SMEs an Economic Outlook

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Abstract: In the event of time outside the southeast and west of Kosovo, the SME was replaced by the drivers of economic development. Its economic development is the framework for political and economic macroeconomics, and the state secret lies in the development of SMEs. This is the first part of the truth, while the latter is simpler, SMEs' philosophy depends on entrepreneurs and management. in promoting and developing SMEs, new management salvage attempts. This includes the effective management of software, software, software, structures, people and resources as well as control stations with control. This process reviews the combination of common sense and power, the ability, the need risks and the specific knowledge in planning, organization, coordination, motivation and control as well as the organization and the mission. Nutz. the more effective and efficient. One of the main tasks of managers is to motivate and inspire people, and to create vision and create new challenges, where motivation is something that works in a person to bring himself to the best. Goal-oriented, mother for the family and the company in which we work, goes well.

Keywords: management; motivation; business; human resources; process

JEL Classification: B26

1. Introduction

Of course, different countries can use different definitions for micro, small and medium-sized enterprises. Despite various definitions around the world, the importance of SMEs for the global economy is widely recognized (Birch, 1989; Storey, 1994).

According to Herts, L (1982), the term SME refers to a number of companies. Most countries recognize that the number of employees is the usual measure for SMEs, according to Keskin & Senturk. In 1994, Storey argued that there is no single, clear,

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and acceptable definition.According to the European Commission (2003), there are three categories of SMEs: micro and small and medium-sized enterprises. In England, a small company is one with a turnover of no more than £ 6.5m, a balance of no more than £ 3.26m. In America, the definition of SMEs is provided by the Office of Small Business Administration Standards. This definition determines the size by activityScot & Bruce (1987) provided the qualitative definition of an SME. SMEs have the following characteristics:

1. Management is independent, as a rule managers are also owners;
2. Capital is provided and property is owned by one or a small group of peopl;
3. The area of application is predominantly local. Employees and owners belong to a community, but the markets must be in the same community.

Despite the different definitions of SMEs around the world, Birch (1989) recognizes the importance of SMEs for the global economyEffective management has to do with creating processes that help SMEs build structures, connect with people and resources, and develop plans to keep the situation under control. This process requires a combination of common sense and the power to take risk if necessary and requires special knowledge in planning organization, departure coordination, motivation and control in a way that enables organizations to perform their task with the help of available effective and efficient means can.One of the most important tasks of executives is how people should be motivated and inspired to create a vision and new challenges in achieving the goals, the motivation being something that works inside a person, so that he is in a certain way behaves more purposefully to ensure that things are going as they should be for his life, his own family, the company where he works.People differ from each other, but their goals are the achievement of goals through their skills and working in SMEs is diverse.Where the primary element of leaders is to identify and understand the difference, to help and motivate them, and to do what they want the company to do.The causes of ethics are much larger and more complicated than just expressing them through motivation, but the importance of motivation should not be underestimated. You can't see the motivation, but what is seen is the behavior. The motivational process is the identification of people's needs, where there is a need for scarcity, a behavior that causes these shortcomings to be removed, which can be physiological, psychological and social.

2. Goals of the Study

For this purpose, literature and the experiences of the transition and industrialized countries are used to better defend this common interest of the three constitutive factors. Many companies face development challenges and fierce competition at home and abroad, are faced with development conditions and barriers, do not have sufficient financial and human resources, are trained and able to meet new challenges. In this context, this paper aims to analyze and prepare a document that is applicable to economic entities and to draw some conclusions that would have been applicable at the level of the municipalities. On the other hand, the support of SMEs by local government should also be seen as a motivating factor.

3. Study Methodology

This article used both theoretical approaches and deductive quantitative methods that led to the development of a quantitative tool such as a questionnaire. The study is based on a sample of 70 companies in the Ferizaj region in Kosovo. The study uses a cross-sectional and self-managed cross-sectional questionnaire approach for the study and data collection. Conceptual models and hypotheses were created based on a comprehensive review of the literature on corporate management and human resources.The questionnaire was developed over a period from October to December 2019. The questions on measuring variables in the baseline study questionnaire were based on extensive literature research and pilot group discussions with individuals (including owners / company managers and academic researchers).

3.1. Case Study

One of the forms of employee motivation is employee trust in management, as shown in Table No. Of the 68 SMEs surveyed, around 80% stated that they always try to trust their employees, around 12% sometimes said so, while around 4 5 didn'tI try that the workers always believe in me

Table 1. Employees' Trust in Managers?

B 1	Gesamt	%
Always	53	77.9
Sometimes	8	11.8
Do not use motivation	1	1.5
I don't know	1	1.5
No explanation given	3	4.4
Total number	68	100.0

Source: Ferizaj SME survey 2019

As a very important motivational element, the equipment and tools of the workers, in the survey we found that about 88% of managers explained that employees always have equipment and tools for work and that about 8% of managers sometimes provided tools and tools and about 5% of managers have not declared.An important element of the manager is to delegate workers where they are held accountable and take part in corporate goals. According to the survey, it shows that in the Ferizaj region almost 65% of managers make delegating responsibilities to their representatives and around 29% sometimes do, and around 4% are undeclared.I try to delegate functions to my employees because it motivates them and makes them responsible

Table 2. Delegation of Responsibility?

Always 1	43	65.2
Sometimes 2	19	28.8
I don't know 4	1	1.5
Empty	3	4.5
Total	66	100.0

Source: Ferizaj SME survey 2019

Currently, the proportion of employees is increasingly used as a way to achieve employee motivation, at work. It is now clear to managers that employees can express their opinions abouthow things are to be done, they devote more to achieving the company's goals and contribute significantly to its success.According to the survey in the Ferizaj region, about 68 of the companies surveyed answered the question in the survey, what motivates employees, where in the first place was wages as a motivational tool. But also as an important form is the good atmosphere at work with about 24%, in the second place comes efficient management methods with about 20%, the possibility of career development with about 16% and about 14% is job security

4. Training of Managers and Employees

It is clear to entrepreneurs that training is necessary if they want to face the challenges of the economy, whereby the companies need qualified people, be it from the management or staff, depending on who attends a course or workshop, shows us that is a satisfactory participationTraining of managers and staff Do you conduct a course or workshop (any type).

Table 3. Do You Conduct a Course or Workshop (Any Type) ?

Have you attended a course or workshop	Gesamt	
And	37	54.4
No	30	44.1
Leer	1	1.5
Total Summer	68	100

Quelle: KMU-Umfrage 2019 Ferizaj

Out of the general percentage of approximately 54% of the respondents, they attended a course or seminar for different profiles, while 40% of the respondents said they had not attended a course or workshop. According to the interview, the training took place mainly in service companies and commercial companies.

5. The Importance of the Information System in the Development of Motivation

The function of the information is to offer new knowledge and wisdom, to reduce or eliminate uncertainty, to promote government activity and to make decisions.The modern world is increasingly interdependent and complex. Characterized by exponential growth of many sizes (population, production, knowledge, information, consumption, expenditure of charitable resources, pollution, etc.), it seems appropriate to define the government's conversion of information into shares.It is important to say in the information systems that the information must be in the right place and at the right time, that it is also very important in the SME to motivate the workers

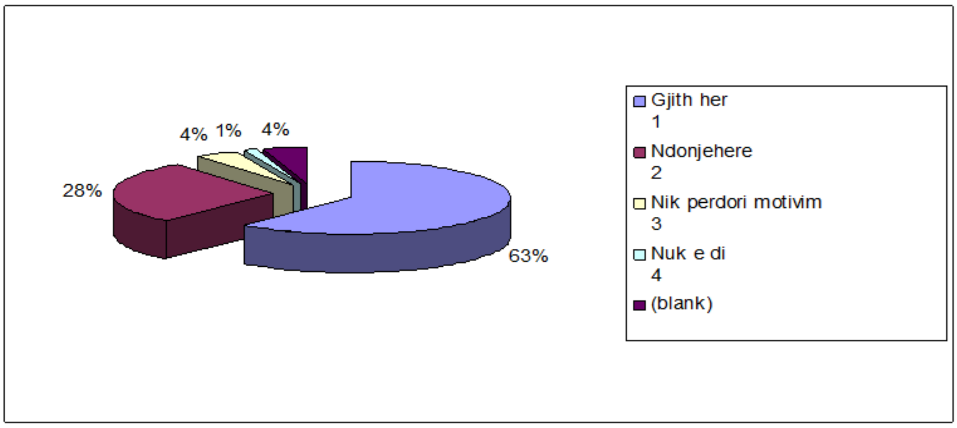

Figure 1. Figure Information System in Developing Motivation

Source: Ferizaj SME survey 2019

So that workers are informed that reward or punishment is right or wrong.During the survey, in connection with the information provided by managers to the workers, it appears that around 62% of managers always inform their workers about the activities they have undertaken and they inform workers about the internal and external circumstances of the company company. But about 28% of respondents said they only sometimes inform workers and about 4% do not inform them at all.Information is a very important element in the company as it encourages workers to do their job as best as possible because they believe that they are a very important part of the company.

5.1. The Decision-Making Process and its Importance for Motivation

Cyert and March deal with the decision-making process, in uncertain market conditions and in competition. Almost all decisions are approved by restrictions on their environment and some of them are unsafe. There is a possibility of danger for every decision approval, so the risk placement and preference theory must be realized.

Table 4. The Decision-Making Process?

	Always		Sometimes		I don't know		Total
I am very good at hitting goals	33	48%	26	38%	9	14%	100%
When I set goals, I always reach them	30	44%	25	37%	13	19%	100%

Source: Ferizaj SME survey 2019

According to a leadership survey of decision-making processes in SME Ferizaj, it appears that around 48% of entrepreneurs say they are always good at making decisions, and if they set goals, they reach over 44% of entrepreneurs, while 38% are entrepreneurs sometimes make decisions deliberately and achieve the goals about 37% and about 14% do not know how successful they are, and over 19% do not know

6. Effect of Development Factors IN Motivation

In many more restrictive employment situations, the underlying motive is the act of employment.

Another motive is related to wages

"The salary that workers get for the work they do, according to economists, takes a very important place over the other motivators, some of the most important moments to consider when using money as a motivating factor. "

"We should note that the impact of wages depends on the age of the worker, the standard of living and the wages that the same companies offer within the company. Raising the standard requires larger salaries to keep it the industry, neutralizes its stimulant effect because workers can be paid equally in many employment alternatives. "

"With the aim that they play their role as it should be, were:

1. For the new employees who are just starting their work, wages play the most important role;

2. People are very sensitive to the principle of equality;

3. The salary is used by managers to attract their employees;

4. The salary should always be treated as such a level that it is never so large as to meet all people's needs, but it should be as a Zeil, if possible, a raise. "

Table 5. What Motivates Managers to Work?

B1	Total	%
Good wages 1	36	58.1
reward system 2	16	25.8
Full evaluation at work 3	3	4.8
Good working atmosphere 4	3	4.8
Feel supported with my 10 personal problems	2	3.2
Read	2	3.2
Total	62	100.0

Source: Ferizaj SME survey 2019

According to the survey, managers claim that they pay their employees good wages, as the table shows that over 58% of respondents stimulate employees with good wages

Money is one of the most important factors to stimulate the workers, but it is not the only cure for all illnesses of the company, because the employees can not be encouraged by anything, as in the

able, during the survey and interview, shows that very important motivational factors are also

Table 6. How do Employees Want to be Motivated?

B1		Total	%
Good wages	1	7	10.5
Full job evaluation	3	19	29.7
Good working atmosphere	4	11	17.2
work safety	5	3	4.7
Efficient management methods	7	3	4.7
career opportunities	8	3	4.7
Personal trust of the employees	9	4	6.3
Feel supported with my personal problems	10	3	4.7
Didn't say anything		3	4.7
Total		64	100.0

Source: Ferizaj SME survey 2019

The survey results show that around 29% is a motivational factor at work, comprehensive assessment, around 17% is a good atmosphere at work and 13% is the compensation system.In the question in the survey, what motivates workers, it can be seen that about 35% as a motivational factor a better working atmosphere, about 20% the compensation system, that salary is in the third category of workers with around 16% and with 12% dieArbeitsbewertung.

7. Practical and Theoretical Values

7.1. Theoretical Values

Register for literature on HR Entrepreneurship and Management as an integration.Development and selection of motivational strategies for the development of the SME sector in Ferizaj, Kosovo.The study serves researchers in the disciplines of corporate and human resource management

7.2. Practical Values

The study is now available in the UK, including beeswax, in the business.The study is intended to serve as an illustration for students from business, government institutions and politics.The paper has helped you improve quality, productivity, and employee satisfaction

8. Recommendations for Future Studies

At the time when Eastern Europe and Kosovo are facing globalization challenges, SMEs are key factors for economic development. Its economic development is the fragment of state and macroeconomic policy and the state secret lies in the development of SMEs. This is the first part of the truth, it is not easy to find, SMEs are international and in the management philosophy of progress and development of SMEs, new business services salvage attempts, wood You can organizations its in the application of new Modeled by human resources (HR), neither attitude nor decisions trifle or employee motivation, while the motivation in the form of material and varied formats, such as education and training and career. One of the main tasks of managers is to motivate and inspire people, to create vision and to create new challenges. Where motivation is the same as it was, it's a fun feature, as well as quick, easy access to the family and below, at the moment there is no connection, just good. People also differ as if the goals are the best, the goals are the most vulnerable and the work in SMEs is different. The main element of managers is best suited for people who are not working, are motivated and motivated and are only internationally qualified.

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Financial Stability and Firms' Performance: A Study of Selected Oil and Gas Firms in Nigeria

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Abstract: The relationship between financial stability and performance measurement has been an issue of discussion in recent past. Considering the over-dependence of Nigerian economy on Oil and Gas, the study therefore investigates financial stability of Oil and Gas firms' in relation to their performance. Secondary data which were sourced from Annual reports of seven (7) Oil and Gas firms for twelve years (2007 – 2018) were used for the study. The model estimation showed that Return on Assets (ROA) serves as proxy for performance indicator while Fixed Asset Ratio, Proprietary Ratio, Debt Ratio and Equity Ratio serve as proxy for financial stability indicators. The study made used of descriptive statistics and panel data regression estimation technique to analyze the data. The results of the study showed that financial stability ratios have no effects on firms' performance, while financial risk ratios have effects on firm's performance in Oil and Gas firms. The study concluded that financial stability ratios (fixed assets ratio and proprietary ratio) do not influence firms' performance, while, financial risk ratios (debt and equity ratio) do influence firms' performance. Thus, the recommendation to Oil & Gas sectors managers is to develop a sustainable yardstick to curtain the use of debt source of finance in order to implement capital projects that yield no immediate returns.

Keywords: Debt Ratio Equity Ratio; Financial Stability; Financial Performance; Fixed Asset Ratio; Proprietary Ratio

JEL Classification: G32; M41

1. Introduction

The opportunity to increase international business is through establishing strong financial stability which creates competitiveness and comparative advantage. Entering international trade agreements with countries in the world in order to ensure smooth business relationship by government is also dependent on companies' activities. Due to this agreement, the economic activities increase and the financial system of the country becomes stable (Uhde & Heimeshoff, 2009). Financial stability of a firm is associated with its ability to generate profit; increase the value

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of invested capital and at the same time repays its short and long-term liabilities (Myšková & Hájek, 2017). Financial stability in business terminology refers to making enough money from business operations to pay for regular business expenses and being confident that the long term financial success of the business is secured (Donohoe, 2019). Having financial stability is important since it ensures that business expenses can be paid and potential downturns in the market is handled as well as take advantage of opportunities to expand (Donohoe, 2019).

Financial stability analysis is the parameter of major techniques for financial performance assessment. Firm's financial stability need to constantly be examined in carrying out capital projects, utilization of funds and channeling of constraints resources to achieve firm's objectives; this responsibility is vested in the management of a firm (Thalassinos, Venediktova, Staneva-Petkova, 2013; Carstina, Siminica, Cîrciumaru, & Tănasie, 2015). The analysis of financial statement enables the investors to review the level of financial stability, making relevant and rational economic decision about the operational effectiveness, efficiency via production trend, planning of pricing strategy and innovation of products brand (Singh, Lokho, Kishore, & Virmani, 2015). Uniform competitive field is the strong medium for high production in the western culture and it encourages better financial stability through level playing field and stand as general rules for action to all (Spengler as cited in Vovchenko, Holina, Orobinskiy & Sichev, 2017; Hamid & Won Kie, 2016). Kuznetsov (2015) explained that the surrounding process and circumstances will influence the operating protocol signal. Therefore, business processes and development of business models must be critically examined by companies in order to attain financial stability (Allegret, Raymond &Rharrabti, 2016; Grima., Romānova., Bezzina &Dimech, 2016). Utilization of related industries financial resources for business development and adopting flexible financial strategy for survival and development of business are necessary elements of financial stability such as construction and processing of companies (Averina., Kolesnik &Makarova, 2016; Havlíček, Thalassinos& Berezkinova, 2013).

The financial performance of companies needs to be examined on daily, weekly, monthly, quarterly, semi-annually and yearly basis because it gives opportunity to plan and utilize financial resources. To measure a company's financial performance, the best economic interest of the management of the company needs to be defined; the past, present and future opportunities also need to be examined; then the potentials of the company should also be considered. The strengths and weaknesses of the company can be identified through financial performance measurement indicators like return on investment, return on assets, gross profit margin and net profit margin but in some cases performance can be measured through none financial indicators like customers' satisfaction and quality of services rendered (ICAN, 2015).

Most previous works on financial stability have been carried out in the banking sector or stock market (Mustafa & Mohammad, 2014, Myšková, & Hájek, 2017; Habimana, Tom, & Niyompano,2017), none has focused on Oil & Gas sector. Also, most of these works did not consider variables such as fixed asset ratio and proprietary ratio as a measurement of financial stability in carrying out research model and analysis. Thus, creating a gap which this study intends to fill. Other considerable problems associated to financial stability are inappropriate techniques for assessing firm's financial performance and position in respect to risk (such as inflation rate, hedging issues in foreign transaction and natural disaster); this makes non-financial method of analysis an important yardstick for measurement of performance.

It has been discovered that some financial statements presented by companies were window dressed such as Enron and WorldCom issues. Failure to practically analyse the trend of financial imbalance contributed to the failure of some healthy businesses in Nigeria. These issues brought about the objective to review the relationship between financial stability and firms' performance in Oil and Gas sector. Subsequently, the objective is broken down to examining the effects of financial stability ratios (fixed assets ratio and proprietary ratio) on firms' performance; determination of the effects of financial risk ratios (debt and equity ratio) on firms' performance in Nigerian Oil and Gas sector.

2. Literature Review

2.1. Theoretical Review

An economist, Modigliani and Miller (1963) propounded financial theory which was static trade-off theory. The theory explained that company's debt payments are tax-deductible considering that there is less risk involved in taking out debt over equity, that is debt financing is cheaper than equity financing. The Modigliani and Miller model explained that capital structure of firms have an independent relationship with market value of any firm indicating that the firm's cash flow are not affected by its capital structure (Kyereboah-Coleman, 2007). It was further explained that a firm's value is not affected by the financing decision through their revised review but explaining that the more the debt usage, the higher the profit. This reveals the ratio of increase in profit as a dependent of increase in debt and it shows that to gain advantage and interest induced tax shields, there is need for debt to substitute equity. The theory explains that marginal value of the tax advantage occurs when a firm borrowed up to the point in which increase in the bankruptcy costs present value is balanced. Thus, financial stability effect on profitability is the ability of using more debt to increase profitability level of firms. Kyereboah-Coleman (2007) reviewed Static trade-off theory by advancing on Myers (1984) previous research. It was revealed that in order to balance the costs and benefits of additional debt, companies need to define their optimal financial structure (Miller 1988). The tax deductibility on interest and improvement in cash flow are the benefits of leverage which have effect on profitability of firms (Voulgaris, Asteriou, & Agiomirgianakis, 2000). Bankruptcy costs and conflicting interest cost between the bondholders and shareholders are included in the borrowing costs, therefore, for optimal leverage level, the marginal gain balances the cost of debt.

Agency theory was propounded by Alchian and Demsetz (1972) and later established by Jensen and Meckling (1976). It is defined as the relationship between the principals and agents. Jensen and Meckling (1976) used agency costs to explain and predict the choice of capital structure of a firm to analyze the financial stability due to conflicts of interest. The study examined the two sources of conflicts between shareholders and managers. The conflicts indicted that manager's effort on maximizing profit of firm with less effort and through incentive to increase profit. The entire costs of profit maximization are borne by the managers and gain of the entire firm not received by the manager. So, the agency managerial discretion cost can be reduced through maintaining significant debt level. According to Jensen (1994), there is always a conflicting interest between the shareholders' and managers' decisions which results to agency cost.

The pecking-order theory was propounded by Donaldson in 1984 to explain the capital structure. The theory was modified and made popular by Myers and Majluf, as it explained that in choosing sources of finance, the managers must follow a hierarchy based on first preference to internal financing. The assertion of pecking order theory is basically to explain the usage of debt by firms when there is an inadequate retained earnings and the last resort is raising fund through external equity capital. Windows of opportunity and optimism by the management are the choice of debt to equity in maintaining financial stability in firms (Heaton, 2002). The period of increase in price of shares through issuing of equity for public sales could be a technique used by managers to reduce cost of capital and pecking order is affected by market conditions. According to Hovakimian (2006) the significant impact on financial stability (debt-to-equity) was not based on equity issuance timing, therefore, there is need for firms to use financing mix of debt and equity.

2.2. Empirical Review

Albulescu (2010) examined the process of achieving financial stability and increase in survival of firms' in the market with the economic variables as the key factors. Islamic banks have proved that the low sensitivity of its financial statements in the case of non-financial stability due to the nature of banking operations, which reduce the financial risk (Ariss, 2010). The ability of the firm's in achieving assets utilization and optimization depends on positive measurement of relationship between financial stability, firm's competitive advantage and performance index of firms' (Anginer., Demirguc-Kunt., Huizinga., & Ma, 2018).

According to Andreeva (as cited in Vovchenko, Holina, Orobinskiy & Sichev, 2017), proper firms' information flows chart designed by financial manager will help the companies in effective utilization of constraints financial resources. Effective operation and business development planned process to achieve desired organizations objectives and goals by the financial manager are the current financial management system which firm's must adopt. The control mechanism of the firm's in achieving financial strategy and sustainable developments are the major responsibilities of the financial manager in order to achieve optimum debt-to-equity policy.

Kumara (2015), conducted research in India on selected automobile companies using parameters of financial performance to determine the level of financial growth and performance. His finding helps in appropriately application of actions on the performance of selected automobile companies'. According to Mazen (2013) research conducted on trade sector considering 2,325 French companies for a period of 1999-2006 using unbalanced panel via generalized method of moments (GMM) for debt impacts on profitability to consider empirical review. To determine the debt on profitability linear effect and non-linear effect, the author analyzed by using quadratic model estimate it. The negative effect of debt on profitability was established by the study in all trade enterprises size classes whereas using linear model the effect of debt on profitability in small and medium enterprises (SMEs) is larger while the relationship between debt and profitability is concave in all size classes but significant only in small and medium enterprises (SMEs) due to the non-linearity.

According to Vieira (2017) on the nature of the debt-performance relationship offers a number of insights into an issue that is relevant for several stakeholders of firms, such as shareholders, debt holders and managers. The studies did not establish a clear relationship between financial risk ratio, stability ratio and profitability of various sectors in Nigeria by considering comparative analysis of firms. In addition, and to the best knowledge of the researcher, possibly no other research has successfully used the two variables of financial stability which consists of Fixed Asset Ratio, Proprietary Ratio, Debt Ratio and Equity Ratio as independent variables while considering return on assets as the dependent variable. Thus, this constituted a gap necessitating this study.

3. Research Methods

This study adopted judgmental sampling design to select seven listed firms from Nigerian Oil & Gas sector. The firms selected were Oando Plc, Eterna Plc, Total Nigeria Plc, Conoil Plc, MRS Plc, Japaul Oil & Maritime Services Plc and Forte Oil. The selection was based on their web presence and availability of annual reports for the period of 2007to 2018.The data for this study was obtained from mainly secondary sources, particularly from the annual report of the firms and their Registrars. The data collected include Return on Assets, Fixed Asset Ratio, Proprietary Ratio, Debt Ratio and Equity Ratio. The procedure for analyzing the data was econometric process which include panel data regression (in estimating the effects between financial stability and performance of listed Nigerian Oil and Gas firms). Panel regression was used to derive the estimates of the parameters which show the relationship of the statistical observations in dependent and independent variables related with a linear function under the standard assumptions.

3.1. Model Specification

The model for the study is stated below:

$$ROA_{it} = \beta_0 + \beta_1 FAR_{it} + \beta_2 PR_{it} + \beta_3 DR_{it} + \beta_4 ER_{it} + \mu_{it}$$

Where:

ROA = Return on Asset

FAR = Fixed Asset Ratio

PR = Proprietary Ratio

DR = Debt Ratio

ER = Equity Ratio

β_0 = Intercept Coefficient

β_1 = Partial Regression Coefficient of ROA with respect to FAR

β_2 = Partial Regression Coefficients of ROA with respect to PR

β_3 = Partial Regression Coefficients of ROA with respect to DR

β_4 = Partial Regression Coefficients of ROA with respect to ER

μ = Error term

i = 1, 2, …, 7 (individual firm)

t = 2007, 2006, … ,2018