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THE IMPACT OF SMES IN JOB CREATION IN WESTERN BALKANS

Abstract

The purpose of this paper is to analyze the impact of SMEs on job creation in the WB6 countries (North Macedonia, Albania, Kosovo, Montenegro, Bosnia & Herzegovina, and Serbia). During the last two decades, the countries in the Western Balkans region have faced different economic challenges, including employment-related issues and the question of who is in fact the creator of new jobs in this region. The paper employs explanatory methodology, through analysis of the statistical data collected in the Enterprise Survey conducted by the World Bank Group. The data analyzed covers three periods, i.e., year 1 (2009), year 2 (2013), year 3 (2019). The surveys were administered to a representative sample of 5358 firms in the non-agricultural, formal, private sectors, including small, medium and large enterprises. The paper concludes that the most widespread type of business activity in the Western Balkan countries are SMEs, which tend to employ more than large enterprises, with an average share of 45%–77%, by which they contribute more to new job creation, compared to large enterprises, and are indeed the ones reducing job scarcity and exhibiting a smaller share in job shrinkage. The implications arising from the paper are twofold, i.e., they can inspire both the academic and researcher circles to analyze even further the impact of SMEs, by including additional measuring indicators as well the policy makers to revise the policy of assisting SMEs in any means possible. The paper fills the gap in the existing literature dealing with the impact of SMEs on job creation in the WB region. The relevance of this research stands in fact that the study addresses the impact and relevance of SMEs' job creation in countries known for their long transition period.

Keywords: job creation, small and medium enterprises, employment.

WPLYW MŚP NA TWORZENIE MIEJSC PRACY W BAŁKANACH ZACHODNICH

Streszczenie

Celem niniejszego opracowania jest analiza wpływu MŚP na tworzenie miejsc pracy w krajach BŚ6 (Macedonia Północna, Albania, Kosowo, Czarnogóra, Bośnia i Hercegowina oraz Serbia). W ciągu ostatnich dwóch dekad kraje regionu Bałkanów Zachodnich stanęły przed różnymi wyzwaniami gospodarczymi, w tym kwestiami związanymi z zatrudnieniem i pytaniem, kto w rzeczywistości jest twórcą nowych miejsc pracy w tym regionie. W opracowaniu zastosowano metodologię eksplanacyjną, poprzez analizę danych statystycznych zebranych w ramach Badania Przedsiębiorstw, prowadzonego przez Grupę Banku Światowego. Analizowane dane obejmują trzy okresy,



tj. rok 1 (2009), rok 2 (2013), rok 3 (2019). Ankiety zostały skierowane do reprezentatywnej próby 5358 firm z pozarolniczych, formalnych, prywatnych sektorów, w tym małych, średnich i dużych przedsiębiorstw. W badaniu stwierdzono, że najbardziej rozpowszechnionym rodzajem działalności gospodarczej w krajach Bałkanów Zachodnich są MŚP, które zwykle zatrudniają więcej niż duże przedsiębiorstwa, ze średnim udziałem 45%–77%, przez co w większym stopniu przyczyniają się do tworzenia nowych miejsc pracy, w porównaniu z dużymi przedsiębiorstwami, i są w istocie tymi, które zmniejszają niedobór miejsc pracy. Implikacje wynikające z artykułu są dwojakie, tj. mogą zainspirować zarówno środowiska akademickie, jak i badawcze, do dalszej analizy wpływu MŚP, poprzez włączenie dodatkowych wskaźników pomiarowych, a także decydentów, do zrewidowania polityki wspierania MŚP w każdy możliwy sposób. Artykuł wypełnia lukę w istniejącej literaturze dotyczącej wpływu MŚP na tworzenie miejsc pracy w regionie BŚ. Istotność tego badania polega na tym, że dotyczy ono wpływu i znaczenia tworzenia miejsc pracy przez MŚP w krajach znanych z długiego okresu przejściowego.

Słowa kluczowe: tworzenie miejsc pracy, małe i średnie przedsiębiorstwa, zatrudnienie.

Introduction

Small and medium-sized enterprises have played and continue to play an important role in both developed and developing countries. Their impact is great in many aspects of the economy. They are among the largest employers, among the largest contributors to every economic parameter of the country¹. Globally but also in the local context, they represent over 90% of enterprises operating in local economies. This in fact testifies to the role they have in every economy². Furthermore, a substantial number of individuals rely on small and medium-sized enterprises, either directly or indirectly. Moreover, SMEs tend to be among the most innovative firms operating in high-tech sectors, and they can contribute to the technological upgrading of an economy³.

SMEs have played an important role during the transition to market economy of the Western Balkans countries (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia). From the beginning after the independence of the countries from the former Yugoslavia, the formation and expansion of SMEs has been an important factor of the transformation process. During the transformation, whole economies that had been under state control for dec-

¹ Neumark D., Wall B., Zhang J., *Just the Fact. Small businesses and job creation: Do small businesses create jobs?*, Public Policy Institute of California (PPCI), San Francisco 2008.

² De Wit G., De Kok J., *Do small businesses create more jobs? New evidence for Europe*, "Small Business Economics", No 42, 2014, pp. 283–295.

³ Bartlett W., *Small Firms as a Development Factor in South East Europe*, [In:] D. Sternad, T. Döring, *Handbook of Doing Business in South East Europe*, Palgrave Macmillan, Basingstoke 2012, pp. 232–250.

ades, often consisting of extremely big businesses, had to be turned into privately held market economies based mostly on SMEs⁴.

As in other parts of the world, small businesses form the backbone of the economy in the Western Balkans where up to 99% of all enterprises are small or medium sized. In fact, in the 6 countries of the Western Balkans, SMEs constitutes somewhere between 60% and 80% of the total employment, which is on average higher than in the EU⁵.

The rest of paper is organized as follows: Section II reviews the existing contemporary literature on the Western Balkans economy, the labor market, the SME's and its impact. Section III describes the data collection that are used for preparing this paper, Section IV gives the conclusions of the paper.

1. Literature review

There is an ongoing debate on the importance of small enterprise versus large ones, especially when it comes to their contribution in the economy. As it turns out small and medium enterprises are the ones that contribute when measuring different indicators. This is highlighted in the study conducted by Gemechu, Francis and Meza⁶. In this ongoing debate, a significant contribution is given by authors Haltiwagner, Jarmin and Miranda⁷. They found that the relationship between the size of the enterprise and the employment growth is sensitive and point out that small businesses, start-ups, and young businesses contribute more to job creation.

In the study conducted by de Kok, Deijl and Van Essen, point out that even though there are variation between countries, regarding the level of employment and the contribution towards job creation SMEs are dominant across the world. This is especially present in developing economies, where in majority of them, SMEs employ more the 50% of total formal employment in the private sector but they contribute by more than half on the total employment creation in the formal economy⁸. In the same line, is the study conducted by Ayyagari,

⁴ GRETA Associati, *Prospective analysis of the SME sector in the Western Balkans. Final Report*, Greta, Venice 2021.

⁵ WB-EDIF, *Building the Future of SMEs in the Western Balkans*, Retrieved from: <http://www.wbedif.eu/>. [accessed: 22.08.2022].

⁶ Gemechu A., Francis C. D., Meza J. R., *SMEs, Age, and Jobs: A Review of the Literature, Metrics, and Evidence*, "Policy Research Working Paper", 7493, The World Bank Group, 2015.

⁷ Haltiwanger J., Jarmin R. S., Miranda J., *Who Creates Jobs? Small versus Large versus Young*, "The Review of Economics and Statistics" 2013, Vol. XCV, No 2, pp. 347–361.

⁸ de Kok, J., Deijl, C., Van Essen, C. V., *Is Small Still Beautiful? Literature Review of Recent Empirical Evidence on the Contribution of SMEs to Employment Creation*, World Bank & GIZ, Eschborn 2013.

Demirguc-Kunt and Maksimovic⁹. They analyze the contribution of SMEs in developing countries in indicators such as employment, job creation, and growth. They conclude that SMEs have significant contribution to job creation and employment growth, while controlling the firm's age.

The same conclusion can be drawn from the study of Neumark, Wall and Zhang. In their study, which analysis the role of SMEs in job creation, the results show that SMEs create more jobs, on net value¹⁰.

In another paper, the authors Ayyagari, Demirguc-Kunt and Maksimovic¹¹ analyze the contribution of SME in the total employment, job creation and growth in 99 countries worldwide where they compare the relevance of SMEs and young enterprises across the economies. The authors conclude that SME (especially those with less than 100 employees), contribute more and have the highest share in employment and job creation but they fall behind when it comes to productivity growth.

According to different studies including Beck et al¹², shows a positive correlation between the share of SMEs employment in total employment the GDP per capita, that is the higher the fare of SMEs contribution to total employment the higher GDP per capita.

The importance of SME for WB6 economies

South-East Europe countries and especially countries that belong to WB6 have had a different and difficult transition from the planned economy to free market economy, where they entry and growth of new enterprises has been hindered by the states itself and their policies and haven't offered sufficient support to the new enterprises up until last ten years. The main reasons for this have been the close connection between political elite and the large firm that had dominated the internal market and delayed the market liberalization process¹³.

The situation as turned for better in recent 15 years and private business have been emerging on high scale and their contribution visible. In fact, small and medium enterprises started to contribute in a fundamental way to the devel-

⁹ Ayyagari M., Demirguc-Kunt A., Maksimovic V., *Who creates jobs in developing countries?*, "Small Business Economics" 2014, Vol. 43, No 1, pp. 43, 75–99.

¹⁰ Neumark D., Wall B., Zhang J., *Do Small Businesses Create More Jobs? New Evidence for the United States from the National Establishment Time Series*, "The Review of Economics and Statistics", 93(1), 2011, pp. 16–29.

¹¹ Ayyagari M., Demirguc-Kunt A., Maksimovic V., *Small vs. Young Firms across the World - Contribution to Employment, Job Creation, and Growth*, The World Bank Policy Research Work, Washington 2011.

¹² Beck T., Demirguc-Kunt A., Levine R., *SMEs, Growth, and Poverty*, "Journal of Economic Growth", Vol. 10., No 3, 2005.

¹³ Bartlett W., *Barriers to SME Development in Bosnia and Herzegovina, Macedonia and Slovenia*, [In:] *Globalization, Democratization, Massmedia*, Zagreb 2003, pp. 363–376.

opment of the emerging private sector and to more dynamic and competitive economies of Western Balkans¹⁴. They are viewed as major engine in the economic reconstruction and growth of the WB6 region¹⁵. The creation of new firms has played an important role in the initial emerge increase of the private sector’s contribution to GDP and employment in the whole region¹⁶. As pointed out, the private sector where SMEs belong, are the main contributor to economic output in WB6; however, the state retains a dominant role in some key industries in several countries of the region¹⁷.

SMEs are a crucial part of emerging business environments and key drivers of a sustainable and inclusive economy. In the Western Balkans, the SMEs make up significant number of all firms, generate around 60% of value added and account for almost three quarters of employment¹⁸. Small and medium-sized enterprises (SMEs) dominate the private sector and account for about two-thirds of value added on average.

When we talk about the importance of SMEs and their emergence in the economies of Western Balkans, the Table 1 offers interesting data which strengthen these conclusions. Based on the data, it can be seen that the number of SMEs that are functioning has risen in each of WB countries, mostly in Montenegro (22.8%) and the least in North Macedonia (4.9%). But the trend is positive and shows an increased interest of the population engaging in their own business and establishing SME.

Table 1. Number of SMEs per 1 000 inhabitants in the Western Balkans.

SMEs per 1 000 inhabitants	ALB	BiH	KOS	NMK	MNE	SRB	WB Average
2017	15.4	8.5	20.3	26.5	48.8	50.9	28.4
2020	17.3	9.7	23.9	27.8	59.9	58.4	32.8
% Change	12.3%	14.1%	17.7%	4.9%	22.8%	14.7%	14.4%

Source: OECD, 2022.

¹⁴ Bartlett W., *Small Firms as a Development Factor in South East Europe...*, pp. 232–250.

¹⁵ *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris 2019.

¹⁶ Uvalic M., *Privatisation Approaches: Effects on SME Creation and Performance*, [In:] R. J. McIntyre, B. Dallago (eds), *Small and Medium Enterprises in Transition Economies*, Palgrave Macmillan & WIDER, 2003, pp.171-184.

¹⁷ Sanfey P., Milatović J., *The Western Balkans in Transition: diagnosing the constraints on the path to a sustainable market conomy. Background paper for the Western Balkans Investment Summit hosted by the EBRD, 26 February 2018*, European Bank for Reconstruction and Development, 2018.

¹⁸ *SME Policy Index: Western Balkans and Turkey 2022: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris 2022.

The SMEs contribution to the Western Balkans countries' economies can be seen as well through the data shown in the Table 2. If Table 1 pointed out the emergence of new SMEs in the region, the real impact and importance of SMEs in WB6, can be seen through the fact that SMEs constitute majority of enterprises that are active in each country. In Albania SMEs constitute 81.90% of total active enterprises, in BiH the share of SMEs in total enterprises is 63.14%, in Kosovo the share is 75.49%, in North Macedonia very similar and is 73.94%, whereas in Serbia SMEs constitute 65.10% of active enterprises in the country.

The value that SMEs in WB6 add in their respective economy is significant in each country. In Albania they contribute to the added value with 74.10%, in BiH the contribution of SMEs in added value is 60.98% of the total value, in North Macedonia the value created by SMEs in 67.89%, in Montenegro the percentage is even bigger and is 77%, whereas in Serbia the total added value by SMEs is around 60%.

In terms of the contribution towards the export, the data are available only for three countries. In Albania, the SMEs contribute on the export with 64%, in North Macedonia the percentage is around 26% whereas in Serbia is around 40%.

Table 2. SMEs contribution in WB6 economies.

	ALB	BiH	KOS	NMK	MNE	SRB
Number of enterprises						
Micro	37%	13.3%	31.3%	31.79%	/	29.7%
Small	22.1%	23.25%	25.6%	22.56%	/	16.6%
Medium	22.8%	26.59%	18.59%	19.58%	/	18.8%
Large	18.1%	36.86%	24.51%	26.06%	/	34.9%
SMEs	81.90%	63.14%	75.49%	73.94%	/	65.10%
Value added (in thousands EUR)						
Micro	22.2%	11.39%	/	21.63%	53%	23%
Small	25.9%	22.41%	/	24.20%		16%
Medium	26%	27.18%	/	22.07%	24%	20.20%
Large	25.9%	39.02%	/	32.11%	23%	40.80%
SMEs	74.10%	60.98%	/	67.89%	77.00%	59.20%
Total added value	3,383,173	3,521,797	/	3,106,080	1,819,361	15,056,892
Share of exports						
Large	36%	/	/	73.99%	/	60.50%
SMEs	64%	/	/	25.88%	/	39.50

Source: OECD, 2022.

2. Methodology and results

The papers represent an exploratory study where the information and data are gathered through the document method and statistical data from international institutions. The paper analysis the contribution of SMEs in the Western Balkans economies while focusing on their impact on job creation. The data are obtained from World Bank Enterprise Survey that offers a diverse economic data on firms from over 154 countries. The type of data used in for analysis are Employment Indicators that provides a snapshot of employment in the private sector. These main indicators are focusing on the stock of (and changes in) aggregate permanent, full-time employment. The indicators are as follow: Employment Share, Employment Expansion, Employment Contraction, and Net Employment Change. The data set are analyzed in three time periods: year 2007, Year 2013 and year 2019 (before the COVID-19). During this timeframe, a total of 4957 enterprises were surveyed and the results are presented below.

The first set of data that we analyze from the employment indicators is employment share by type of enterprise. Looking at the Table 3, we can compare the data for all six WB countries:

- i) In Albania, small and medium enterprises employ 68.7% of total employment in 2007 and 59.4% in 2019, whereas large enterprises employ only 31.4% in 2007 and 40.5% in 2019.
- ii) In BiH, SMEs share in employment in 2009 was only 47.2% and it declined by 2019 to 44.9% whereas share of employment of large enterprises which was 52.8% in 2007 has risen to 55.1% in 2019.
- iii) In Kosovo, SMEs employed 73.8% of all employments in the country in 2009, and it was increased in 78.3% by 2019, whereas large enterprises employed only 26.2% in 2009, which by 2019 had declined to 21.7% of total employment.
- iv) In Montenegro, in 2009, SMEs were employing 77.3% of total employment, which by 2019 had declined to 59%, whereas the share of large enterprises had increased from 22.7% in 2009, to 41% in 2019.
- v) In North Macedonia, the employment share of SMEs in 2009 were only 53.5% and had a small increase by 2019, which reached to 60.1%, whereas on the other hand, large enterprises share in total employment in 2009 was 46.5% and it decreased to 39.8% by 2019.
- vi) In Serbia, SMEs contributed to total employment with 41.8% in 2009, which was increased by 2019 to 53.8%, whereas the share of large enterprises had fallen from 58.2% in 2009 to 46.2% in 2019.

Table 3. Employment share by type of enterprise.

Country	Year	Employment share by type of enterprise		
		Small	Medium	Large
Albania	2007	29.8%	38.9%	31.4%
	2013	26.9%	46.4%	26.7%
	2019	22.8%	36.6%	40.5%
BiH	2009	13.2%	34.0%	52.8%
	2013	16.0%	47.0%	37.1%
	2019	11.6%	33.3%	55.1%
Kosovo	2009	42.3%	31.5%	26.2%
	2013	24.4%	49.8%	25.7%
	2019	37.1%	41.2%	21.7%
Montenegro	2009	44.6%	32.7%	22.7%
	2013	33.1%	38.5%	28.3%
	2019	15.4%	43.6%	41.0%
North Macedonia	2009	20.5%	33.0%	46.5%
	2013	35.4%	49.4%	15.2%
	2019	26.7%	33.4%	39.8%
Serbia	2009	12.0%	29.8%	58.2%
	2013	18.8%	25.8%	55.3%
	2019	18.1%	35.7%	46.2%

Source: Enterprise Surveys www.enterprisesurveys.org The World Bank Group.

What is probably more important to this study is to find out who creates more jobs by the size of the enterprise. Table 4 gives insight into this aspect. The table analyzes three aspects: i) firms that expanded, ii) percentage of expansion, iii) share in the total expansion.

The six WB countries perform as follows in those indicators:

- i. In Albania, SMEs have a higher rate of expansion in comparison to large firms, in 2019 small enterprises expanded by 55.5% and medium enterprises by 78.4% whereas large enterprises expanded only by 46.9%. When it comes to employment expansion the average of SMEs was between 13.9% and 25.3% in the analyzed years, whereas for large enterprises the range was between 3.8–7.9%. The share in expansion is significantly higher at SMEs with 84.5% and on the other hand large enterprises share is only 15.5%
- ii. In BiH, we tend to see an increase in % of large firms that expand (73.6% in 2019), in comparison to SMEs whose % of firms that expand tend to decline (36.7–62.7% in 2019). The same trend can be noticed in the indicator employment expansion where SMEs during the analyzed period tend to have a decline, and in average contribute between 5.8–7.4% whereas large enterprises have an increase trend which reached 9.6% in employment expansion in 2019.

- iii. In Kosovo, there is a stable trend of small and medium enterprises that expand (between 58–65% for small and 72.2–78%), whereas there is negative trend in large enterprises expansion (decline from 97.8% to 64.4%). The employment expansion in SMEs has relatively positive trend (shifting from 6.6% to 13.5% for small and from 4.3% to 6% for medium enterprise) in the analyzed period, whereas at the large enterprises we have a positive difference of 2.5 percentage points. The share of SME in employment expansion by 2019 is 84.7% and of large enterprises only 15.3%.
- iv. In Montenegro, there is a negative trend that affects SMEs when it comes to % of SMEs that expanded (decline from 73.8% to 48.6% for small enterprises and decline from 83.6% to 43.2% for medium ones) in comparison to large ones, where a positive trend is evident. This reflects as well as in the employment expansion, where there is a decline of 4.4 pp for small and 8.6 pp for medium enterprises, but as well as in the large enterprises. Overall, in Montenegro, SMEs contribution in employment expansion is 55.4% which is still above large enterprises which contribute with 44.6%.
- v. In North Macedonia, there is a similar trend as in Montenegro. The percentage of SMEs that expanded has declined (from 66.4% to 40.7% for small and from 64.7% to 55.5% for medium enterprises), whereas there is a slightly positive trend to large enterprises. This affects the employment expansion as well which has declined by half at the SMEs during the period, whereas at the large enterprises again there is a slight positive trend (increase to 4.6% from 1.9%). But in general, in North Macedonia, SMEs still have the highest share in employment expansion (71.6%) in comparison to large enterprises (28.4%).
- vi. The similar trend follows the SMEs when analyzing the indicators that measures the percentage of firms that expand. There is decline of SMEs that expanded during the period 2009–2019 in Serbia, which is contrary to large enterprises which have seen an increase of % of enterprises that have expanded (increase from 34.6% to 47.4%). The negative trend follows the percentage of employment expansion in SME, where small enterprises have fallen behind by 2.8 pp and medium enterprises by more than half (6.7 pp), whereas large enterprises have positive trend (increase by 1.2 pp). Lastly, even though there is a decline in the total share of employment expansion from SMEs (decline from 65.5% to 61.3%), they still hold the majority of shares in the employment expansion in comparison to large enterprises which hold only 38.4% of employment expansion.

Table 4. Percengate of added jobs by type of enterprise.

Country	Year	% of Firms that Added Jobs by type of enterprise								
		Small			Medium			Large		
		Firms that Expanded	Ex-pansion	Share in Ex-pansion	Firms that Expanded	Ex-pansion	Share in Ex-pansion	Firms that Expanded	Ex-pansion	Share in Ex-pansion
Albania	2007	73.6%	25.3%	40.1%	77.4%	20.5%	44.4%	85.2%	7.9%	15.5%
	2013	41.4%	10.8%	36.0%	45.6%	10.8%	64.0%	0.0%	0.0%	0.0%
	2019	55.5%	17.1%	35.2%	78.4%	13.9%	48.6%	46.9%	3.8%	16.1%
BiH	2009	63.8%	9.4%	19.9%	70.3%	8.6%	48.1%	49.4%	3.3%	32.0%
	2013	43.2%	5.8%	17.5%	47.3%	5.6%	51.2%	54.8%	4.4%	31.3%
	2019	36.7%	5.8%	8.4%	62.7%	7.4%	30.0%	73.6%	9.6%	61.6%
Kosovo	2009	65.2%	6.6%	54.0%	78.0%	4.3%	27.8%	97.8%	3.4%	18.2%
	2013	51.7%	13.1%	26.3%	56.1%	12.7%	52.3%	86.3%	10.1%	21.4%
	2019	58.0%	13.5%	54.9%	72.2%	6.0%	29.8%	64.4%	5.9%	15.3%
Montenegro	2009	73.8%	11.8%	40.1%	83.6%	13.3%	33.1%	67.3%	15.5%	26.8%
	2013	39.1%	5.4%	48.8%	25.5%	3.3%	34.8%	62.7%	2.0%	16.4%
	2019	48.6%	7.4%	19.2%	43.2%	4.7%	36.2%	75.9%	6.6%	44.6%
North Macedonia	2009	66.4%	16.6%	35.7%	64.7%	14.2%	51.2%	36.1%	1.9%	13.1%
	2013	48.1%	9.6%	34.9%	57.1%	8.1%	42.6%	63.5%	15.0%	22.5%
	2019	40.7%	8.2%	32.7%	55.5%	7.7%	39.0%	43.7%	4.6%	28.4%
Serbia	2009	56.0%	10.1%	16.2%	66.9%	12.6%	49.4%	34.6%	3.4%	34.4%
	2013	36.8%	6.7%	24.5%	42.5%	4.2%	21.3%	54.8%	5.0%	54.2%
	2019	42.9%	7.3%	23.8%	57.1%	5.9%	37.6%	47.4%	4.6%	38.7%

Note: Employment Expansion measures the annual rate of expansion of the aggregate stock of permanent, full-time employment. It only takes firms that, on net, expanded their employment and computes the yearly growth rate in the aggregate stock of permanent, full-time employment.

Source: Enterprise Surveys www.enterprisesurveys.org The World Bank Group.

To get a better picture of the impact of each type of enterprises in employment in WB6, we must analyze the indicators that highlight the reduction of jobs by enterprises. Table 5 offers more insight in this regard.

The share of SMEs that contracted in Albania have been increased during the 11 years span, from 16.7% to 26% in 2019, whereas the employment contraction has been steadier at small enterprises and has risen from 3.2% to 5.8% in 2019. In terms of share in contraction SMEs have seen a decline (64.6% to 49.4), whereas large companies an increase by more than 15 pp.

In BiH, the percentage of SMEs that have contracted have been increased 36.5% in 2009 to 44 in 2019, the employment contraction as well, from 2.8% in 2009, to 6.3% in 2019, and the share in contraction from 25.3% in 2009, to 78.2% which represents a big increase.

The SMEs in Kosovo have experienced rise in percentage of contracted firms, from 13% in 2009, to 39.7% in 2019, as well as in employment contraction which in 2009 was only 2.6% and in 2019 was 9.7%. The share in contraction is the only indicator that has declined during the analyzed period, from 92.1% to 77.8%.

In Montenegro, SMEs as well have experienced increased in percentage of contracted firms. If in 2009, the percentage of contracted SMEs was only 23.6%, in 2019 the percentage rose to 54.5%. An increase has been seen as well as in the employment contraction, which was only 4.1% in 2009, to be increase up to 9.5%. An increase has been identified in the total share of contraction of SMEs which has risen to 85.8%.

North Macedonian SMEs have had more less the same trend. The percentage of contracted SMEs which was 31.2% in 2009, increased to 41.6% in 2019, the employment contraction which was 3.3% had risen to 5.2%, whereas the share in contraction has risen from 12.6% to 57.3%. Lastly, in Serbia, the SMEs have even higher values in jobs reduction, starting from percentage of firm contracted, which were 40.9% in 2009, and had risen to 49.2%. Employment contraction in the Serbian SMEs on the other hand have experienced decline, from 7.4% to 5.3%, whereas the share in contraction has been increased from 13.6% to 64.8%.

Table 5. Percentage of firms that reduced jobs by type of enterprise.

Country	Year	% of Firms that Reduced Jobs by type of enterprise								
		Small			Medium			Large		
		Firms that Contracted	Con- traction	Share in Con- traction	Firms that Contracted	Con- traction	Share in Con- traction	Firms that Contracted	Con- traction	Share in Con- traction
Albania	2007	7.2%	1.2%	19.1%	9.5%	2.0%	45.5%	14.8%	1.8%	35.4%
	2013	12.4%	2.1%	15.0%	31.4%	5.7%	73.0%	33.5%	1.5%	12.0%
	2019	10.8%	1.6%	9.1%	15.2%	4.2%	40.3%	51.9%	4.3%	50.6%
BiH	2009	12.6%	1.0%	4.6%	23.9%	1.8%	20.7%	45.7%	3.7%	74.6%
	2013	28.0%	4.9%	13.9%	38.9%	7.4%	62.6%	37.5%	3.6%	23.5%
	2019	23.0%	3.6%	24.9%	21.0%	2.7%	53.3%	14.8%	0.7%	21.7%
Kosovo	2009	3.9%	0.2%	10.6%	9.1%	2.4%	81.5%	2.2%	0.3%	7.9%
	2013	14.1%	2.5%	29.2%	15.8%	3.0%	70.8%	0.0%	0.0%	0.0%
	2019	17.7%	4.0%	28.6%	22.0%	5.7%	49.2%	17.1%	4.9%	22.2%
Montenegro	2009	7.2%	1.1%	19.8%	16.4%	3.0%	38.2%	32.7%	4.8%	42.0%
	2013	15.1%	3.5%	42.7%	17.3%	1.4%	20.0%	22.2%	3.5%	37.3%
	2019	12.9%	3.6%	14.8%	41.6%	5.9%	71.0%	20.8%	1.3%	14.2%
North Macedonia	2009	8.7%	0.9%	2.3%	22.5%	2.4%	10.3%	62.2%	10.7%	87.4%
	2013	15.2%	2.1%	24.2%	32.4%	3.9%	62.8%	24.7%	2.8%	13.0%
	2019	15.0%	1.8%	17.1%	26.6%	3.4%	40.2%	41.2%	2.9%	42.8%
Serbia	2009	15.5%	3.1%	3.1%	25.4%	4.3%	10.5%	57.9%	13.6%	86.4%
	2013	29.9%	6.4%	21.3%	46.9%	6.0%	28.0%	38.8%	5.2%	50.6%
	2019	26.7%	3.9%	38.5%	22.5%	1.4%	26.3%	30.4%	1.4%	35.2%

Note: Employment Contraction measures the annual rate of contraction of the aggregate stock of permanent, full-time employment. It only takes firms that, on net, reduced their employment and computes the yearly rate of contraction in the aggregate stock of permanent, full-time employment.

Source: Enterprise Surveys www.enterprisesurveys.org The World Bank Group.

Lastly, after analyzing the main indicators of employment (expansion and contraction of jobs) for all types of enterprises, and focusing on SMEs, as a last step it will be analyzed the net jobs which is a result of subtracting the two above mentioned indicators. Table 6 offers in depth data.

SMEs in Albania even though have experienced decline in net change value during the analyzed period, they have had positive net change of 25.3% in job creation in 2019 whereas larger enterprises have experienced negative net change of -0.5%. The share in job creation of SME was 103.1% whereas large enterprises have negative contribution of -3.2%. Bosnian SMEs have also experienced decline in net change values in job creation, which was 15.2% in 2009, and declined to 7% in 2019 whereas large enterprises have experienced increased from -0.3% to 8.9%. The share of net job creation by 2019 that belonged to SMEs was 28%.

A positive change can be seen at Kosovo SMEs in terms of increase of net jobs created. In 2009, SMEs had positive net change of 8.2% whereas in 2019 this increased to 9.7%. The same thing can be said about the share in the net job creation which in 2019 SMEs contributed by 94%.

On the other hand, Montenegrin SMEs, followed the same trend as SMEs in Albania and BiH. Their net change in job creation declined from 21% to 2.6% in the time span of 11 years, and their share in job creation have had sharp decline to only 2%. The North Macedonian SMEs had better result with net change 10.7% in 2019 and 82.3% share in the job creation within the country. In Serbia, by 2019 SMEs had net change value in job creation of 7.9% and share in all jobs created of 59.6%.

Table 6. Net jobs created by type of enterprises.

Country	Year	Net job creation by type of enterprises					
		Small		Medium		Large	
		Net change	Share	Net change	Share	Net change	Share
Albania	2007	24.1%	42.4%	18.4%	44.3%	6.2%	13.3%
	2013	8.7%	53.9%	5.1%	56.4%	-1.5%	-10.3%
	2019	15.5%	49.9%	9.8%	53.2%	-0.5%	-3.2%
BiH	2009	8.3%	33.6%	6.9%	72.6%	-0.3%	-6.1%
	2013	0.8%	34.2%	-1.7%	-214.7%	0.9%	80.6%
	2019	2.3%	4.1%	4.7%	23.9%	8.9%	72.0%
Kosovo	2009	6.3%	64.4%	1.9%	14.9%	3.1%	20.7%
	2013	10.6%	25.7%	9.7%	48.4%	10.1%	25.9%
	2019	9.4%	90.6%	0.3%	3.4%	1.0%	6.0%
Montenegro	2009	10.7%	45.0%	10.3%	31.9%	10.8%	23.1%
	2013	1.9%	67.0%	1.9%	78.8%	-1.4%	-45.8%
	2019	3.8%	26.9%	-1.2%	-24.9%	5.3%	98.0%
North Macedonia	2009	15.7%	213.7%	11.8%	269.7%	-8.8%	-383.4%
	2013	7.5%	40.0%	4.3%	33.0%	12.2%	27.0%
	2019	6.4%	44.2%	4.3%	38.0%	1.6%	17.7%
Serbia	2009	7.0%	18.4%	8.3%	53.5%	-10.3%	-172.0%
	2013	0.3%	11.6%	-1.8%	-99.3%	-0.1%	-12.3%
	2019	3.4%	16.5%	4.5%	43.1%	3.2%	40.4%

Source: Enterprise Surveys www.enterprisesurveys.org The World Bank Group.

3. Conclusion

There is consensus between academics and researchers that SMEs have enormous impact on country's economy. The analysis conducted in this study suggest that SMEs represent the majority of active enterprises that are operating in WB6 economies, where the least representation is in BiH (63.14%) and the highest in Albania (83.10%). Moreover, they are the highest contributor to the added value in the countries of the region, with the least in Serbia (59.20%) and the highest in Montenegro (77.00%). SMEs are the fastest growing type of enterprises in the region, and on average there are 32.8 SMEs per 1,000 habitants.

When it comes to employment, they represent the highest employer in the whole region, and the least that they employ is in BiH where they contribute up to 44.9% of total employment, and the highest is in Kosovo, where SMEs employ 78.3% of total employed people. And when it comes to job creation, SMEs

in WB6 experience positive net change in values of job creation in comparison to large enterprises and are bigger contributors in creation new jobs as they own higher percentage of the share of net jobs created.

The limitations of the paper are in the fact that the data used are generated solely from survey conducted with enterprises (a sample) and doesn't take into consideration the official data offered by different national and international institution. Moreover, the data takes into consideration only the aggregate stock of permanent, full-time employment, and doesn't include the part-time and seasonal employment.

The focus of future research shall focus in taking into consideration the limitation of the paper, and including econometric analysis of the indicators by measuring the real effect by using econometric models.

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