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# A mapping of small and medium enterprises in the manufacturing sector



## Background

The purpose of this publication is to provide information on the results achieved during the implementation of the “Export Enhancement Project” conducted by the Regional Development Agency (RDA-C) and supported by the GIZ project “Creating Employment Through Export Promotion” of the Deutsche Gesellschaft für international Zusammenarbeit (GIZ) GmbH. The report consists of an outline of the current situation of the wood and metal processing and producing sectors, a summary of the technical assistance provided to selected beneficiaries by the so called “Export Mentors” of the Regional Development Agency-Centre, and a list of small and medium sized companies based in five regions of Kosovo.

### Challenges to the wood and metal processing sectors

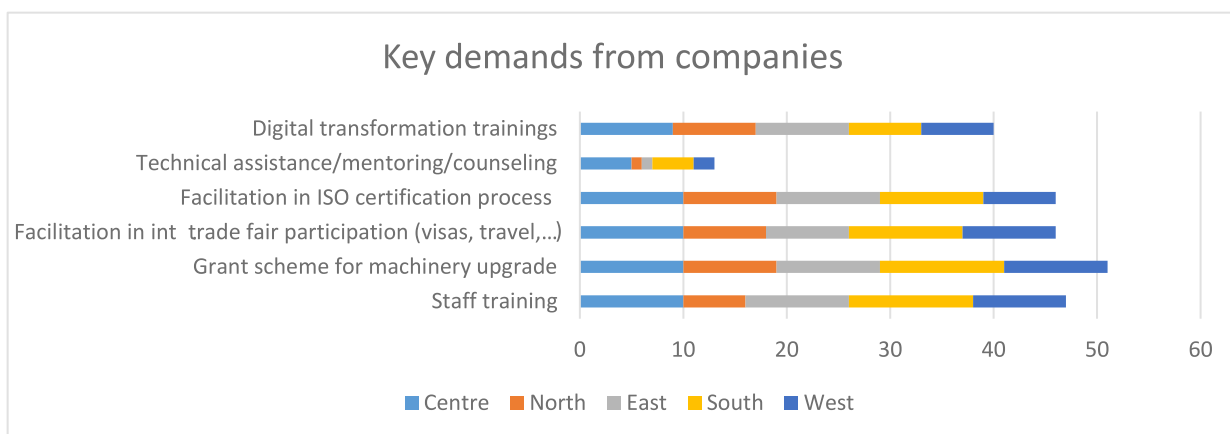
According to the Kosovo Investment and Enterprise Support Agency (KIESA), the wood processing sector in Kosovo is considered to be one of the most strategic sectors with great

Source: RDA-C (2020). Brief final report: Export Enhancement Project for wood and metal manufacturers and producers.

The graph is based on the individual responses of 51 respondents from the private sector and highlights the following:

- A grant scheme for machinery upgrades or for investments is visibly more desirable than other demands. Almost all respondents supported this measure
- Technical assistance, mentoring or counselling programs are the least desired. All other segments: digital transformation training, facilitation in ISO certification process, participation in international trade fairs, and professional staff training (76 per cent to 90 per cent of the respondents support this measure) score relatively high, suggesting that these beneficiaries are open to upgrading the administrative and operative aspects of their businesses, the companies visibility through marketing, as well as market expansion.

Graph 1: Key demands form beneficiaries



potential for development. However, the largest impediments to exporting are poor efficiency of customs in transit countries and importing countries, high costs of bank guarantees and dependents on political relations with importing countries<sup>1</sup>.

The metal processing sector in Kosovo, along with mines and the mining sector, has the largest share in GDP. However, despite investments in manufacturing technology and facilities, this industry is still under consolidation and not yet fully able to become competitive or to export on a large scale to regional and EU markets<sup>2</sup>.

Metal and wood processing companies named the following needs to further grow and to develop their businesses as most relevant: grant schemes to invest in mainly machinery upgrades, facilitation in ISO certification process, facilitation in international trade fair participation, digital information trainings, technical assistance and staff training. These could add value to primary processing wood and metal products and generate higher revenue.

## Outline of the current situation of the wood and metal processing and producing sectors

The consumption of household furnishings depends upon the level of disposable income in a population. Currently, the economic conditions and the living standard in Kosovo mean that people are reducing household expenditures and focusing on saving money. However, in certain regions, an increase in employment and salary increase has resulted in a better economic market (RDA-C 2020: interviews with companies).

While unemployment rates are lowering, low rates of construction costs and the devaluation of homes indicate an unstable economic market for home furnishings (RDA-C 2020: interviews with companies).

Spending in the capital Pristina and surroundings tend to be higher due to a bigger market and purchasing power. This makes Pristina and its surrounding areas a good location for sellers or wood and metal products.

<sup>1</sup> Kosovo Investment and Enterprise Support Agency (KIESA). Sector Profile of Wood Processing Industry. <https://kiesa.rks-gov.net/desk/inc/media/5C393E89-F90A-43D6-9F4F-46BCF7B883F4.pdf>

<sup>2</sup>Kosovo Investment and Enterprise Support Agency (KIESA). Sector Profile of Metal Processing Industry <https://kiesa.rks-gov.net/desk/inc/media/C36E2ABF-201E-4292-8497-62307E66EED3.pdf>

## Trends

### Buying Locally

Another rising trend in the marketplace is buying locally. Most of this is seen in the food industry. However, buying local goods, such as furniture and furnishings, but also in construction industry has recently seen an upward trend.

### Online Product Analyses

For consumers who are constantly connected, online buying is simply another option, rather than a wholly separate and distinct medium. Online products information and awareness is an ever-present reality for companies trying to cut out the middleman and other costs.

### Going Green

There is a rise in using greener resources and methods for furniture production. Another aspect of going green is utilizing vintage and recycled furniture and refurbishing. Some local producers take this into account when thinking about other options with design and furniture sales.

### Adding Functionality

Consumers are looking for innovative ways to save space and time by incorporating other items into their furniture. This trend has the potential to serve as an opportunity for variety and attract a more diverse group of buyers.

### Business Strategy

The more technically advanced businesses are, the more developed their businesses strategies. These include expansion of operational facilities and investment in machinery and other technologies.

- ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. It helps organizations improve their environmental performance through efficient use of resources and waste reduction, subsequently gaining a competitive advantage and the trust of stakeholders.
- ISO 45001 focuses on identifying and controlling risks rather than hazards, as is currently required in OHSAS 18001.
- ISO 45001 requires organizations to consider how suppliers and contractors are managing their risks.
- In ISO 45001 some fundamental concepts are changed, e.g. risk, labour, and workplace regulations. Among some of the companies identified which are in metal processing industry the CE certification was explained as well, which is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area.
- The ISO 9001:2015 guidance for information documentation procedures, as well as the benefits, obstacles, available solutions in the market for online tools and other applications were elaborated during the mentoring sessions.
- Certifications with International Management Systems based on ISO standards, specifically (ISO 9001:2015 (quality management system), ISO 14001:2014 (environment management system), OHSAS 18001:2007 / ISO 45001:2018 (occupational health and safety) were explained and further information and education materials was provided to every company.

## A summary of the technical assistance provided to selected beneficiaries by the Export Mentors

During the "Identification of regulatory and certification issues" phase of the project, the export mentors were responsible to provide the identified companies with direct coaching and further materials related to certifications, documentation, management methodologies, guidelines for tariffs, packaging guidelines, licenses and trademarks, export processes, customs procedures, etc. Specifically, companies were mentored for detailed methodologies used internationally, for document management and further management certifications, technical certifications, and product certifications. Regarding the document management system, the export mentors were responsible for a brief explanation of the ISO 9001, which is defined as the "international standard that specifies requirements for quality management system. Companies use this standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. Below are presented some of the ISO standards used internationally and explained to companies by project's experts:

## Examples of companies in the five regions of Kosovo

Current situation analysis	Centre Region
	<b>GreatWood</b> is specialized in hospitality, kitchen & retail designs. GreatWood is a well-established company in the wood processing industry in Kosovo. They are well known for crafting raw wood structures where original textures are preserved and showcased as the main advantage of their products.
	<b>PaintWorks</b> is a company which focuses on project-based woodworking. They work with solid-wood, plywood and veneer with a wide area of production. Paint Works has very specific niche clientele, mostly high-end clientele. The company is focused in the use of the highest quality of wood products and processing technology.
	<b>Art Aluminium</b> company has started its activity in 2010, in the industrial zone of Pristina. Their facility consists of 15000 m2. Their plan is to expand into the European market and get certified in the European requirements and standards.
	<b>Art Design</b> was founded in 1994. The company is set up as a family business and it continues as such. Art Design is focused on factory production of furniture from chipboard and wood mixed structures. They have lately invested in a new production line which improves the manufacturing process.
	<b>Orendi LLC</b> is focused on special production of furniture from artificial and natural wood. The focus was to invest in brand building and corporate identity. They are certified in ISO 9001 and other relevant certifications.
	<b>Dekoriti</b> is project based woodworking company which works with solid-wood, plywood and veneer in a wide area of production. Currently they are in the final stage of finishing a Training center. As a company they have great potential to increase their production line and export levels.
	<b>Limani Mobileri's</b> main activity is the wood and chip wood based production of office furniture, custom-tailored kitchens, closets, bedrooms and related chip wood products.

Current situation analysis	North Region
	<b>Era</b> is a small wood processing company located in the north region of Kosovo and has potential to supply all 4 municipalities which are populated by Serbian ethnic group. Considering current market share within Serbian population in northern municipalities, they have significant potential to penetrate into southern Serbia and possibly other regional countries with wood processed products.
	<b>Veli</b> is a wood processing medium size company with significant potential to further expand and export. The company operates in two locations and has significant potential to increase its market share and start exporting furniture to the EU countries.
	<b>Kontaktori</b> is a small metal processing company, specialized in the production of electric cabins. The company management considers the implementation and certification with ISO 9001 and acquiring of new machinery as crucial investments to ensure consistent business growth.
	<b>Araf</b> is small metal processing company, specialized in the production of metal constructions.
	<b>Mobilie</b> is a small wood processing company with potential to expand its production capabilities and current market share in local and regional markets. The main product of the company is wooden pallets.
	<b>Europa Company</b> is a medium size company specialized in the production of pellet from wood. Currently, the company is equipped with the necessary machinery for storing, processing and packaging of pellets.

Current situation analysis	East Region
	<b>Promobi Sh.p.k.</b> is a wood processing company, primarily focused in the production of wooden furniture, such as kitchens, chairs, dining tables, bedrooms furniture, interior furniture for hotels, motels, restaurants, cafes, etc.
	<b>Metali i Ri Sh.p.k.</b> is a company focused on the production, processing, and finished furniture items for schools and universities (chairs and desks), furniture for other businesses such as restaurants, café bars, home furniture etc., mainly from metal based materials, and sometimes also with wood panels. The company has potential for growth not only within Kosovo but for export as well. However, the company needs to take the necessary measures to improve the overall organization, administration, and increase production productivity.
	<b>Xheti Dekor Shpk</b> operates in the metal processing products, producing and processing a wide range of products such as: metal doors for garages, sun tents, fences for stairs, courtyard fences, iron profiles and decorations, different iron decorations, other metal profiles for different uses.
	<b>Rinia Sh.p.k.</b> is specialized in the production of wooden furniture of a wide range of products, such as kitchen, dining tables, sofas, living rooms, bedrooms, etc. It has capacities in place to further expand.
	<b>Exim Metal</b> specializes in the design, manufacture and installation of all types of steel structures throughout Kosovo. The company has been operating for over 15 years and offers innovative steel solutions.

Current situation analysis	South Region
	<b>Sylka Sh.p.k.</b> company is specialized in the manufacturing of metallic netting, plastic wires, wavy black nets and corrugated zinc nets with integrated panel network. The company has exported to Albania and Bulgaria and is continuously seeking new ways to penetrate the European market.
	<b>Sinjalizimi</b> company is specialized in the manufacturing of metallic constructions, signs and metallic items.
	<b>EKOPAK</b> company is specialized in the manufacturing of wooden containers and packages.
	<b>N.t.p. Frigo Toni</b> company is specialized in the manufacturing of ventilation systems and fridges.
	<b>PRIMO HOME Sh.p.k.</b> company is specialized in the production of furniture, rooms, kitchens and office supplies.
	<b>N.t.sh Muzbeg-F</b> company is specialized in the manufacturing of office supplies and furniture.
	<b>JASIN Sh.p.k.</b> company is specialized in the production of furniture, rooms, kitchens and office supplies.

Current situation analysis	West Region
	<b>AB- Coating Sh.p.k.</b> company produces laminated wire fences, doors and metal constructions, balcony fences, etc. The company has solid quality systems in place, making sure their products are produced with the necessary quality, and using raw materials with effective machinery to avoid any material waste.
	<b>Naser Kajtazaj B.I. - "Eurometal-N"</b> produces metal processing products, such as: metal doors, fences for stairs, courtyard fences, iron profiles and decorations, different iron decorations, and other metal profiles for different uses.
	<b>Hoti Group</b> is a medium size metal processing company, specialized in the production of metal constructions. They have potential to further expand their production capabilities and initiate export activities.
	<b>Ar-En</b> is a small wood processing company with significant potential to grow and export. This company is specialized in the design and production of wooden kitchens, design and production of furniture and cafe shop interior.
	<b>Ideal Vokshi Sh.p.k.</b> company is specialized in the manufacturing of metal construction.
	<b>Final Sh.p.k.</b> company is specialized in the production of furniture and processing of wood products.
	<b>N.p.t. Metaliku Xhaxhi</b> company is specialized in the production of door and window frames from metal.



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