

Development of the businesses through the companies for market research

PhD(c) Agim Zuzaku
European University of Tirana

PhD(c) Skender Buja
European University of Tirana

Abstract

Market research as the main part of the marketing is very important for the development of businesses as well as for the opportunity in the creation new jobs. The purpose of this paper is to provide the incentives for the businesses to conduct market research while justifying that the market research is an important factor in the decision making process of the businesses and it impacts the development of their business activities by creating a safe decision-making through market research.

In order to convert successfully any business ideas with high capital incomes, it is important for the companies to understand and to determine the right value of their investment. For this particular reason, it is important to address the thesis about how the investment in the market research proves the usefulness or the profit for the company.

Nowadays, the market research is not only conducted to gather the information about the market and the collection of data. However, very often it is used even to assist in the identification of the opportunities for the future (this has been referred several times as “market research” ‘to point out the difference from’ data collection). Market research is priceless in the creation process of the new products, services, brands or advertisements (Keegan, 2009). In the case of Kosovo, market research has found very limited room within the strategies for business development. According to the Kosovo Statistics Agency, during 2013, a total of 9421 enterprises have been registered, whereas in total 1508 enterprises or 16 % of the enterprises registered in 2013 have closed (Kosovo Statistics Agency, 2014).

In the framework of this research, we have performed a research with the companies that provide services for market research in order to find out how a market research in Kosovo is conducted and in case the number of market research is increased, how much would it impact the creation of new jobs.

Keywords: *Market Research, Employment, Economic Development, Marketing, Decision Making.*

Introduction

Development of a business depends upon the strategy and the possession of facts it does have. In order to obtain the right decisions, we need to possess the right information available. In this sense the information is achieved through the marketing research that in this context is a part of the marketing process (Kent, 2007). Pretty often we can't make a difference between the term “Marketing research” and “Market research”, thus causing a lot of confusion in understanding their meaning. The author, Tony Proctor in his book “Essentials of Marketing Research”, has explained that the term market research is only

an element of the marketing research, where the whole activities of the research and of the assessments of the marketing professionals have been undertaken to guide then in the decision making (Proctor, 2005). Therefore, to be more precise, we'll deal only with market research as an activity of the marketing research which in fact has to be part of the strategies of any given business.

In this paper, we'll address the possibility of increasing market research for businesses, the development of the businesses through a more efficient management as well as the possibility to increase the number of new jobs. In Kosovo, market research does not have a proper place in the strategies of the businesses or better saying that very few businesses adopt decisions based upon the market research performed by themselves or by the specialized professional companies. Referring to the report "The Statistical Report on Economic Enterprises in Kosovo (TM4-2013)" of the Kosovo Statistics Agency, during 2013, a total of 9421 enterprises have been registered, whereas in total 1508 enterprises or 16 % of the enterprises registered in 2013 have closed (Kosovo Statistics Agency, 2014). Closure of these businesses is an indicator of the unemployment increase, too. Therefore, we can state that introduction of the market research in the development strategies from the enterprises themselves will incentivize a more efficient development and management of businesses that do employ this strategy and at the same time will increase the possibility for the creation of new jobs.

Generally speaking, the market research has gained the trust of the companies and every single year, the incomes of the companies who do offer market research services are on the rise. The total annual turnover at global level for market research in 2012 had a rise up to 3.2%. Whereas, the annual turnover for 2012 was 39.084 million USD (ESOMAR Industry Report, 2013). However, in Kosovo there is a different situation, since there is no willingness of the companies to invest in the market research.

The number of the companies whose main activity is "Market and public opinion research" in Kosovo according to the data of the Kosovo Business Registration Agency (KBRA) is 132. 10 out 132 of these businesses have closed, whereas 28 of them have no fiscal number which means that they are inactive businesses. Only 94 businesses conducting this activity are still active, even though there are businesses who conduct this activity as their secondary activity (Kosovo Business Registration Agency, 2014). Taking into account the number of the businesses that do provide services of market research, compared with the number of general businesses is very satisfactory, because companies have increased their awareness for the importance of market research for their businesses. Businesses that provide market research services, besides the full time employees, also engage additional staff who conduct surveys in the field. Almost all of them are students. Below, we are going to analyze the results of the surveys with the businesses that offer market research services.

The purpose and the objectives of the study

The purpose of this paper is to incentivize businesses to invest in the market research in the way as to incentivize the development of the businesses as well as the opportunity to create new jobs.

This study has two objectives:

1. The first objective is a general analysis of the current situation of businesses in Kosovo about the number of the active businesses as well as the closed ones. Also, analyzing the data of the Kosovo Statistics Agency about the number of the unemployed people and their age in Kosovo. This general analysis will be carried out referring to the official statistics about the state of the businesses in Kosovo.
2. The second objective is the identification of businesses that provide market research services and their willingness to help out businesses through market research in their decision making and at the same time to increase their business through market research by incentivizing the creation of new jobs just like the other businesses in general, businesses who provide market research services, too.

In order to serve a market efficiently, businesses should know what the consumers want, why do they want and how do they meet their needs. Entry into a market without a market research exposes businesses, their assets as well as all their operation to a risk (Muça & Muça, 2009). Therefore, this is a reason why we should increase the awareness of businesses, as well as that of the education institutions that teach social sciences, respectively economic sciences to acquire it as their habit and their culture, the marketing research and in particular market research.

The other purpose is that businesses carry out market research which is at the same time a study process of the marketing which is systemic drafting, compilation, analysis and reporting of the data that have to do with a specific marketing situation that a business is faced with (Kotler&Amstrong, 2013).

The research question, hypothesis and the working methodology

The main question that the study asks for is:

How much the market research impacts the creation of new jobs and the development of their businesses? This thesis will be explored mainly in the context of the decision making process of businesses and in the impact of the research of their development.

This question will be analyzed in the following context for the companies that offer market research services such as:

- What's the percentage of their budget invested in marketing?
- How many businesses have conducted market research?
- How much influence does the market research have in increasing the number of the employees in the businesses that have performed market research services?
- How much has been the growth of the businesses who have performed market research?

We are going to find out all the answers within the framework of the research we have conducted with the businesses that do offer services for market research and marketing.

The hypothesis of this paper is: Market research provides incentives for the development

of the businesses by increasing the safety in the decision making as well as in opening of the new jobs. This research has been focused in businesses that provide market research services whose main activity is market research, analyzing the opportunity in increasing the number of the market researches to impact the creation of new jobs and at the same time to increase the safety in decision making and development of businesses. This research includes the surveying of the businesses taken from the database of the Kosovo Business Registration Agency (KBRA).

The model used in this research has been selected through the selection of businesses whose main activity is the market research. From the online accessible internet website¹, through the filters, we have selected companies whose main activity is the activity with the Code "7413 - Market and public opinion research" according to NACE 1. The number of the businesses with this activity as their main activity was 132. Via phone calls, we have received the emails of the representatives of these businesses whose emails were available in the database.

The survey has been carried out through the online application that has been sent by email and was sent back fulfilled. 100 out of 132 companies have responded or 75.8% of the businesses. Research has been carried out during July 2014 for 20 days. The data collected from the companies, include the data from the businesses that work with marketing and market research in Kosovo with a five year period 2009-2013.

The analysis of the current situation

According to the assessments of the KSA, Kosovo in 2014 had 1,811,372 inhabitants, where the active population² is 1,191,630. From the labor force³ that are considered active persons which is comprised from the average age 15-64 years old are 483,193. Whereas, non-active persons⁴ whose age is 15-64 years old are 708,436. Out of the labor force, there are 338,364 employed people from the total number, while the youth is 35,476 (Kosovo Statistics Agency, 2014). This is an indicator of a very high unemployment rate, so new models and forms should be created to provide the right incentives for the employment, especially among the youth. As provided under Table no.1, we can see that the unemployment rate in Kosovo is 30%, whereas the unemployment rate among the youth (15-24 years old) is even higher. It is up to 55.9%. Therefore, through this research, we have tried to find out a solution which would encourage businesses to create new jobs,

¹<http://www.arbk.org/> accessed in the online database on 15.07.2014, 16:37 CET.

²The population with working age includes persons of the age 15-64. This measure has been used to deliver an assessment of the total number of the potential employees within an economy.

³The labor force is comprised from the employed and unemployed persons based upon the accurate definitions presented below. Non-active persons are not considered part of the labor force. Unemployed: persons of the age 15-64 years old which during the referred week:

were unemployed which means they were not employed with salaries or self-employed and • actually were available for a paid job or self-employment within two weeks and • looking for a job, which means that they had undertaken specific steps during the last 4 weeks to seek a paid job or self-employment.

⁴Active persons: persons of the age 15-64 years old that during the referred period were neither employed nor unemployed.

especially among the youth (15-24 years old), through interim work as well as through full time jobs.

Table no. 1: Main indicators of the labor market (%)

	Male	Female	Total
Participating rate in the labor force	60.2	21.1	40.5
Non activity rate	38.8	78.9	59.5
Employment relationship towards the population (unemployment rate)	44.0	12.9	28.4
Percentage of the vulnerable employment towards general employment	25.0	18.9	23.6
Rate of the unemployment	26.9	38.8	30.0
Unemployment rate among the youth (15-24 years old)	50.4	68.4	55.9

Source: Kosovo Statistics Agency, Survey results of the labor force in Kosovo 2013 (2014, pg.2)

With regards to the businesses in Kosovo, we have analyzed three different types of the data, from KBRA, KSA and KTA. According to the Agency for Business Registration (KBRA), the total number of businesses in Kosovo is 130742 (Agency for Business Registration in Kosovo, 2014). Whereas, according to the report, types of businesses per municipalities (Closure): 01/01/2000-13/05/2014, the number of closed businesses is 14314.

According to the Kosovo Statistics Agency, during 2013, in total there have been 9421 enterprises registered, whereas in total 1508 enterprises or 16% of the registered enterprises in 2013 have closed (Kosovo Statistics Agency, 2014).

Whereas, according to the Kosovo Tax Administration (KTA), the number of passive businesses is 51588 (Kosovo Tax Administration, 2014). On the other hand, the number of the de-registered businesses upon the request of the tax payer is 2175 businesses (Kosovo Tax Administration, 2014).

All these statistics have motivated us to conduct a research, where we would analyze the possibility of incentivizing the businesses to create new jobs and to give a higher safety to them in the process of the decision making process for their development.

In Kosovo, the market research is priceless in the creation process of new products, services, brands and advertisements (Keegan, 2009). In the case of Kosovo, the market research finds a very limited room within the strategies of the development of the businesses. Therefore, we have a bad situation, taking into account the number of the closed businesses as we already mentioned during the analysis of the situation of the businesses in Kosovo with the data from three most important institutions that interact directly with businesses.

Research Results

The research has been carried out during July 2014. 100 out of 132 companies have responded or 75.8% of the businesses. In this research have been included all the businesses whose main activity is market and public opinion research. It's worth mentioning the fact from this research that even though the main activity of these businesses has been the market and public opinion research, 68% of those businesses have never ever carried any market research. They primarily do offer marketing services. Therefore, when we mention in the following sentences the provision of the marketing services, it is about the surveyed businesses whose main activity has been market and public opinion research.

Based upon the statistics of this research, we can argue that even though the businesses have been established upon the premise that their main activity is market and public opinion research, only 32% of these businesses have managed to deliver services for this activity. It remains to be found in the future researches why the Kosovo businesses do not invest in market research and what are the reasons for not investing in the market research in order to decrease the uncertainty in the decision making.

From the surveyed businesses, if we analyze their status, we find out that the largest number of these businesses are companies with limited liabilities LLC 52%, individual businesses with 32% and the rest have other statutes as presented in the table no.2.

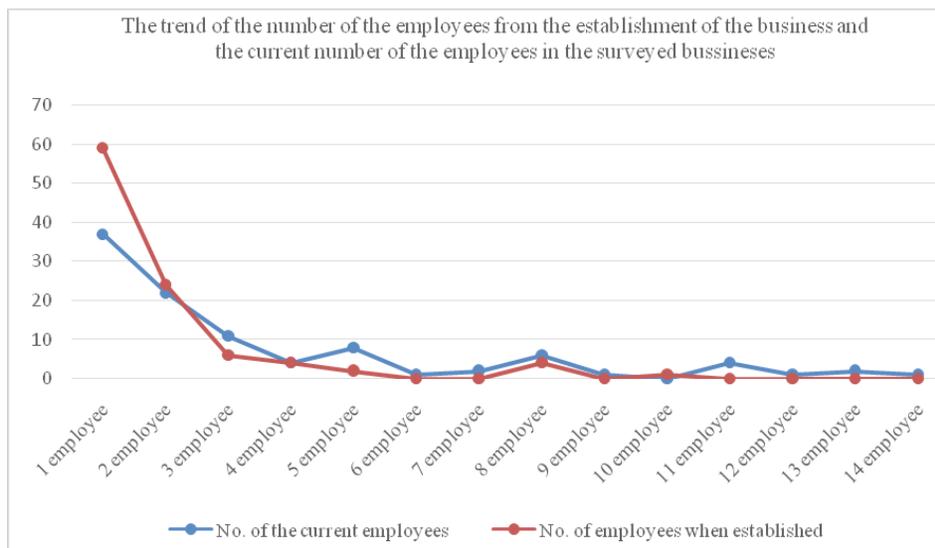
Table no. 2: Status of the businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Individual business	32	32.0	32.0	32.0
	LLC - Limited Liability Company	52	52.0	52.0	84.0
	Joint Stock Company	1	1.0	1.0	85.0
	Partnership	2	2.0	2.0	87.0
	Foreign Company	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Source: Research from the author

From this research, we have concluded that businesses that offer marketing services whose main activity is marketing and public opinion research, since their establishment and up to now, 42% have had increased number of employees, 57% had neither increase nor decrease and only 1% had a decreased number of employees. The businesses that have had increase in the number of employees, primarily have been the businesses that have been established with a single employee, see figure 1.

Figure no. 1: The trend of the number of the employees from the establishment of the business and the current number of the employees in the surveyed businesses.

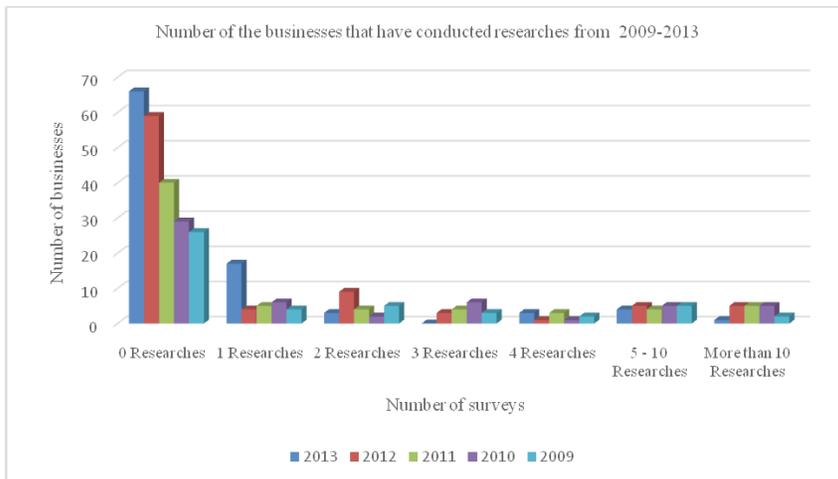


Source: Research of the businesses whose main activity is “Market and public opinion research” (Authors, 2014)

From figure 2, we can see that from 42% of the businesses who had increase in the number of employees were the businesses that at beginning had one, three and five employees. The surveyed businesses, more than half of them or 57% have declared that within a year they employ individuals on project basis which means only for the period when they implement any given project. The average number of the employees engaged on project basis from businesses that provide marketing services is 12 employees within a year. The highest percentage of the businesses, around 28% of them employ 10 employees within a year, around 21% employ 5 employees a year, and around 10% employ 20 employees in a year on project basis.

From the surveyed businesses we can see a drastic fall of the interest which was very low anyways for market research. We have asked businesses on the number of market researches they have carried out during 2009-2013. Whereas, as seen from the results, the interest of businesses for market research is falling constantly. We can say that this is one of the factors that has forced some of the businesses to be closed as we have already mentioned above. In figure 4, we see that over 60% of businesses in 2013 conducted no research, but a high number is even in the 2012 where over 50% of the businesses that provide market research services have not conducted a single survey, which makes us understand that the request for market research from 2009 until 2013 had a dramatic fall.

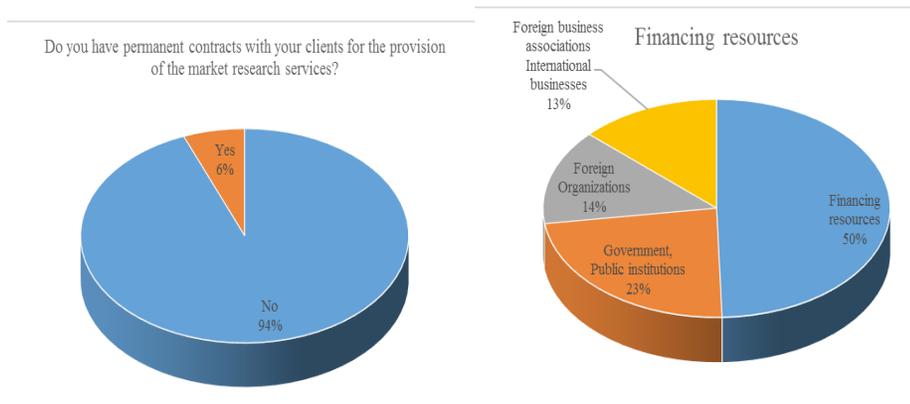
Figure no. 3: The number of the businesses that have conducted researches from 2009 - 2013



Source: Business research whose main activity is “Market and public opinion research” (Authors, 2014)

In order to justify the hypothesis of this paper, so that market research provides the incentives for the development of the business and the employment opportunity, 56% of them have declared that in case the request for market research increases, they would increase the number of full time employees as well as the number of the employees who conduct the surveys.

Figure no. 4: Financing resources and permanent contracts with client for Market Research



Source: Business research whose main activity is “Market and public opinion research” (Authors, 2014)

So far, the surveyed companies have had as their financing source primarily the private sector with 50%, then the Kosovo Government (including both central and local

institutions) with 23%, foreign organizations with 14% and international companies who operate in Kosovo or are interested to invest in Kosovo with 13%. Also, we can see that only 6% of businesses that provide market research services in Kosovo have permanent contracts for market or public opinion to measure the perception of the Kosovo citizens towards a certain phenomenon.

Conclusions

Based upon the findings of our research, we can conclude that the number of market researches is very low compared to businesses that operate in Kosovo and as a result of non-conducting market researches, we have seen businesses closing or we haven't seen any development of businesses. Also, we may conclude that by investing in market research, a small number of jobs are created. We justify this with the number of the current businesses 130742, if we separate 10% of these businesses as the most developed 13074, whereas we assume that half of them would carry out a market research per year, we would have 6537 potential businesses. When we divide the number of businesses that offer market research services in Kosovo it translates into 50 researches for a company within a year. If we take an average number of 20 researchers engaged in this field, we would have 1000 new persons employed in businesses that conduct market research. However, in order to impact the development of business in general, the market research should be accompanied with new investments in the advanced technology, too.

We recommend higher investments from the Ministry of Trade and Industry in increasing the awareness of businesses for market research and more attention to be paid to the subject of market research in the high education institutions since it would provide a good basis for the future in developing a new generation of market researchers.

References

- Kosovo Tax Administration (2014, July 17). De-registered businesses upon the request of the tax payer. Pristina, Kosovo, Kosovo. Available at <http://apps.atk-ks.org/BizPasiveApp/BizDeReg/SearchPage?page=1>
- Kosovo Tax Administration (2014, July 17). List of the passive businesses. Pristina, Kosovo, Kosovo. Available at <http://apps.atk-ks.org/BizPasiveApp/Biz/SearchPage?page=2580>
- Kosovo Business Registration Agency. (2014). *Types of businesses according to municipalities*. Pristina: Kosovo Business Registration Agency. Available on May 14, 2014
- Kosovo Statistics Agency (2014). *Statistical Repertory on the economic enterprises in Kosovo (TM4-2013)*. Pristina: Kosovo Statistics Agency. Available at http://ask.rks-gov.net/publikimet/doc_view/1083-repertori-statistikor-mbi-ndaemlrmarjet-ekonomike-naeuml-kosovaeml-tm4-2013?tmpl=component&format=raw
- Kosovo Statistics Agency. (2014). *Survey Result of the Labor force 2013 in Kosovo*. Pristina: Kosovo Statistics Agency, Department of Social Statistics. Available at http://ask.rks-gov.net/publikimet/doc_view/1131-rezultatet-e-anketaeumls-saeuml-fuqisaeuml-punaemllore-2013-naeuml-kosovaeuml?tmpl=component&format=raw
- Kosovo Business Registration Agency. (2014, July 20). *Business Registration Database in Kosovo*. Available in the Business Registration Database in Kosovo - 7013 Market and public opinion

research: <http://www.arbk.org/>

ESOMAR Industry Report. (2013). *Global Market Research*. Amsterdam, the Netherlands: ESOMAR.

Green, P. E., Tull, D. S., & Albaum, G. S. (1993). *Research for Marketing Decisions* (bot. i 5th). New Delhi: Prentice-Hall.

Keegan, S. (2009). *Qualitative research: good decision making through understanding people, cultures and markets*. London, Philadelphia: Kogan Page Limited.

Kent, R. (2007). *Marketing Research: Approaches, Methods and Applications in Europe*. London: Thomson Learning.

Knight, J. (2010, October 29). *Just How Much Do the Big Companies Spend on Consumer Research*. Available at GoArticles.com: <http://goarticles.com/article/Just-How-Much-Do-the-Big-Companies-Spend-on-Consumer-Research/3541896/>

Kotler, P., & Armstrong, G. (2013). *Parimet e Marketingut* (bot. i 13-të). (G. Beqiri, Përkth.) Tiranë: UET Press.

Matthews, B., & Ross, L. (2010). *Metodat e hulumtimit: Udhëzues praktik për shkencat sociale dhe humane*. Tiranë: Qendra për Arsim Demokratik (CDE).

Muça, A., & Muça, B. (2009). *Marketing Ndërkombëtar*. Tiranë: GEER.

Proctor, T. (2005). *Essentials of Marketing Research* (bot. i 4th). Harlow, England: Pearson Education Limited.

Robbins, S. P., & DeCenzo, D. (2012). *BAZAT E MENAXHIMIT: Koncepte dhe aplikime themelore*. Tirana: UET Press.

Wardle, J. (2002). *Developing Advertising with Qualitative Market Research*. London: SAGE Publications Ltd.

Zuzaku, A. (2014, Korrik 15). Hulumtimi i bizneseve që kanë aktivitet kryesor “Hulumtimin e tregut dhe opinionit publik”: Hulumtimi i tregut nxitë zhvillimin e bizneseve dhe mundësinë e punësimit. Prishtinë, Kosovë.