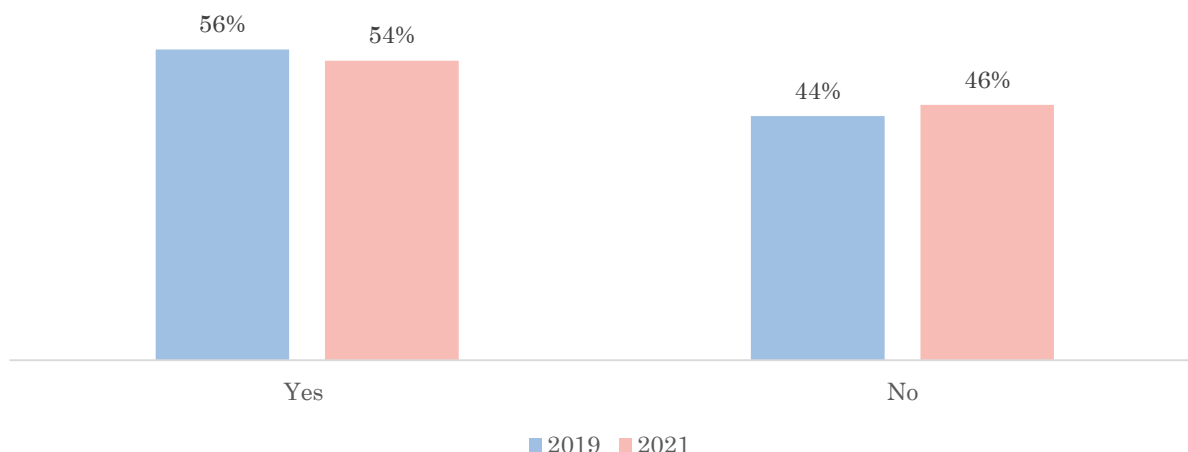


Figure 5. Do you have experience in providing business consulting services tailored specifically to groups such as women, ethnic minorities, informal businesses, entrepreneurs / farmers / processors in (isolated) rural areas etc.?

Around 61 percent of the respondents said the proper phase when businesses need consultancy is during business growth while only 17 percent said it would be best if this consultancy is provided during implementation phase. Less respondents mentioned startup phase (13%), business restructuring phase (7%) and growth phase (2%) as the proper time for business consultancy provision.

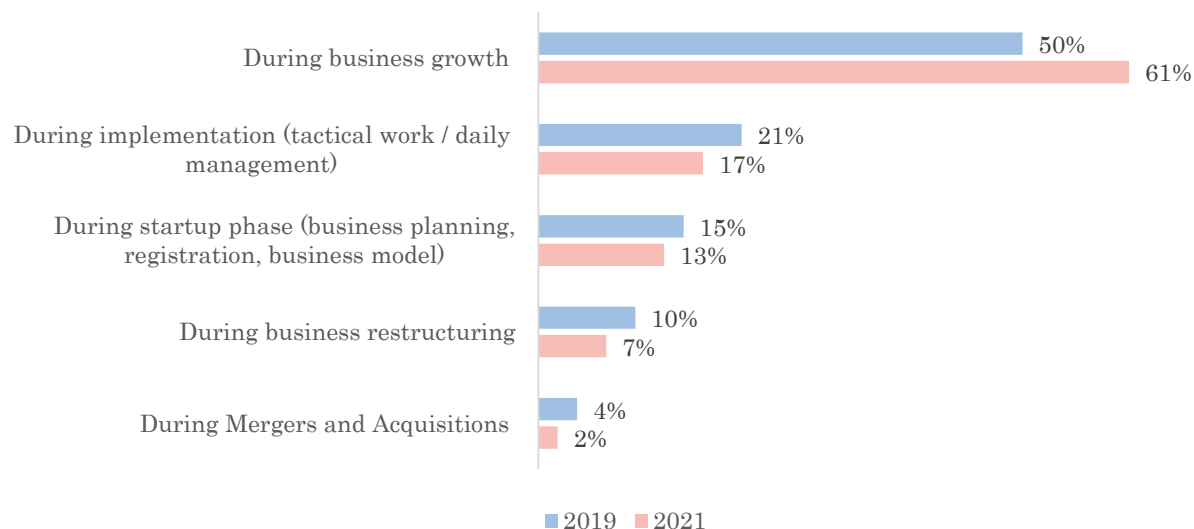


Figure 6. In which phase do businesses need a consultant's support the most?

As the graph below depicts, around 61 percent of the surveyed businesses in 2021 said that their business consultancy services were subsidized or co-financed by any public/international donor support scheme mostly or in some cases, compared to 51 percent in 2019.

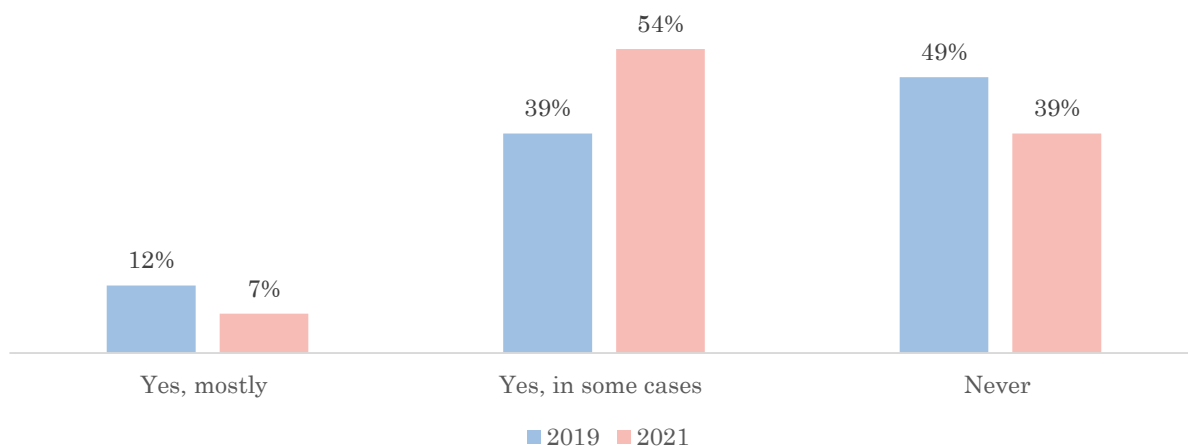


Figure 7. Are your business consultancy services subsidized or co-financed by any public/international donor support scheme?

In terms of digitalization services, around 48 percent of the surveyed businesses in 2021 said they offer digitalization and energy efficiency services and solutions compared to 45 percent in 2019.

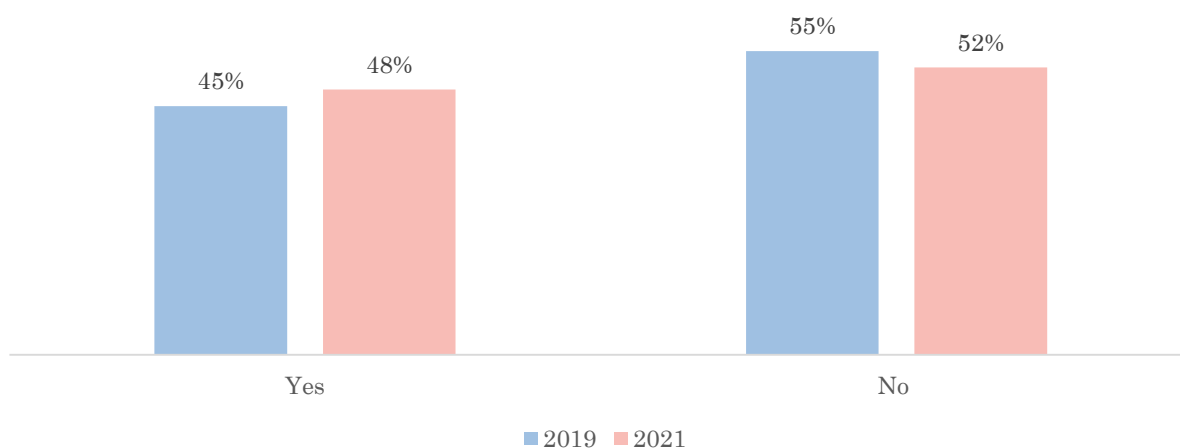


Figure 8. Do you offer digitalization and energy efficiency services and solutions?

As the figure depicts, the surveyed consultants are mostly interested in developing their international business / export / developing linkages to export markets (66%) followed by innovation management (40%) and establishing and working with PPPs (30%). Same pattern is seen in 2019 with a slight change on the third choice that businesses think would improve their position in the market. They thought that digitalization of services (43%) is one of the key skills that would help consultancy businesses to improve their position in the market, in 2019.

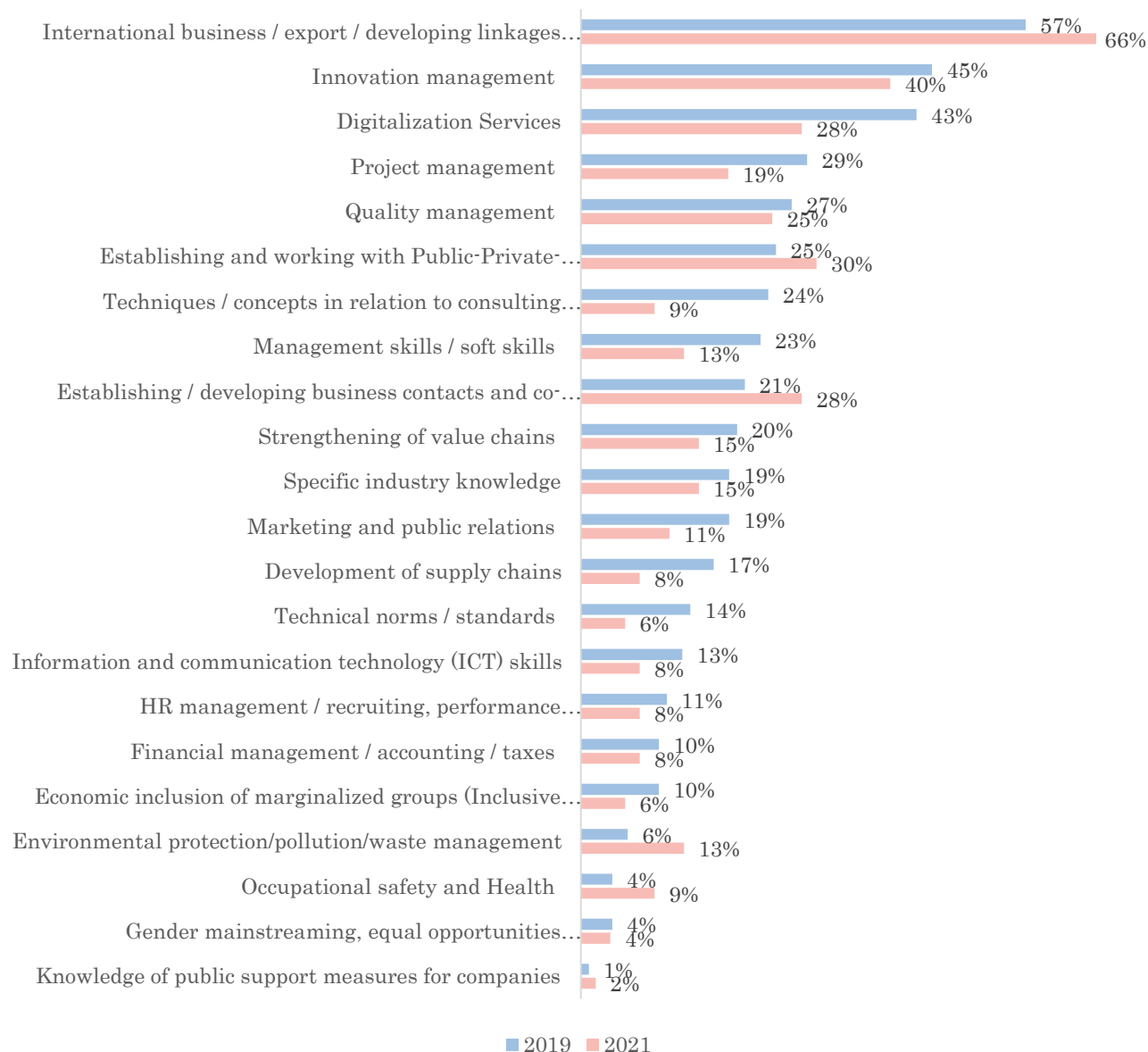
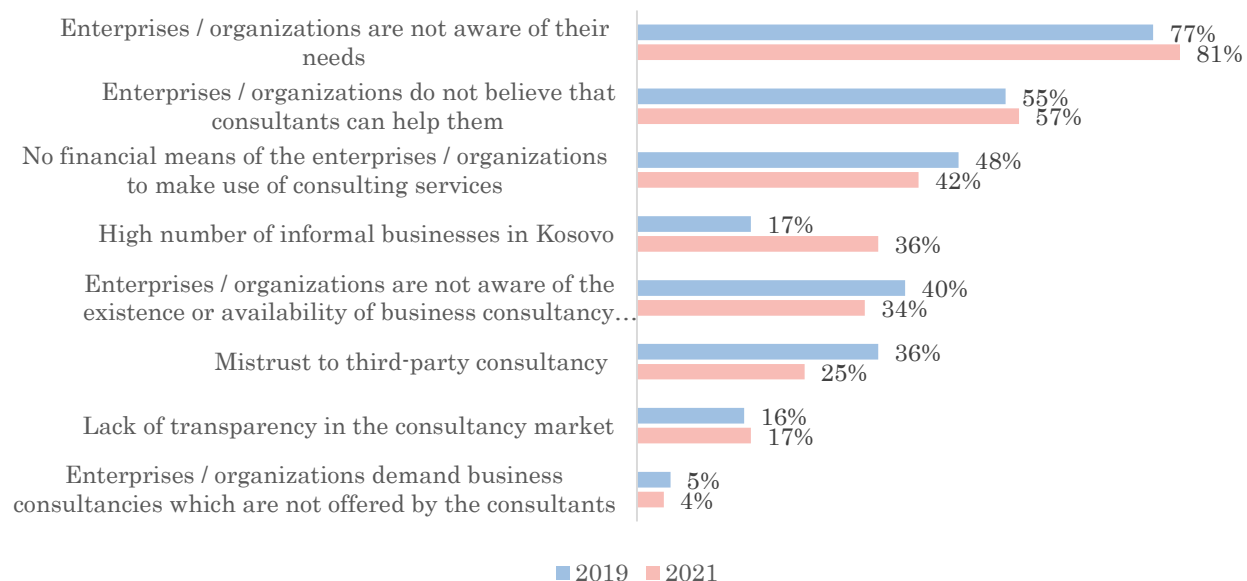


Figure 9. What kind of skills development would you be interested in to improve your position in the market?

More respondents in 2021 (81%) listed “enterprises / organizations are not aware of their needs” as a reason on what is hampering the demand for business consultancy services in comparison with 2019 (77%). Another obstacle seen from the surveyed businesses is that enterprises / organizations do not believe that consultants can help them (55% in 2019 and 57% in 2021). A significant change on what the respondents think is hampering the demand for business consultancy services in the private business sector in Kosovo in comparison with 2019 is seen in the high number of informal businesses that respondents think operate in our country (36% from 17% in 2019).



The state of the Consulting Market in 2021

In addition to general comparison of the consulting market, the 2021 survey also had some specific questions in the context of the Covid-19 pandemic and tax level for this specific sector of the economy.

The majority of the surveyed businesses were micro (82%) while only thirteen percent of them were small businesses and four percent were medium businesses.

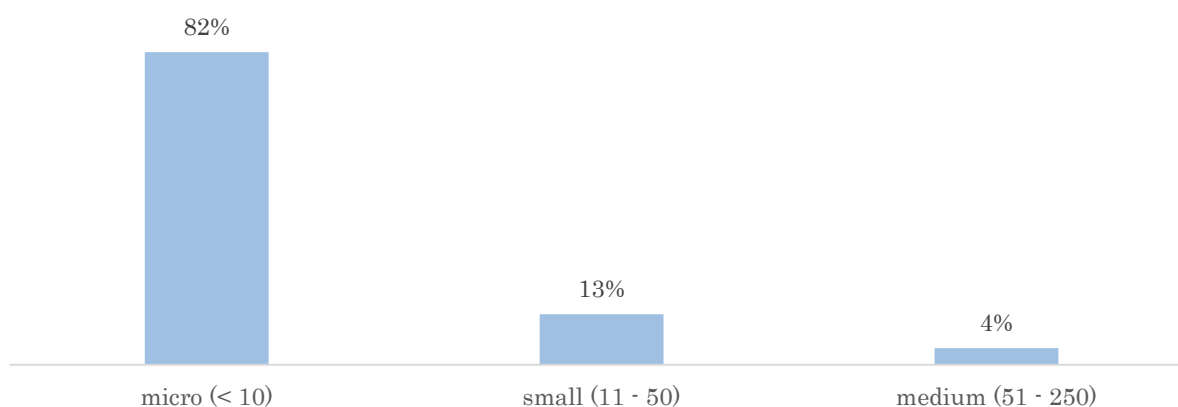


Figure 10. Please specify the number of employees in your company

Respondents were asked about the year their company was registered. Around 41 percent of business representatives said their company was registered during the year 2001 – 2010. Moreover, more of the surveyed businesses (36%) said they were registered during 2011 – 2017. Lastly, 21 percent of surveyed businesses were established during the year 2018 – 2021 and only two percent of them before the 2000s.

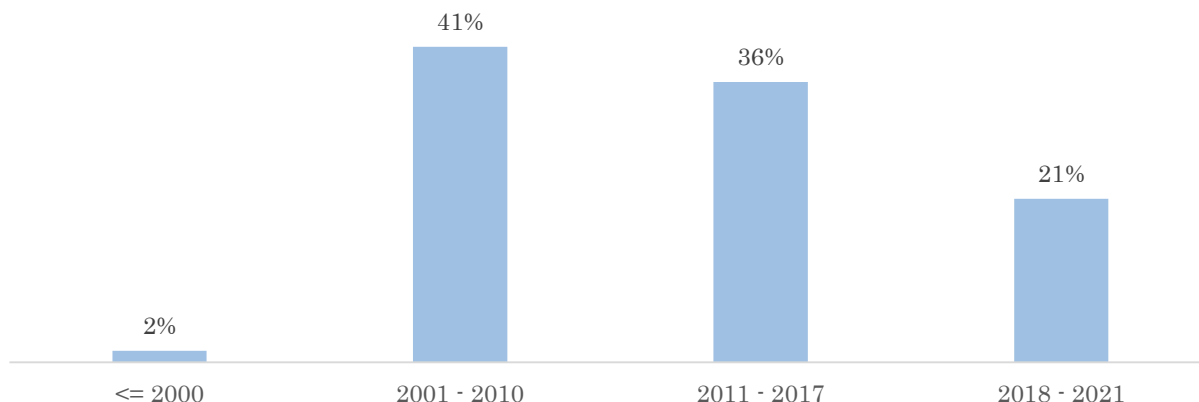


Figure 11. When was your company registered?

In terms of turnover, only 38 percent of surveyed businesses' yearly turnover is 30001 – 100000 euro. In the meantime, 28 percent of these businesses' yearly turnover is less than 30000 and 24 percent have 100001 – 500000 euro of yearly turnover. Only 10 percent of these businesses have up to 500001 euro as their yearly turnover.

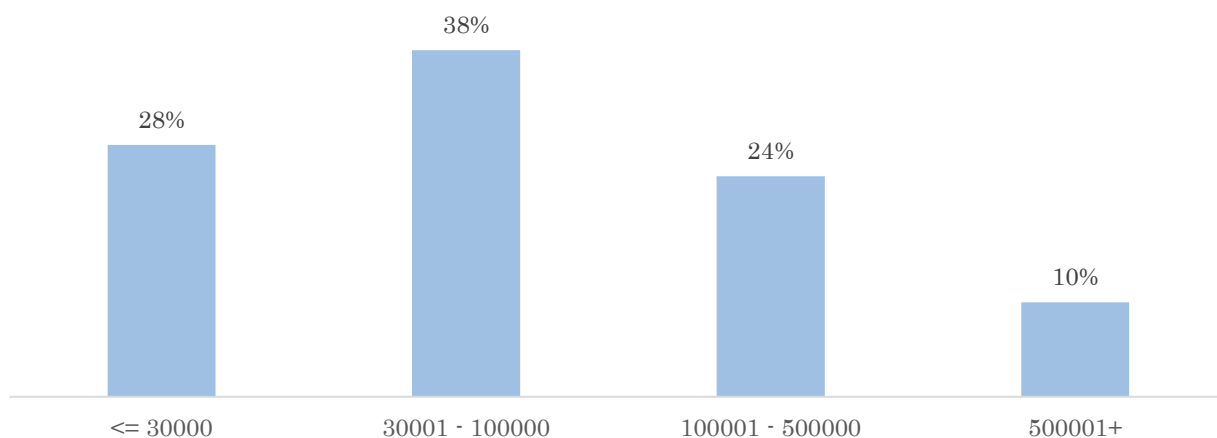


Figure 12 Yearly turnover (in Euros)

Business representatives were asked to specify the areas their business provides consultancy services to. Based on the results, 58 percent of the surveyed businesses offer management and leadership services, followed by 45 percent of those who have digitalization services and 44 percent of those who offer business planning / business plan preparation and training of company staff. Moreover, some of the services provided by the surveyed businesses were marketing and sales / public relations (39%), international business / export / developing linkages to export markets (35%) and the same share of those who provide establishing / developing business contacts and co-operations with markets in Kosovo and start-up / formation of a business services (33%).



Figure 13. Please specify areas in which you provide business consultancy services?

The majority of clients the surveyed businesses have are production of food (69%), manufacturing (58%), education and qualification (52%) an international organisations and bodies (52%). Hotels and restaurants (50%), information and communication (48%) and construction (42%) were among the mentioned clientele by the surveyed businesses.



Figure 14. Please indicate sectors where your clients belong

When asked if the surveyed businesses increased the number of employees during 2021, despite the fact that it was a pandemic year, almost half of the respondents (48%) stated they had increased the number of employees.

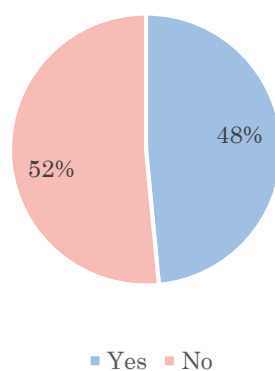


Figure 15. Did you increase the number of employees during 2021?

When divided by the year those businesses were established, there was a larger number of new employees in companies established later, specifically in companies established during 2011-2017, where 67% of them stated that they have increased the number of employees during 2021, followed by 43% of companies established during 2018-2021 who declared the same.

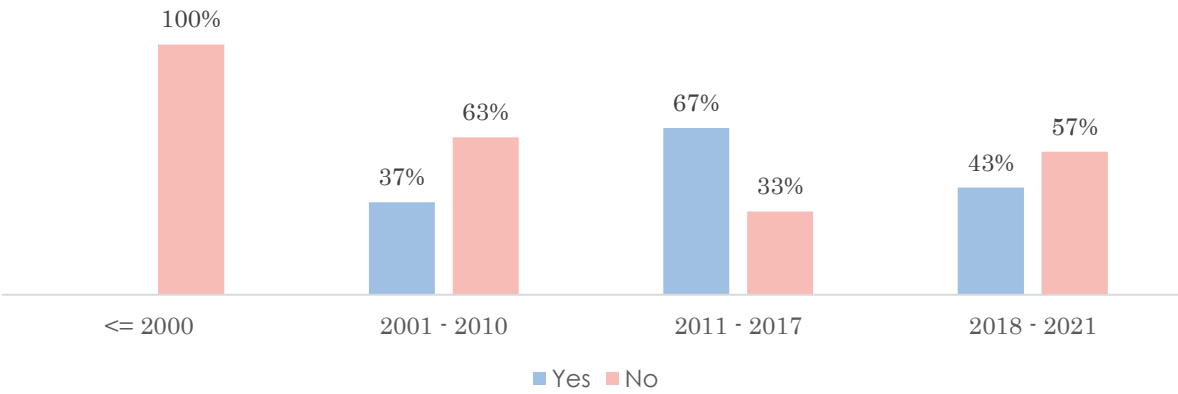


Figure 16. Did you increase the number of employees during 2021? - by year

The surveyed businesses who hired new employees during 2021 were further asked about the number of employees they hired. According to the results, about 182 new employees were hired with an average of 5.7 people for company. Most of the companies (28) declared that they hired 1-5 employees during 2021. In addition to this there were companies that hired up to 50 new employees.

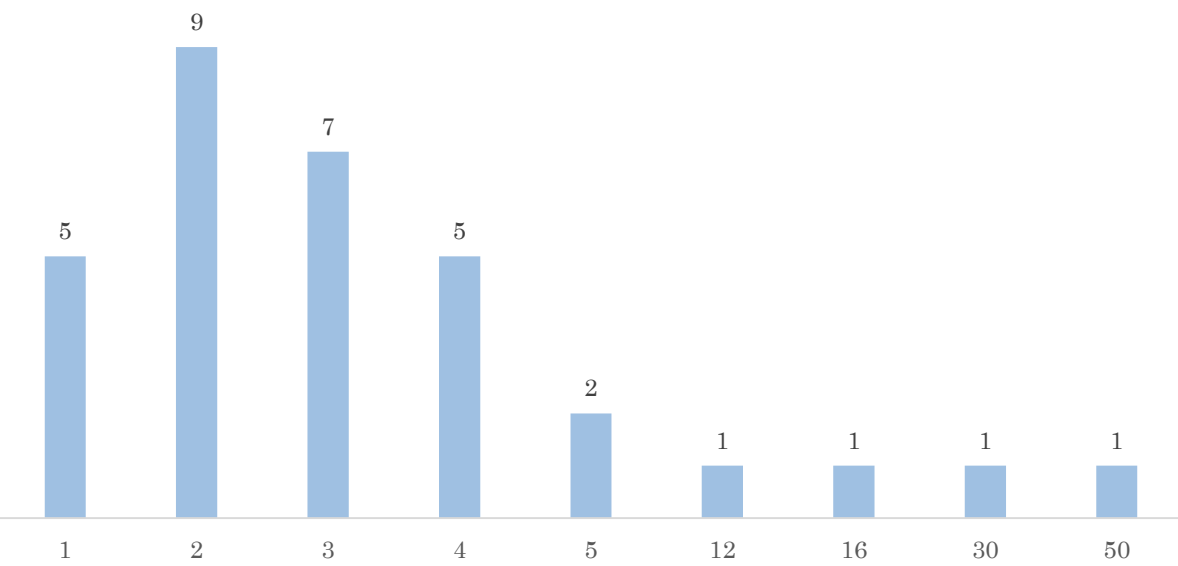


Figure 17. If yes, how many new employees have you hired during 2021?

As the figure below depicts, 45 percent of the surveyed businesses have experienced increase of revenue up to 25%, followed by around 29 percent of business representatives who said that their increase was in the range of 26 – 50%. On the other hand, only 14 percent of them stated they did not experience any increase in revenue.

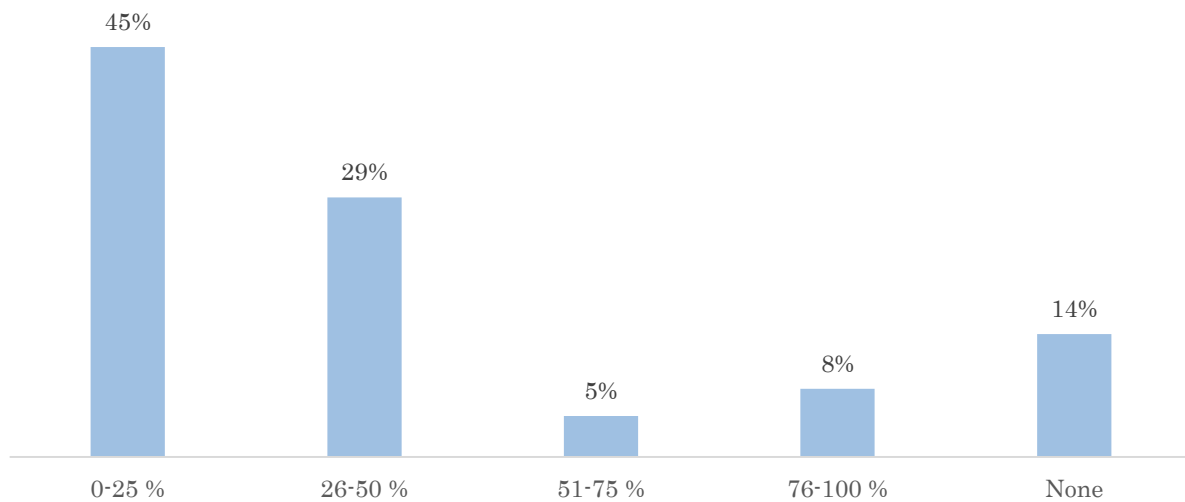


Figure 18. What increase in revenues have you experience in the last 12 months?

Surveyed businesses were asked about the number of new clients they had during 2021 that were not previously served. Most of the respondents (89%) stated that less than 50 percent of the clients they had during 2021 were not previously served. Moreover, around 11 percent of companies declared that more than 51 percent of their clients in 2021 were new clients.

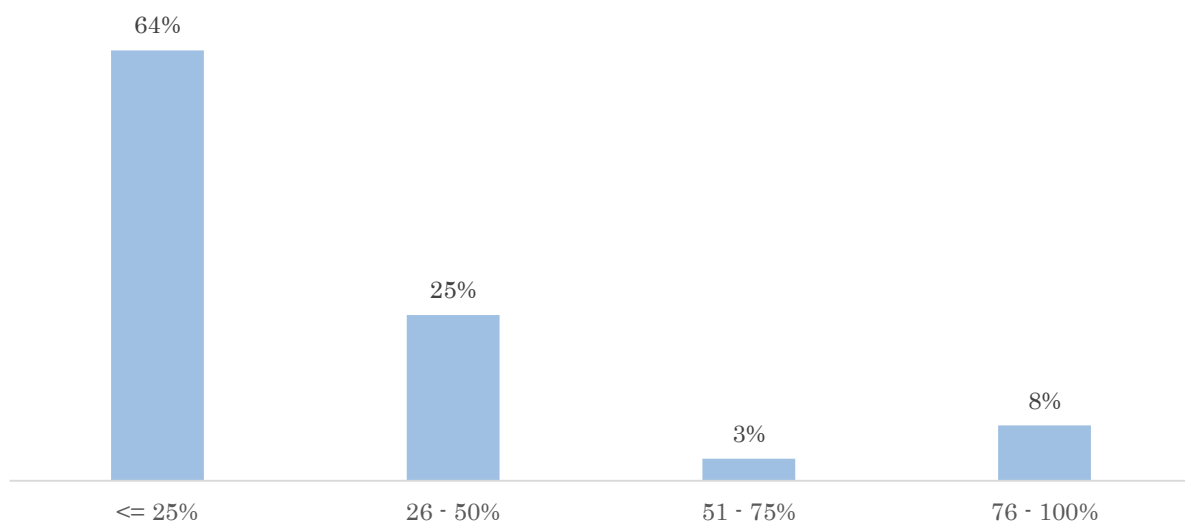


Figure 19. During 2021, how many of the clients were new clients, not previously served? (in %)

The activities recommended the most by the surveyed businesses for non-members are professional programs (64%) and networking events and opportunities (64%). Significant amount of business representatives also mentioned professional certifications (59%), digital empowering initiatives (45%) and international consultants' week (35%). Only 23 percent of the business representatives mentioned promotions and visibility programs for non-members of Business Consultants Council (BCC).

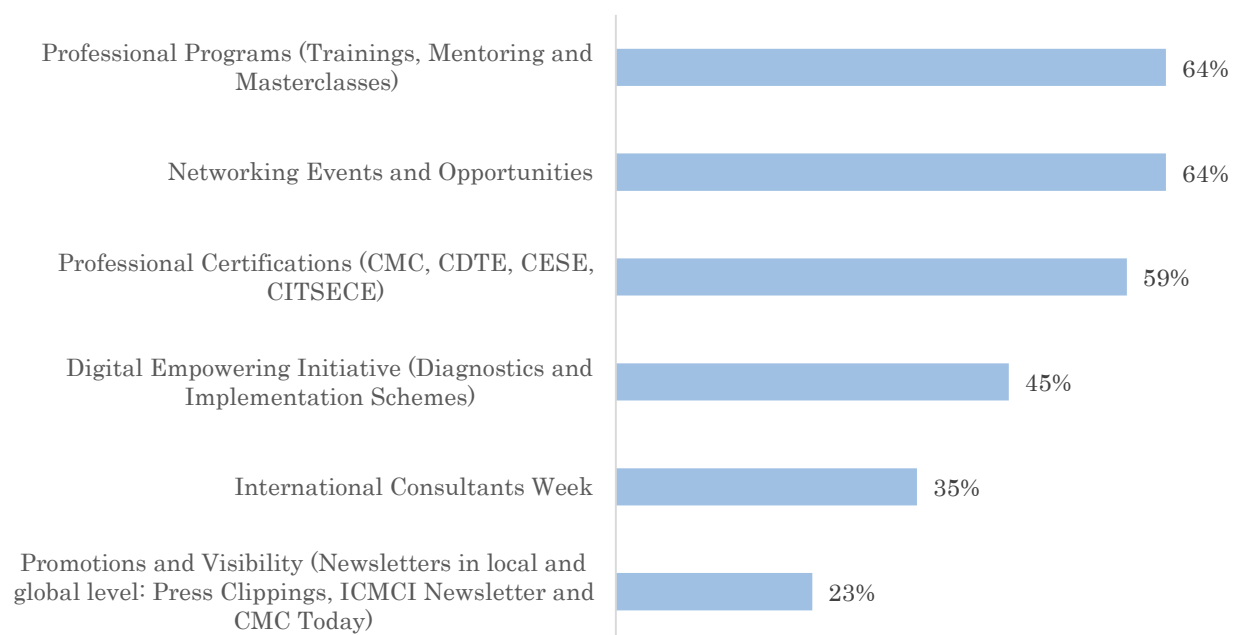


Figure 20. Which activities from the following options, would you recommend most to non-members?

As the figure below depicts, all of the business representatives (100%) established before the 2000s would recommend professional programs and networking events to non BCC members. Businesses established during the year 2018 – 2021 and 2011 - 2017 recommend network events and opportunities mostly (93% and 58% respectively), whereas, around 70 percent of businesses established during the year 2001 – 2010 recommend professional certification programs to non-member businesses.

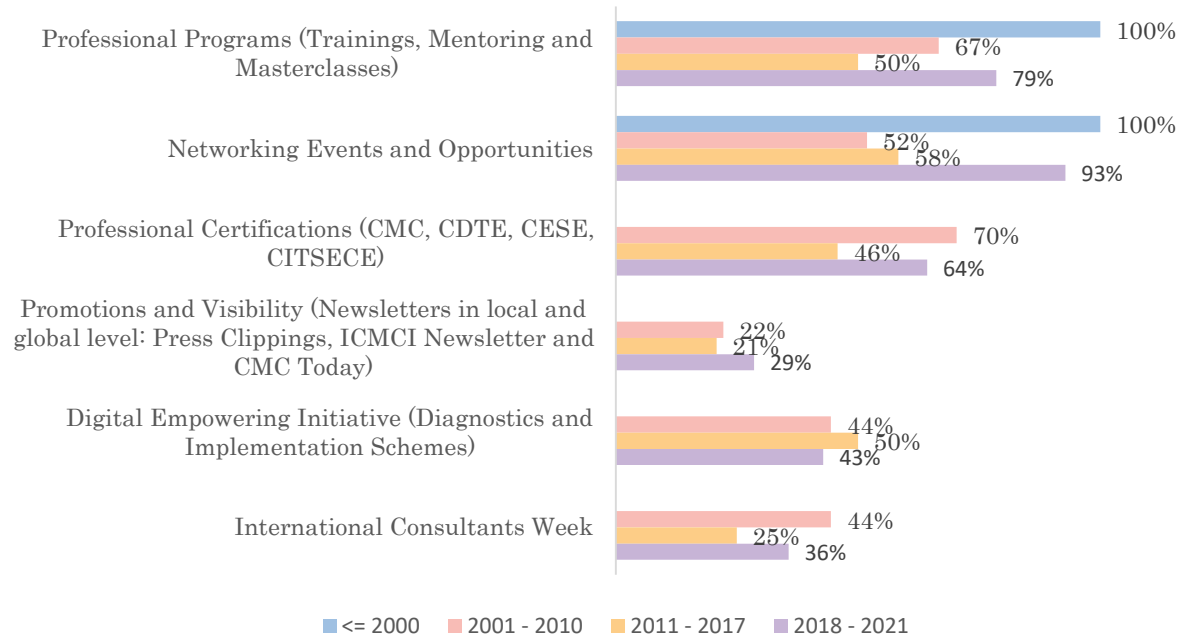


Figure 21. Which activities from the following options, would you recommend most to non-members? - by year

The impact of lowering taxes for consultants according to respondents are the increment of incentives for experts to join the market (19%) followed by the same share (17%) of those who think such action would increase competition and would have an overall grate positive impact. Consultants mentioned company development (13%), price reduction (13%), increment of demand for consultancy services (10%), new costumers (8%), raise the level of information and awareness for the consultancy sector (8%) and further investment opportunities (8%) among others when asked about the impact they think tax lowering would bring.



Figure 22. BCC aims to advocate for lowering the taxes for consultants. What impact do you think this initiative would bring?

According to the surveyed businesses, the impact of the pandemic has mostly (53%) decreased the demand for their services.

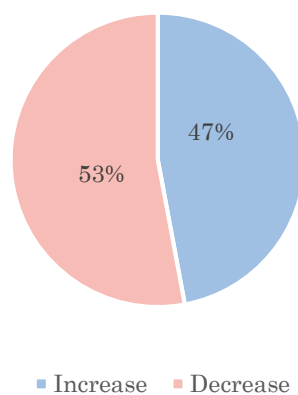


Figure 23. Impact of pandemic in the increase or decrease of service

Conclusions

The results of this study, in addition to identifying and explaining the state of the consulting market in Kosovo, where it has been and what is the current state of it, has also provided a comparative analysis with 2019, where among other things this year the problem of taxes for member businesses has been included in the study.

In general, the most provided services in 2021, turned out to be business planning, management and leadership and digitalization services. Other services included: training of company staff, marketing and sales / public relations, start-up / formation of a business, and information and communication technology.

Despite the fact that 2021 was a pandemic year, businesses experienced increase in clientele. While in 2019, micro-enterprises had only five clients, in 2021 it increased in 19 clients. Same pattern is seen in small businesses also (from 7 clients in 2019 to 20 clients in 2021). The type of clients that increased the most were domestic self-employed clients with 27 of them during 2021 in comparison with only five clients during 2019. In addition to this, most of the respondents (89%) stated that less than 50 percent of the clients they had during 2021 were not previously served. Moreover, around 11 percent of companies declared that more than 51 percent of their clients in 2021 were new clients.

Furthermore, almost half of the respondents (48%) stated they had increased the number of employees during 2021. According to the results, about 182 new employees were hired with an average of 5.7 people for company. Most of the companies declared that they hired 1-5 employees during 2021. In addition to this there were companies that hired up to 50 new employees.

The fact that "enterprises / organizations are not aware of their needs" was considered to be reason on what is hampering the demand for business consultancy services, by the majority of respondents in both years.

Lastly, the 2021 survey also had some specific questions in the context of the tax level for this specific sector of the economy. The impact of lowering taxes for consultants according to respondents are the increment of incentives for experts to join the market (19%) followed by the same share (17%) of those who think such action would increase competition and would have an overall grate positive impact.