



**USAID**  
NGA POPULLI AMERIKAN  
OD AMERIČKOG NARODA

## CONTRACT LAW ENFORCEMENT (CLE) PROGRAM

### Research Report: NATIONAL SURVEY ON USAGE OF WRITTEN CONTRACTS

February 19, 2016

Contract No. AID-167-C-13-00001

This publication was produced for review by the United States Agency for International Development (USAID). It was prepared by the Contract Law Enforcement (CLE) Program, implemented by Checchi and Company Consulting Inc.

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#### DISCLAIMER

The views expressed in this report do not necessarily reflect the views of United States Agency for International Development (USAID) or the United States Government.



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2015 NATIONAL SURVEY ON USAGE OF WRITTEN CONTRACTS

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## ACRONYMS

ADR Alternative Dispute Resolution

CATI Computer Assisted Telephone Interviewing

CLE Contract Law Enforcement (CLE) Program

PAPI Paper and Pencil Interviewing

SEAD Systems for Enforcing Agreements and Decisions Program

USAID United States Agency for International Development

## 1. BACKGROUND

A key component of the USAID Contract Law Enforcement (CLE) Program is the active engagement with the business community, through a series of workshops, dissemination of legal information materials, including standard form contracts with legal commentary, and other public information campaigns. The purpose of these activities is to more deeply inculcate a “Culture of Contract” in Kosovo business practices and to encourage businesses to more frequently utilize written contracts in lieu of oral agreements. The Program also supports Kosovo’s court system to eliminate its caseload of unenforced judgments; supports the Ministry of Justice to implement the newly established Private Enforcement Agent system and expand Mediation mechanisms; and supports the Ministry of Trade and Industry to improve commercial legislation including bankruptcy legislation. CLE focuses on improving access for citizens and businesses to the judicial system to enforce contracts and court judgments in a timely and just manner for the benefit of citizens and businesses.

Businesses in Kosovo still face challenges using written contracts with their suppliers, employees, clients, and business partners. The combination of low confidence in the rule of law and justice system in Kosovo, and a tradition of relying on oral agreements which continues to pervade business practices results in a range of practical problems, particularly related to dispute resolution.

This survey was conducted to measure whether there has been an increase in the regular use of written contracts by the Kosovo business community, and to gauge the impact of USAID Program activities encouraging greater usage of written contracts. The results of this survey are compared to the 2011 National Survey on Written Contracts, which was conducted by the USAID Systems for Enforcing Agreements and Decisions (SEAD) Program (hereinafter “2011 Survey”), as well as compared to the 2014 National Survey on Usage of Written Contracts, which was conducted by the CLE Program (hereinafter “2014 Survey”). An additional set of questions on women’s employment was included in the 2014 Survey to establish a baseline for future measurement of trends vis-à-vis women in the in the private sector; this section is again included in the current survey, with the results compared against those from the 2014 Survey.

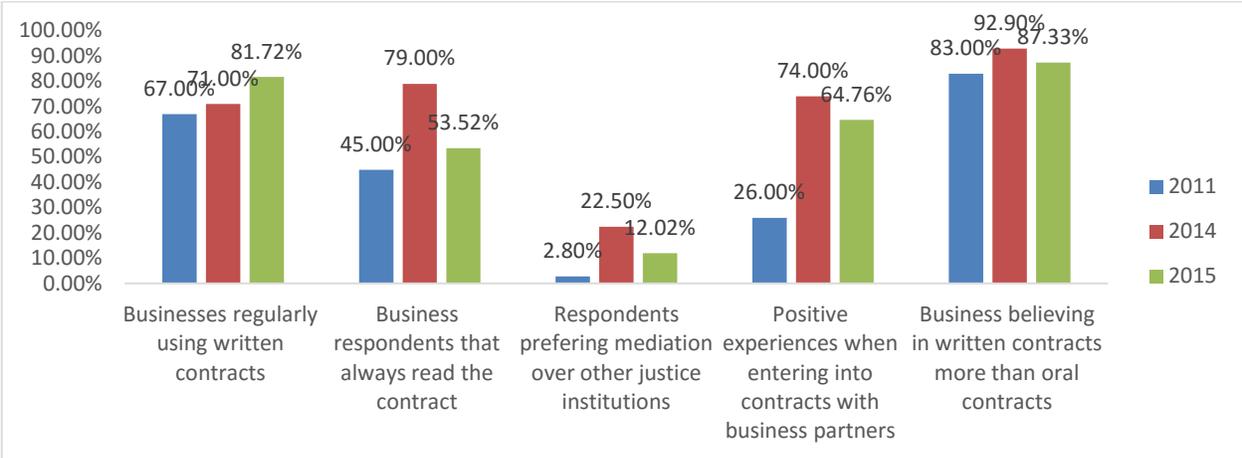
A quantitative component of the survey was conducted with 900 businesses across all regions of Kosovo, and three focus groups were held with businesses, for in-depth qualitative information. This report presents the cumulative research findings derived from both the quantitative and qualitative research conducted. The analysis of this research will not only help the CLE Program gauge current business attitudes with regard to usage of contracts and enforcement of contracts, but will also inform planning for future USAID activities and programs.

## 2. EXECUTIVE SUMMARY

This report provides analysis of quantitative and qualitative research undertaken by the USAID Contract Law Enforcement (CLE) Program in order to understand the usage of written contracts; awareness and use of ADR mechanisms, and contract enforcement by the Kosovo judicial system. All references to contracts in this report, unless explicitly stated otherwise, refer to written contracts.

The 2015 survey results show that, as compared to the 2011 survey, the frequency of contract usage by the business community in Kosovo has substantially increased, and also saw a positive change between the 2014 and 2015 results; knowledge of the importance and benefits of entering into written contracts has improved immensely as compared with the 2011 and 2014 results and awareness of alternative dispute resolution (ADR) mechanisms has dramatically increased compared to 2011 results, though there was a slight decrease in preferring mediation over other justice institutions to resolve disputes from the 2014 results. Courts continue to be ranked by business respondents as the most preferred justice institution to resolve a dispute.

There are a number of areas that demonstrate a notable positive shift in the frequency of the business community’s usage of written contracts and attitudes towards entering into written contracts. These data are presented more fully in the text below, but the following graph provides an overview of the key areas measured in the survey.



Graph 1 - overview of improvements in key areas

A majority of the surveyed businesses, 81.72%, use written contracts for their business transactions. The percentage of businesses that use written contracts increased by 14.72% compared to the 2011 Survey and increased by 10.72% from the 2014 Survey. Of the businesses that reported using contracts, 38.33% of them indicated they “Always” use contracts, a 14.43% change compared to the 2011 Survey and a slight negative change of 1.67% from the 2014 Survey. Research results also indicate that the vast majority of businesses, 87.33%, believe more in written than oral agreements; a 4.33% change from the 2011 Survey and a downturn of 5.57% from the 2014 Survey.

Businesses mostly use written contracts for *Employment* and *Supply of Services/Goods* and *Rent of facilities/equipments*, while they are least used with *Clients* and *Business Partners*. The types of contracts that are most used by businesses are *Employment Contracts*; *Rent/Lease Contracts*; *Supply Contracts*; *License Contracts*; *Contracts for use of goods and services*; *Partnership Contracts*; *Authorization Contracts*; and *Transportation Contracts*. Contracts that are least used by businesses are *Act Contracts*; *Exchange Contracts*; *Commission Contracts*; *Intermediation Contracts*; *Construction Contracts* and *Deposit Contracts*.

The industry sectors that are most likely to use written contracts are *Financial Intermediation*; *Transport, Storage and Communication*; *Education*; *Hotels and Restaurants*; and *Health and Social Work* whereas the industry sectors least likely to enter into written contracts are *Agriculture, Hunting and Forestry*; *Other Community, Social and Personal Service Activities*; *Manufacturing*; *Wholesale and retail trade*; *Repair of motor vehicles, motorcycles and personal and household goods*; *Transport, Storage, and Communication*; *Construction*; and *Real Estate, Renting and Business Activities*.

The reasons for businesses not using contracts have to do primarily with not being a necessity for their type of business (66%); lack of enforcement of contracts by regulatory bodies (16%); that contracts make work more difficult/slow down performance (5%), and that contracts damage the business (3%). The predominant problem that businesses experience in using written contracts relate mainly to Delay of Payment (13%). A majority of businesses (77.84%) perceive contracts as safeguarding their business interests and helpful for their businesses; followed by 20.96% who perceive using contracts only as conforming to the law and/or a formality.

More than half of businesses have had positive experiences with entering into contracts with business partners. Respondents reported that 64.76% of business partners “Always” respect their contractual agreements, a 38.76% positive shift compared to the 2011 Survey, but a negative change of 9% compared to the 2014 Survey.

Overwhelmingly, it appears that businesses understand that respect and compliance with contract terms is vital for successful business transactions as 93.94% of the surveyed businesses reported that they did not have a case when they did not fulfill their contractual obligations.

The extent to which assigned individuals in the business review contract terms experienced an increase from the 2011 Survey; 53.52% of the business respondents in 2015 reported that they “Always” read the contract terms, compared to 79% in the 2014 Survey and 45% in the 2011 Survey. Meanwhile, 30% of businesses “Usually” read the contract terms, and a small percentage of businesses “Sometimes”; “Rarely”; or “Never” read the contract terms.

According to the survey results, most businesses do not rely heavily on in-house lawyers to draft contracts. Rather 49.4% of the businesses stated that contracts are drafted mainly by CEOs of the companies; 15.4% use Company Lawyers; 10.3% use Financial Officers; and 10% use Department Managers to draft contracts.

According to the survey, 81.61% of businesses refer contract disputes to justice institutions, a 44.71% increase compared to the 2011 Survey and a 4.51% increase from the 2014 Survey, while 18.39% do not refer contract disputes to justice institutions.

When businesses were asked to which justice institutions they refer contractual disputes: 56.87% stated Courts; 23.85% stated Agreements assisted by lawyers, 12.02% stated Mediation Centers, and 3.72% of respondents stated an Arbitration Tribunal.

Survey results also show the business community’s level of confidence with the justice system in Kosovo. Of 900 businesses, 38.99% reported they were somewhat confident; 27.31% reported being not very confident, and 21.70% reported being not at all confident in the justice system in Kosovo. The level of confidence with the justice system in Kosovo was not asked in the 2014 and 2011 Survey, thus comparisons with previous results could not be made.

An additional set of questions on women’s employment in the private sector was included in the 2014 and 2015 Surveys to assess progress and trends concerning women in the workforce. Of 900 businesses that participated in the survey, they reported a total of 8,376 employees, out of which 2,393 (29%) are female and 5,983 (71%) are male. The disparity in the ratio between female and male employees may be explained by a number of reasons, primarily related to women having unequal access to education; maternity leave provisions; cultural norms; and gender bias in the workplace.

The business sectors where women are most represented are in *Trade* (39%); *Hotels and Restaurants* (10%); *Transport, Storage and Communication* (9%) and *Construction* (9%). The results also indicate that more progress and effort is necessary for qualified women to be promoted to managerial positions. Out of 2,393 female employees reported from the businesses, 19% of them hold managerial positions and the rest, 81%, hold non-managerial positions in the company. However, this is a 9% positive change from the 2014 Survey in the number of women holding managerial positions.

Findings have also revealed that the surveyed businesses recognize advantages to employing women in businesses. Based on the survey, 28% of the business respondents find women to be committed and responsible employees; 19% consider them to be detail-oriented; 17% perceive them as team players; 15% consider them as flexible. However, only 11% of surveyed businesses consider women to be problem-solvers, and 7% perceive women employees as risk takers. These results shed light on how business owners, who are mostly male, perceive women in the workplace, and also provides a message on the perceived weaknesses that women exhibit in the work place.

### **3. METHODOLOGY**

The methodology used for conducting the national quantitative survey was based on the following steps:

1. Reviewing and finalizing the existing questionnaire. This questionnaire corresponded to the 2014 Survey and the 2011 Survey. Additionally, this questionnaire includes the section on women employment, first used in the 2014 Survey.
2. Designing the Sampling Procedure for PAPI Interviews which required determining the Target Population; Sampling Frame; Sampling Technique; and Sample Size.
3. Develop Focus Group Outlines

While the survey's main aim was to determine perceptions, focus groups supplemented survey findings with anecdotal evidence based on participants' personal experience. A detailed description of survey and focus group methodologies is presented in Annex 3.

### **4. LIMITATIONS**

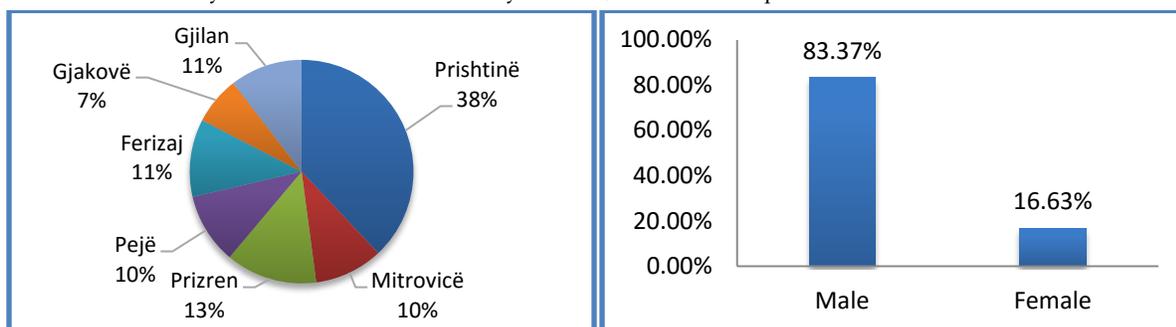
The data gathered from this survey serves to inform and analyze the usage of and attitudes towards written contracts by the Kosovar business community generally. It is important to note that the sample size for 2014 and 2015 survey remained the same (900 businesses) but the actual businesses surveyed were different. The sample size for the 2011 Survey was 469 business respondents.

The survey was conducted only with businesses registered with the Government of Kosovo, which does not include many Kosovar-Serbian businesses, who have not registered. Because only 5% of Kosovo's population is ethnically Serbian, and many- at least in the North- do not register their businesses with the Government of Kosovo, this limited the ability to disaggregate the data by ethnicity in a useful and meaningful way. This limitation applies the same for disaggregation by gender because only 11% of registered Kosovar businesses are owned by women. Nonetheless, the section on women employment analyzes progress made by women in the private sector, as well as challenges that exist to employ, retain, and promote women.

## 5. FINDINGS

### 5.1. Demographic Background of Survey Respondent

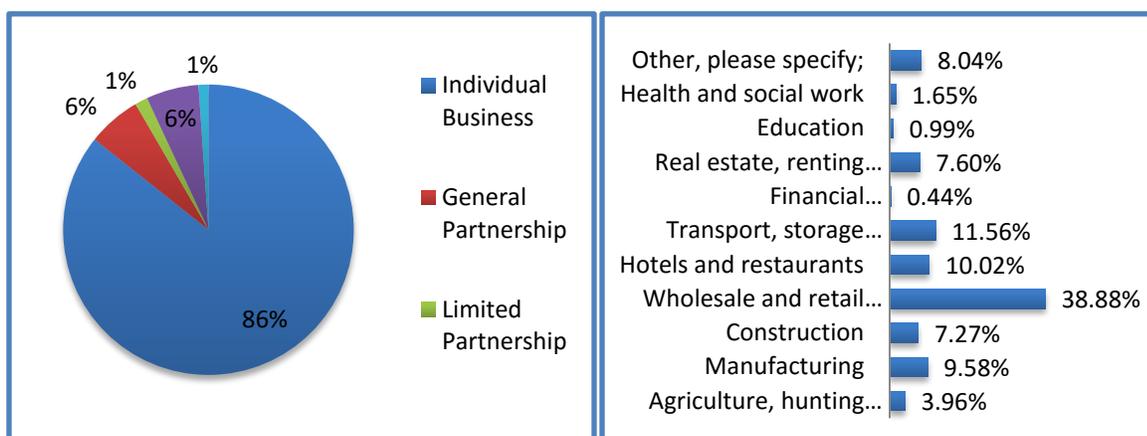
The quantitative survey was conducted with 900 business representatives based in seven regions of Kosovo. The sample includes female and male business owners and represents five different types of businesses: *Individual Businesses*, *General Partnerships*, *Limited Partnerships*; *Limited Liability Companies (LLC)*, and *Joint Stock Companies*. Graph 2 shows the distribution of business respondents operating across seven different regions of Kosovo including *Pristina* (38.2%); *Mitrovica* (9.7%); *Prizren*(13.3%); *Peja* (10%); *Ferizaj* (11.3%); *Gjakova* (7.1%) and *Gjilan* (10.5%). The sample shows that business ownership is more prevalent among men than women in Kosovo with 83.37% of businesses owned by men and 16.63% owned by women, as seen in Graph 3.



Graph 2: Respondents by Region

Graph 3: Business ownership by Gender

Graph 4 shows the different types of registered businesses represented in the sample: *Individual Business* (86%); *Limited Liability Company* (6%); *General Partnership* (6%); *Limited Partnership* (1%); and *Joint Stock Company* (1%). Most of the businesses owned by women are registered as *Individual Businesses* (92.05%); *LLCs* (4.64%); and *General Partnerships* (2.65%), which shows that women-owned businesses represent the most common and simplest type of business organization in Kosovo. Distribution of the sample of businesses across different industry sectors is presented in Graph 5, which shows that 38.88% of businesses are engaged in *Wholesale and Retail Trade*; 11.56% are engaged in *Transport, Storage and Communication*; 10.02% represent the *Hotels and Restaurants Sector*; 9.58% represent *Manufacturing*; and 7.27% represent the *Construction Sector* in Kosovo.

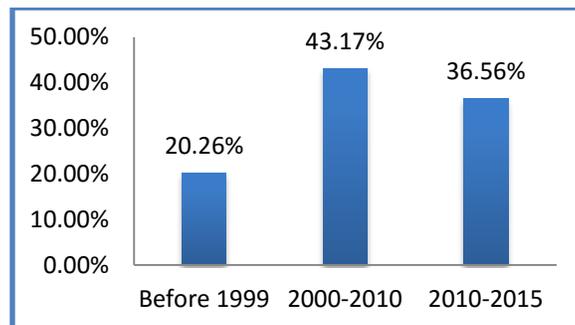


Graph 4: Respondents by Business Type

Graph 5: Respondents by Business Sector

Among woman-owned businesses, the most dominant sectors are *Wholesale and Retail Trade* (45.7%); *Education* (14.57%); *Real estate, Renting and Business activities* (11.26%) and *Manufacturing* (9.27%).

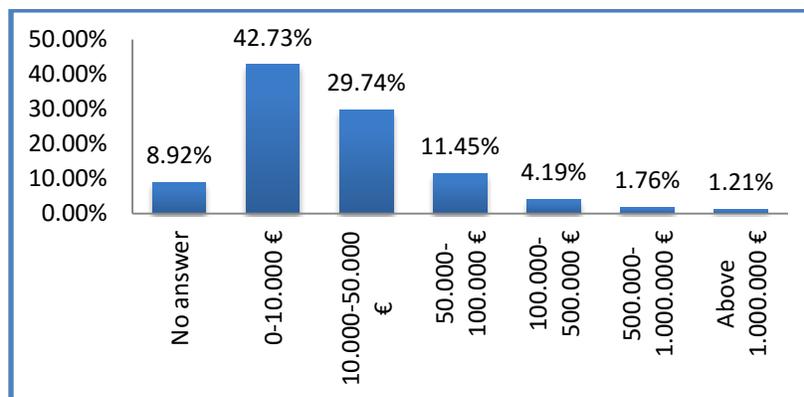
When looking at business longevity, most of the respondent businesses (79.73%) were founded during the period of 2000-2015 while the rest of the sampled businesses were established before 1999. Among women-owned businesses, half of them (50.99%) were established during the period of 2010-2015 and 33.77% of them were established during the period of 2000-2010, which shows a recent growth trend for the last five years in Kosovo among women starting their own business. This trend may have been triggered by a number of factors such as donor interest and funding and government subsidies; entrepreneurship training programs; and advocacy and awareness raising programs conducted by the civil society in Kosovo.



Graph 6: Respondents by Year of Establishment

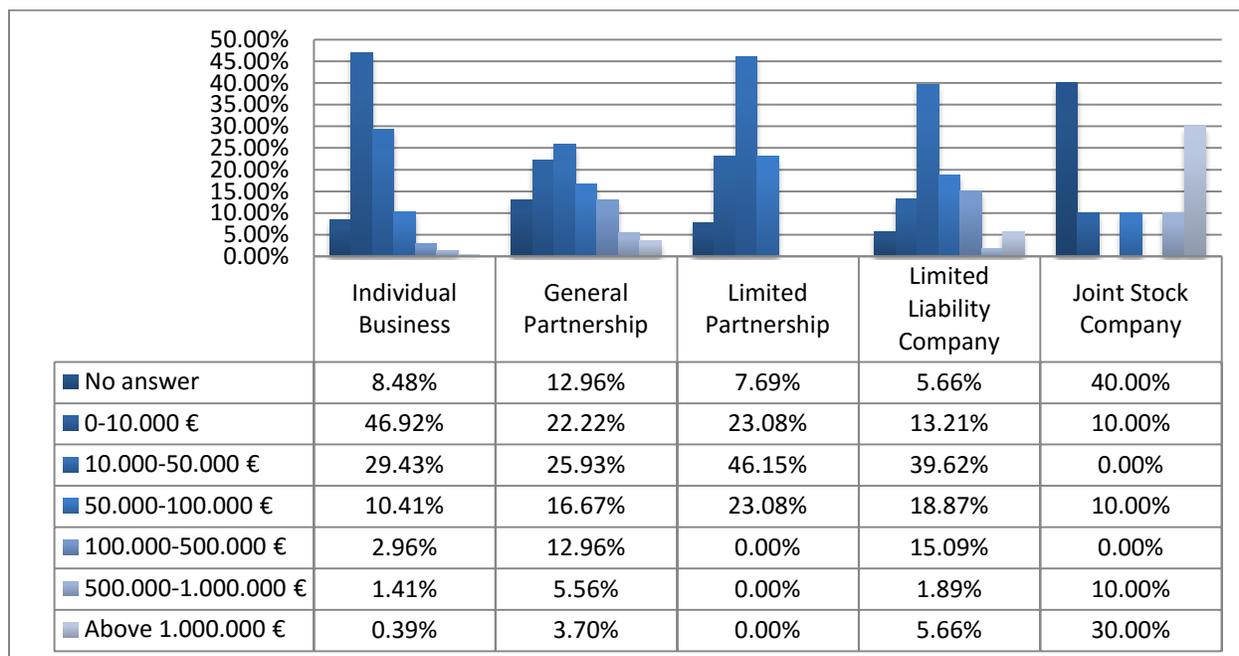
Out of 900 businesses, 827 businesses provided results on their annual turnover, which refers to the income that a company receives from its business activities usually from the sale of goods and services to customers. Of these 827 businesses, 42.73% have an annual turnover of up to 10,000 Euros; 29.74% of them have an annual turnover between 10,000-50,000 Euros; and 11.45% of them have an annual turnover between 50,000-100,000 Euros. This indicates that the private sector in Kosovo operates on a smaller scale, lacks capacity and resources to grow, and is limited by low consumer purchasing power, which in turn hinders businesses from generating higher income from its business activities. These numbers also speak to the state of Kosovo’s consumer activity and economy at large.

Among women-owned businesses, 62.91% reported an annual turnover within the range of 0-10,000€ and 20.53% reported an annual turnover of 10,000-50,000€ which suggests that these businesses are in nascent stages of development given the fact that the majority of women-owned businesses were established only in the last five years.



Graph 7: Respondents by annual turnover

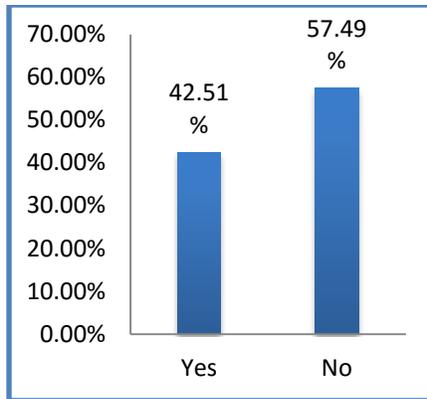
Looking at annual turnover by business types, the Survey indicates that 86.76% of *Individual Businesses* reported an annual turnover in the range of 0-100,000€; 77.78% of *General Partnerships* reported an annual turnover in the range of 0-500,000€; 92.31% of *Limited Partnerships* reported an annual turnover in the range of 0-100,000 €; 86.79% of *Limited Liability Companies* reported an annual turnover in the range of 0-500,000€; and 40% of *Joint Stock Companies* reported an annual turnover of above 500,000€.



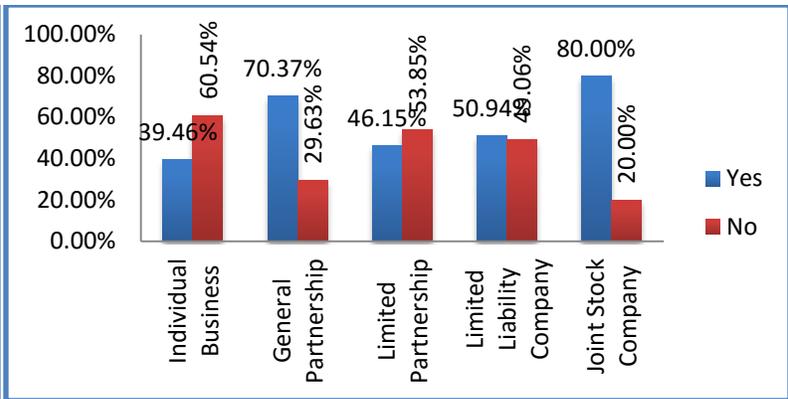
Graph 8: Annual Turnover by Business Type

When looking at the annual turnover rate across different business sectors, *Financial Intermediation* falls mostly under the category of above 1,000,000€ annual turnover rate ; *Construction* appears to be most dominant in the annual turnover rate of 500,000€-1,000,000€; *Transport, Storage and Communication* is most dominant in the annual turnover rate of 100,000€-500,000€; *Manufacturing and Agriculture* is most dominant in the 10,000€-50,000€, and *Wholesale and Retail trade* is placed with the highest percentage in the category of 0-10,000€.

Businesses were also asked whether they use an in-house company lawyer who looks after their business's legal needs. Survey results show that 42.51% of the businesses indicated that they use in-house company lawyers, while 57.49% do not use in-house company lawyers. It should be noted that business respondents may have interpreted in-house company lawyers to mean a family member or friend who provides support and legal assistance from time to time, based on the legal needs of the business, but who is not employed by the business.

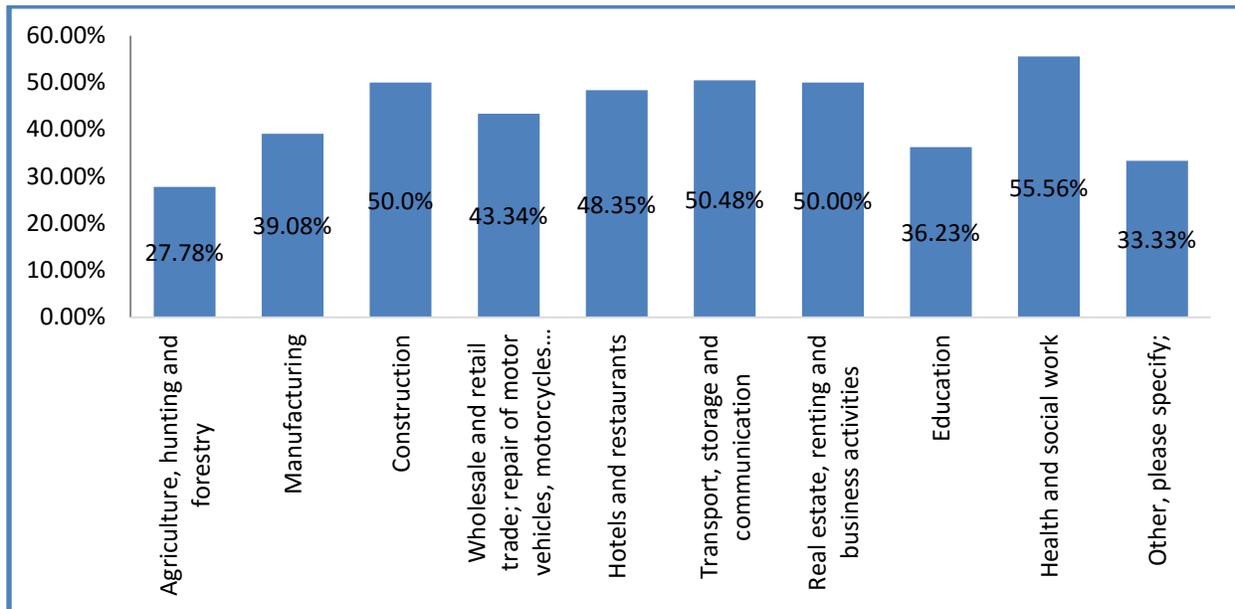


Graph 9: Do you have an in-house company lawyer?



Graph 10: Usage of in-house lawyers by business type

Data analysis also sheds light into which type of businesses are most and least likely to use in-house company lawyers to handle a business’s legal affairs. The results show that 80% of *Joint Stock Companies* and 70.37% of *General Partnerships* use company in-house lawyers, whereas 60.54% of *Individual Businesses*; 53.85% of *Limited Partnerships* and 49.06% of *Limited Liability Companies* do not report using company in house lawyers. When looking across business sectors, *Agriculture, Hunting and Forestry; Education; Other* and *Manufacturing* are the least likely to use company in-house lawyers, whereas *Health and Social Work Transport, Storage and Communication; Real Estate, renting and business activities; and Construction* show an upward trend in using in-house lawyers.



Graph 11: Usage of in-house lawyer by business sector

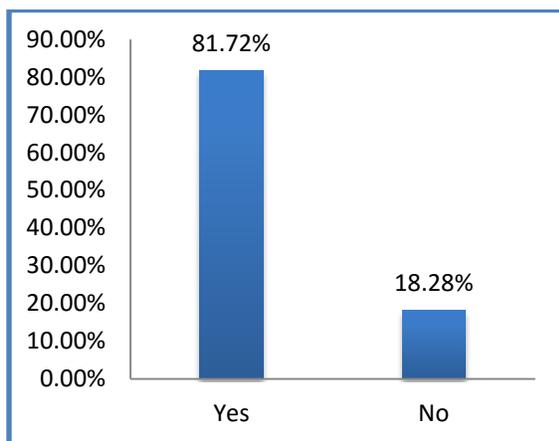
## 5.2 Contract Usage and Knowledge

The national survey explores the views and perceptions of businesses with regards to using written contracts in their business activities, the types of written contracts that businesses use, how written contracts are drafted, key problems that may arise once written contracts between parties are signed, and how businesses prefer to resolve any contractual disputes.

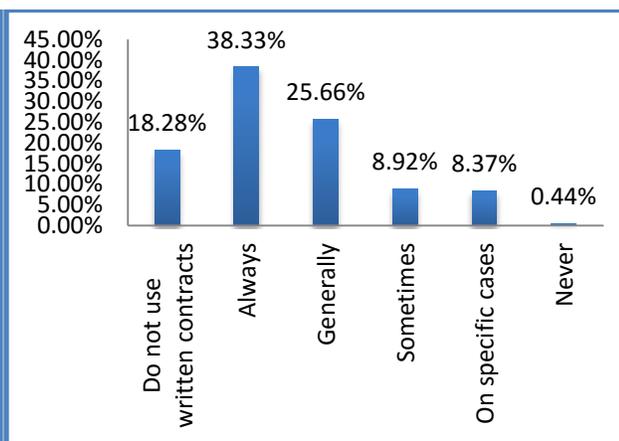
The research survey conducted with business representatives showed that out of 900 businesses, 81.72% of them use written contracts for their business transactions and 18.28% do not use written contracts. Compared to the 2011 Survey, there is a 14.72% positive change, and a 10.72% positive change compared to the 2014 Survey, in the usage of written contracts by businesses, showing a significant improvement in business practices and the level of their understanding, awareness, and benefits to using written contracts. Nevertheless, businesses in Kosovo still face the challenge of using written contracts in their business transactions with suppliers, employees, clients, and business partners. This is a result of a number of reasons, but most prominent is the culture of “Besa” which is a “word of honor” or “promise.”

Other challenges of using contracts in business transactions include limited knowledge, limited resources of businesses in integrating contracts into their business dealings, and the low confidence that businesses have in the rule of law and justice system in Kosovo. Of the businesses that reported using written contracts, 38.33% of them indicated they “Always” use contracts; 25.66% indicated that they “Generally” use contracts; 8.92% indicated that they “Sometimes” use contracts, and 8.37 % indicated that they use contracts in specific cases.

Compared to the 2011 Survey, there is a 14.43% change in the number of businesses that reported “Always” using contracts and a slight downward change of 1.67% from the 2014 Survey. Furthermore, compared to the 2011 Survey, there is an 11.16% positive change in the number of businesses that reported “Generally” using contracts and a slight downturn of 4.54% from the 2014 Survey. In terms of businesses that “Sometimes” use written contracts, compared to the 2011 Survey there is a downward change of 6.28% and a downward change of 5.48% compared to 2014 Survey.

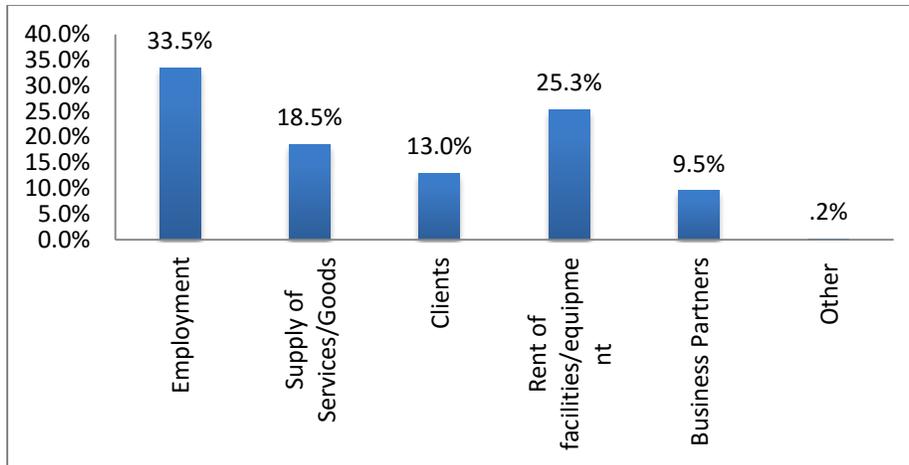


Graph 12: Usage of Written Contracts



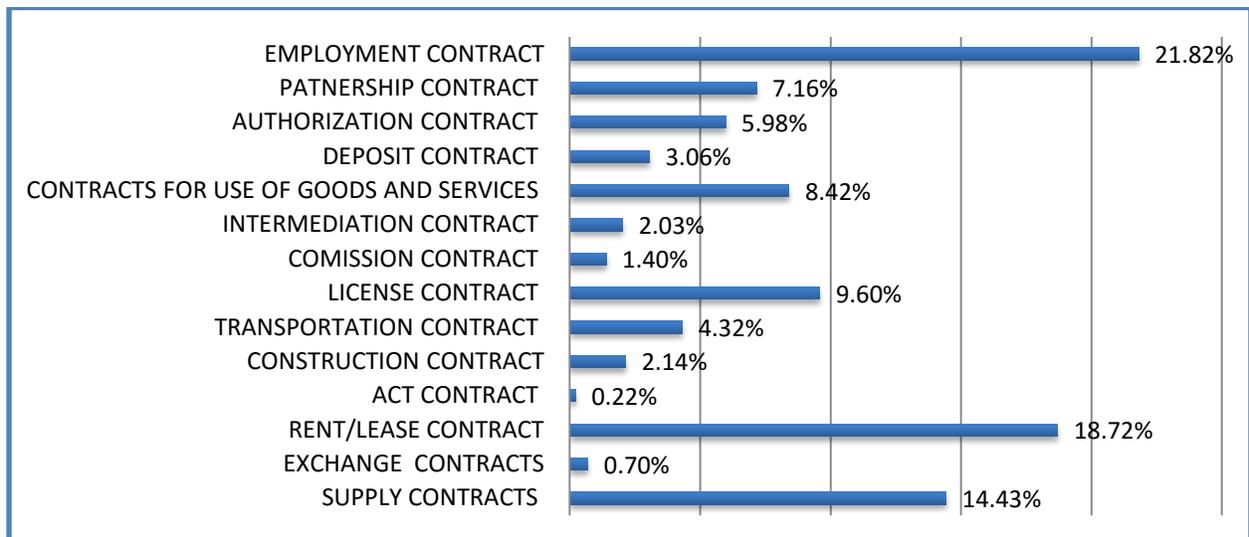
Graph 13: Frequency of Written Contract Usage

Based on the survey results, it appears that written contracts are mostly used by businesses for *Employment* (33.5%); *Rent of facilities/equipments* (25.3%), *Supply of Services/Goods* (18.5%), *Clients* (13%) and are least used with *Business Partners* (9.5%). These results indicate that written contracts are mostly used by businesses for *Employment* and *Rent of facilities/equipments* because of their legal obligations under Kosovo laws and regulations. The results also indicate that the practice of not using written agreements with Business Partners confirms, or at the very least acknowledges, the pervasive culture of doing business in Kosovo, which is often still based on an individual’s “word of honor” or “promise;” and that the provision of products/services for clients are conducted through official invoices, rather than formal, written contracts.



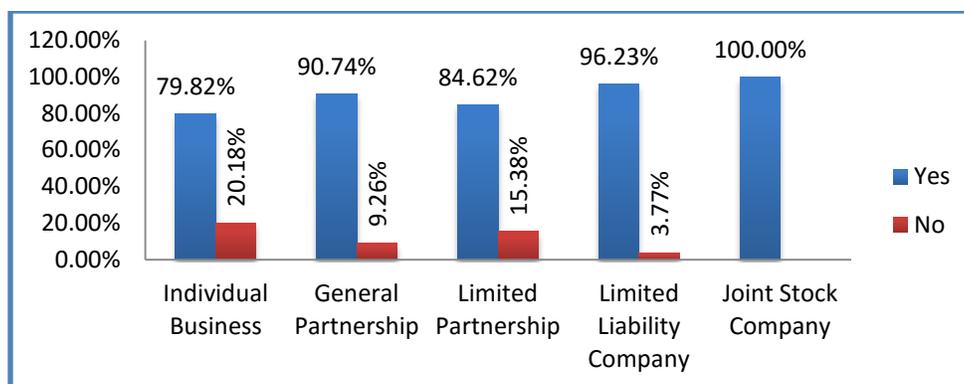
Graph 14: For which business activities do you use contractual agreements?

Survey results also show that the most used business contracts are: *Employment Contracts* (21.82%); *Rent/Lease Contracts* (18.72%) and *Supply Contracts* (14.43%) and the least used are *Act Contracts* (0.22%); *Exchange Contracts* (0.70%); *Commission Contracts* (1.40%); *Intermediation Contracts* (2.03%); *Construction Contracts* (2.14%); and *Deposit Contracts* (3.06%). The results are interrelated with the fact that 86% of the respondents surveyed were *Individual Businesses*, the most common type of business in Kosovo, run by one or two individuals, whose products/services are offered in a straightforward manner and in smaller quantities, thus finding more useful and beneficial the simple types of written contracts, noted in the results above.



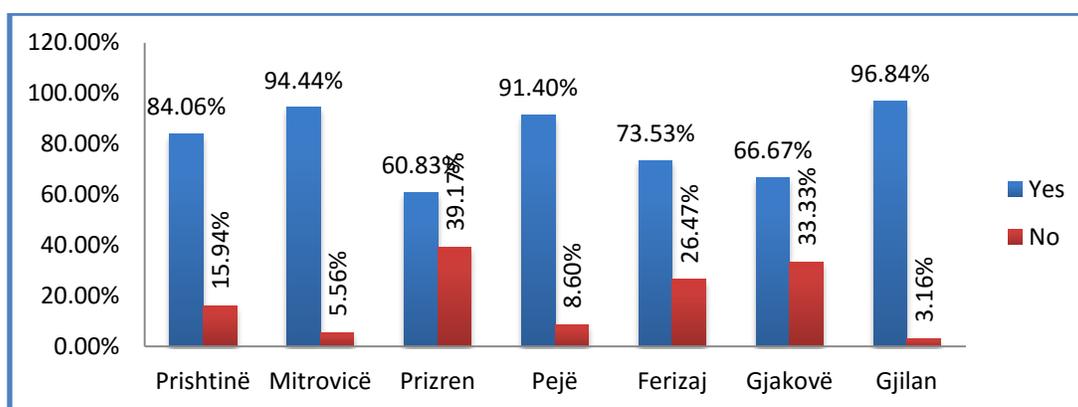
Graph 15: Types of Business Contracts Used

The survey indicates that contracts are used by 100 % of *Joint Stock Companies*; 96.23% of *Limited Liability Companies*; and 90.74% of *General Partnerships*; 84.62% of *Limited Partnerships*; and 79.82% of *Individual Businesses* because the latter two types of businesses represent simpler forms of business organizations and believe that their transactions do not necessitate using written contracts, and that official invoices are sufficient to conduct business transactions.



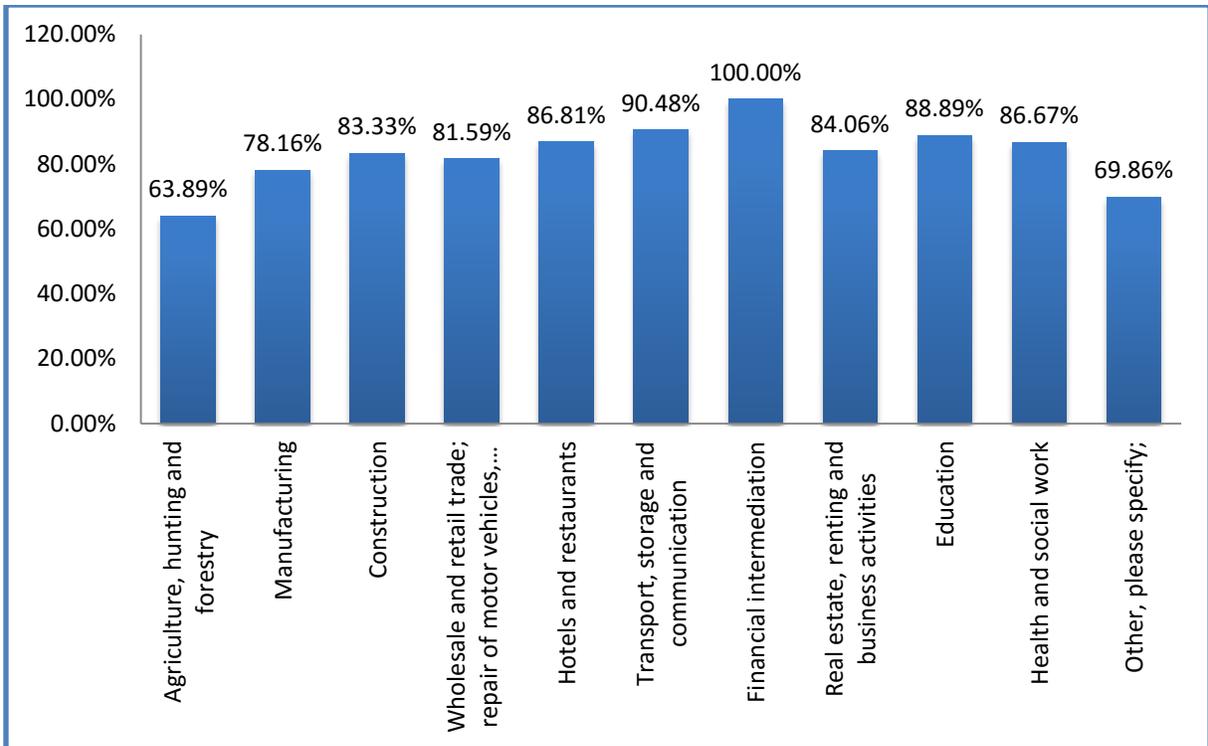
Graph 16: Usage of Written Contracts across Different Types of Businesses

Further data analysis has provided us with an understanding of the usage of written contracts across regions of Kosovo whereby Graph 17 shows regions that use the most written contracts are: *Gjilan* (96.84%); *Mitrovicë* (94.44%); *Pejë* (91.40%) and *Prishtinë* (84.06%). Regions where non usage of written contracts is most prevalent are *Prizren* (39.71%); *Gjakovë* (33.33%) and *Ferizaj* (26.47%). Training workshops and awareness raising campaigns may help to address the gaps among the private sector representatives in the three main regions where they use less often written agreements.



Graph 17: Usage of Written Contracts across Regions

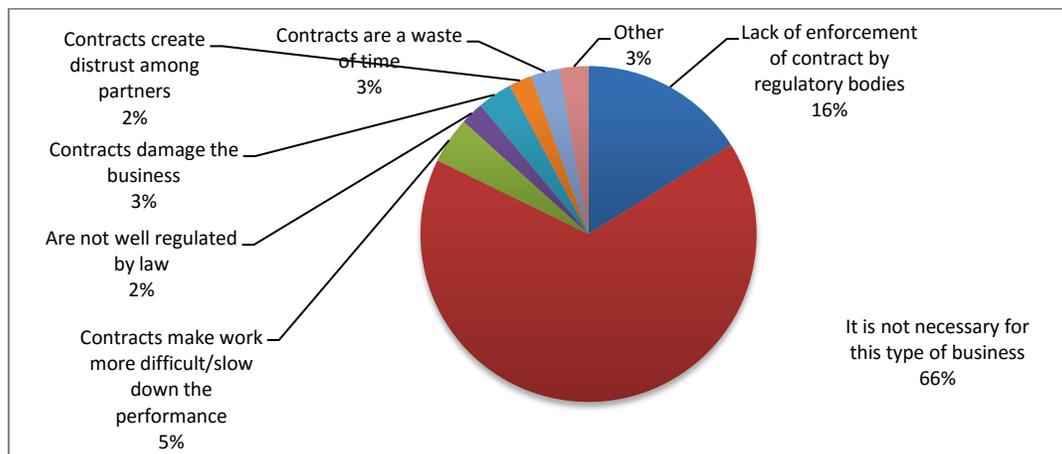
The industry sectors that tend to most like use written contracts are: *Financial Intermediation*; *Transport, Storage and Communication*; *Education*; *Hotels and Restaurants* and *Health and Social Work*. The industry sectors that tend to least to use written contracts are: *Agriculture, Hunting and Forestry Sector* (36.11%); *Other Community, Social and Personal Service Activities* (30.14%); *Manufacturing* (21.84%); *Wholesale and retail trade; Repair of motor vehicles, motorcycles and personal and household good* (18.41%); *Construction* (16.67%); and *Real Estate, Renting and Business Activities* (15.94%). These results show that there is still considerable work to be done in raising the awareness of these sector-specific businesses in the benefits and importance of entering into written contracts; increasing their knowledge and skills in drafting specific contracts or providing samples of contracts that are relevant to their type business and products/ services offered; and training businesses on how to incorporate written contracts into their business transactions.



Graph 18: Usage of Contracts across Sectors

When analyzing the usage of specific contracts across different business sectors, *Supply* contracts are most dominant in *Agriculture, hunting and forestry* (77.78%); *Health and Social Work* (75%) and *Wholesale and Retail Trade* (70.59%), whereas *Rent/Lease Contracts* are most dominant in *Health and Social Work* (75%); *Hotels and Restaurants* (68.42%); and *Wholesale and Retail Trade* (52.94%).

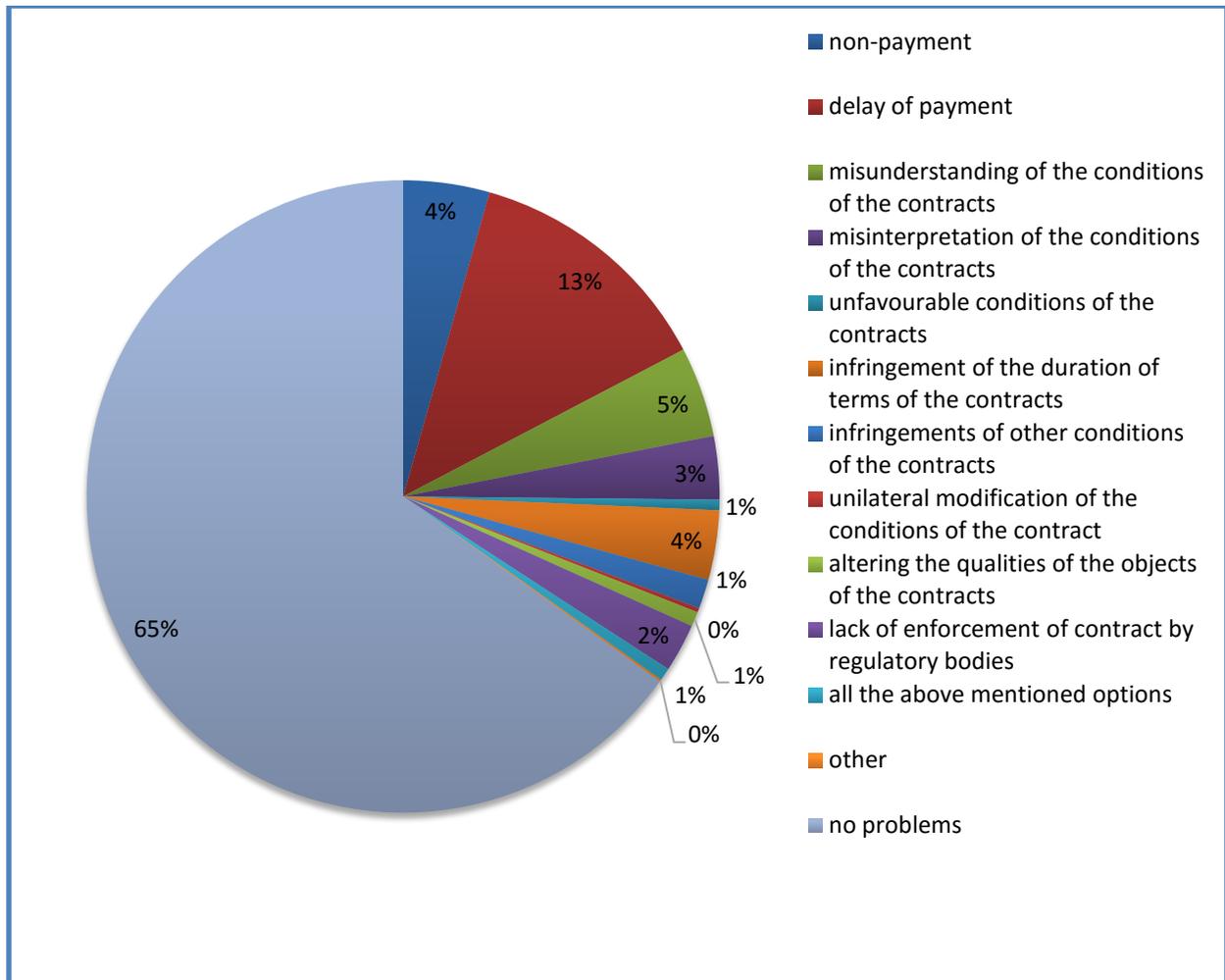
Based on the quantitative survey results, businesses that reported not using written contracts were also asked to select a reason from a list, for not using written contracts. The results indicate that of businesses that reported not using written contracts, 66% do not believe that written contracts are necessary for their industry sector; 16% stated that they were deterred from using written contracts because of lack of enforcement of contracts by regulatory bodies; 5% of respondents stated that contracts make work more difficult/slow down performance; 3% believe that contracts damage the business; and 3% view entering into written contracts are a waste of time.



Graph 19: The Reasons for Not Using Contracts

The various reasons for not using written contracts were also explored across industry sectors. The results show that the reasons for written contracts not being necessary for their industry sector (42.86%) and the lack of enforcement of contracts (41.38%) are the most common among *Wholesale and Retail Trade*. The reason that contracts are perceived as making work more difficult/slow down the performance is the most common among *Wholesale and Retail Trade* (25%) and *Transport, Storage and Communication* (25%). The reason that written contracts create distrust among partners is mostly expressed by businesses representing the *Real Estate, Renting and Business activities* (50%) and the reason that written contracts are a waste of time was expressed by businesses representing *Agriculture, Hunting and Forestry* (40%).

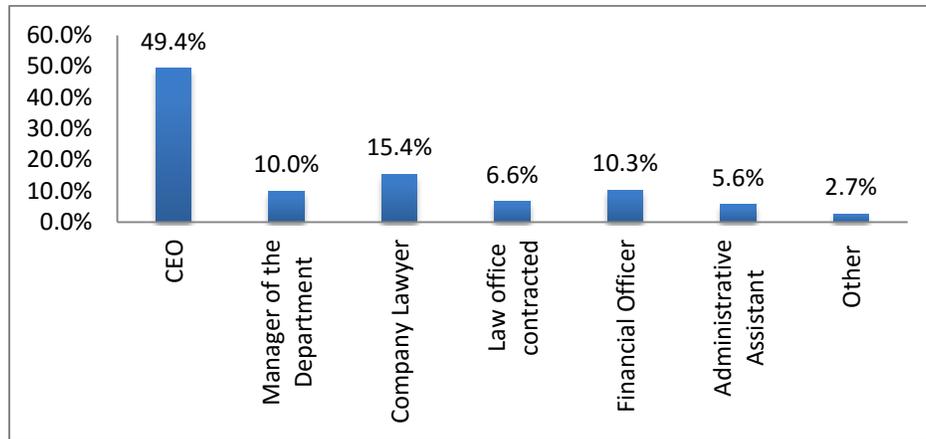
Business representatives were also asked whether they face any problems regarding compliance with written contracts and if yes, to choose from a list of common problems that they are faced with. Results show that 65% of the sample businesses have not experienced any problems regarding compliance with written contracts, followed by 13% of businesses that expressed issues with delays in payments; 5% of business expressed problems with altering the contract terms, and 4% expressed experiencing problems with infringement of contract terms related to timing of delivery.



Graph 20: Problems businesses face in using contracts

Problems with written contracts have also been analyzed across industry sectors and findings show that delays of payments are most common in *Construction* (31.15%); *Real Estate, Renting and Business activities* (27.42%); *Financial Intermediation* (25%) and *Education* (25%) whereas Infringement of the duration of contract terms is a problem expressed most by *Financial Intermediation* sector representatives.

When looking into the drafting process of written contracts, survey results suggest that contracts are drafted mainly by *CEOs* of the companies (49.4%); *Lawyers* (15.4%) followed by *Financial Officers* (10.3%); *Managers of the Departments* (10%); and *Contracted legal services* (6.6%).



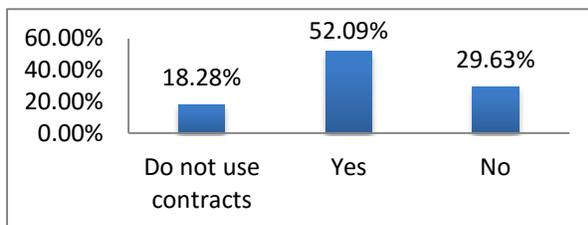
Graph 21: Individual Responsible for Drafting Contracts within businesses

Most of the business representatives present in the focus groups confirmed these findings and stated that the process of drafting contracts is done through internal staff, such as the CEO; Managers/Specialists of Departments or Accountants who then consult with lawyers or notaries, as needed. The businesses also stated that persons responsible for drafting contracts use templates from the internet or templates provided by clients or partners, which are then modified to address the needs of the business.

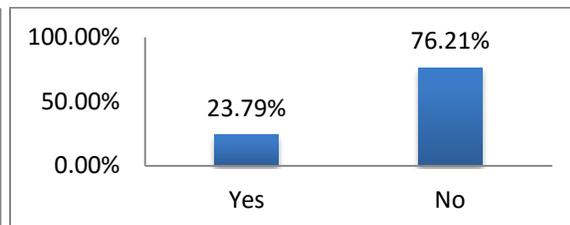
Furthermore, focus group discussions revealed that in-house lawyers also use contract templates but they have a lack of understanding of the business needs and the nature of business activities. Thus businesses end up adapting and reformulating themselves such templates to the actual specificities and complexities of industry sectors. Survey results in 2015 show that 52.09% of businesses use contract templates and 29.63% do not use templates, which compared to the 2014 Survey results, there is a 20.41% negative change and a 9.49% positive change from 2011 Survey results.

Furthermore respondents were asked whether they need contract templates; 76.21% reported not needing contract templates while 23.79% reporting needing contract templates.

This question was not included in the 2014 and 2011 Survey, thus relevant comparisons could not be made.

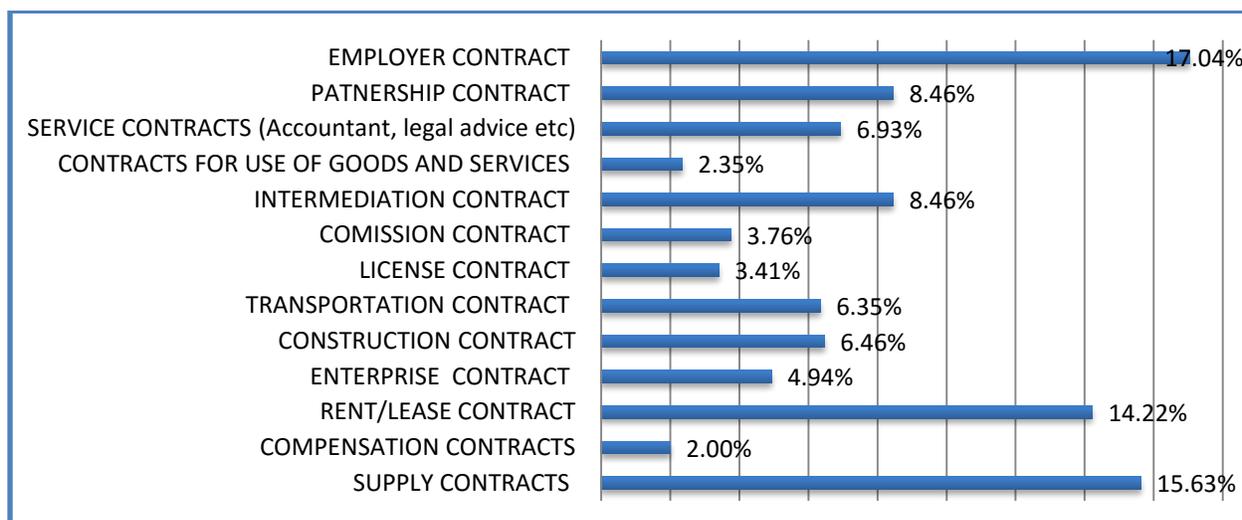


Graph 22: Do you use templates when drafting a contract?



Graph 23: Do you need contract templates?

Businesses indicated that the following types of template contracts would be beneficial and could assist their business transactions: *Employer Contract* (17.04%), *Supply Contracts* (15.63%), *Rent/Lease Contracts* (14.22%), *Partnership Contracts* (8.45%), *Intermediation Contracts* (8.45%); *Construction Contracts* (6.46%) and *Transportation Contracts* (6.35%).

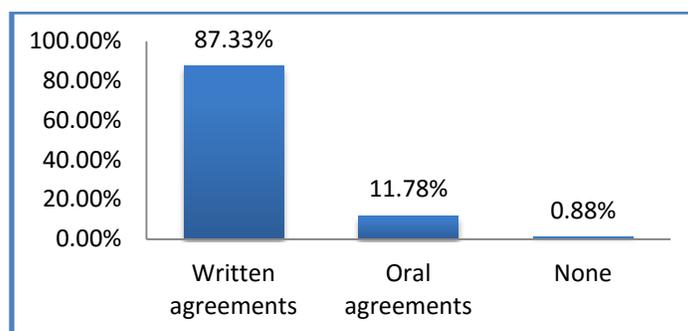


Graph 24: The contracts that companies need to have samples of them

### 5.3 Attitudes towards Contract Usage

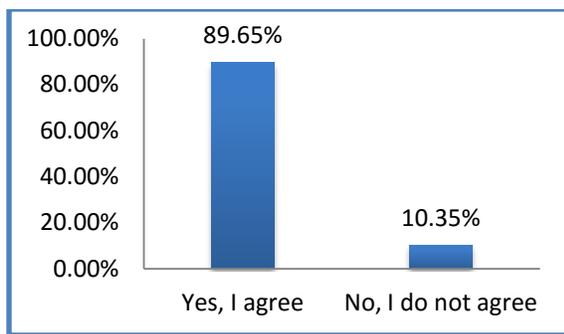
The national survey aimed to gauge the perceptions and attitudes of businesses in Kosovo on their level of confidence and trust towards written contracts and the challenges that they face in using written contracts in their business transactions.

Business representatives were asked whether they had more confidence in written or oral agreements when conducting business activities and the survey results show that the majority, 87.33%, have more confidence in written agreements, while 11.78%, have greater confidence in oral agreements. Compared to the 2014 survey results, there is a 4.33% positive change in respondents trusting written contracts more and compared to the 2011 survey results, there is a 5.57% negative change of businesses having greater trust in written agreements.

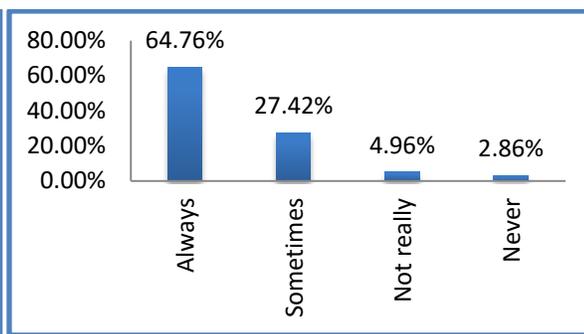


Graph 25: Types of Agreements that Respondents Trust the Most

During the focus group discussions, all the business representatives indicated that they believe in the necessity and long term benefits of formalizing their business arrangements in writing, and that a formal invoice is not a substitute for a written contract. However, discussions with business representatives also shed light onto why businesses still believe in oral agreements. One of the reasons put forth was that where disputes may arise or there is noncompliance with the terms in an oral agreement, it is easier for both parties to “dodge out” from the agreement. This shows the type of business mindset that is still present in Kosovo and which creates challenges for the private sector to be able to formalize its processes and agreements. Furthermore, written contracts are still perceived as a formality because there are major challenges in the justice system in Kosovo in enforcing such written agreements. Respondents were also asked if they believed that written contracts help businesses in avoiding problems in their activities/ transactions and results show that 89.65% of respondents agree and 10.35% disagree. Businesses were also asked how often they and their business partners respect their contractual agreements; 64.76% of the businesses responded “Always;” 27.42% responded “Sometimes;” 5% responded “Not really,” and 2.86% responded “Never.”

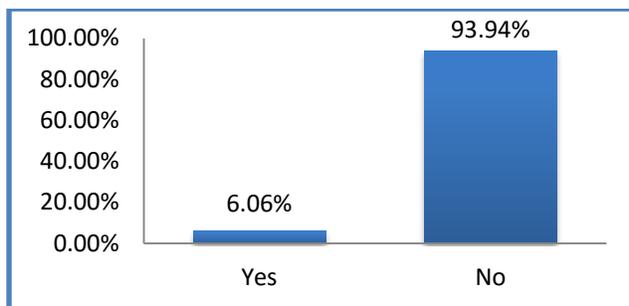


Graph 26: Do you believe that written contracts help you avoid problems in business transactions

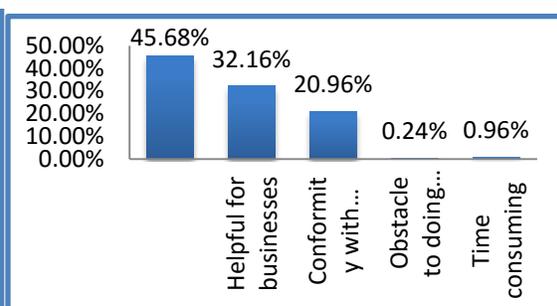


Graph 27: How often do your business partners respect contractual agreements?

Furthermore, it is important to understand how business representatives perceive contracts, and findings show that 77.84% perceive contracts as a guarantee for their business and helpful for their businesses; followed by 20.96% who perceive contracts as conformity with the law and/or a formality. These results indicate that most of the businesses are aware of the importance and benefits in using contracts for their business activities. Business representatives were asked whether they have had any case when they did not fulfill their contractual obligations and almost all of them 93.94% confirmed that they did not have such experience. However, this percentage may not provide an accurate indication of the current business practices in Kosovo, as businesses may provide wholly honest answers about their actual business approach and attitudes towards compliance with contract terms, since such information may portray the businesses in a negative light.

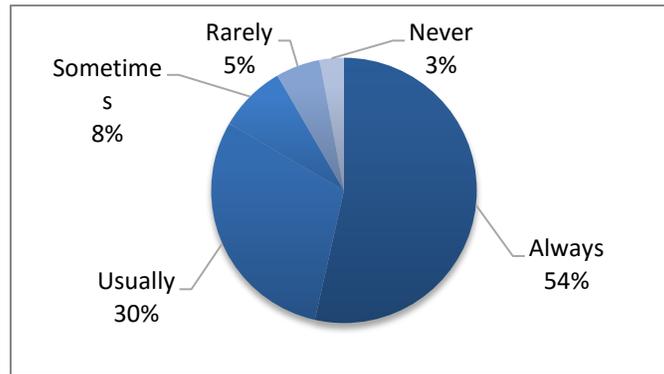


Graph 28: Have you had any case when you did not fulfill your contractual obligations?



Graph 29: How do people perceive written contracts

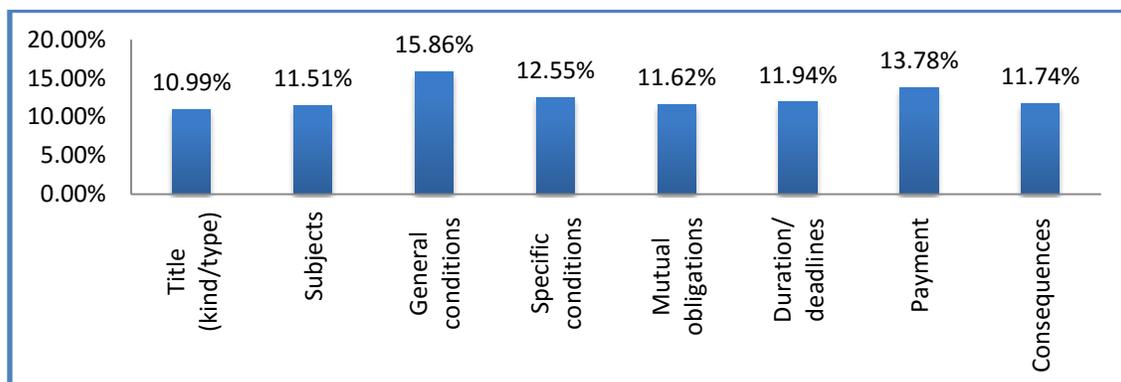
When signing contract agreements, it is important that all parts/clauses of the agreement are read, however written contracts can often be too long and detailed for individuals to pay attention to and digest. As a result, individuals and businesses pay attention to specific clauses that are of most interest to them, often neglecting to read other important details and provisions in the contract. Research results show that 53.52% of the business respondents “Always” read the contract terms, (30%) of them “Usually” read the contract terms, and a slight percentage of businesses “Sometimes” (8%) or “Rarely and “Never “ (5%) read the contract terms.



Graph 30: How often do people read all parts of the agreement

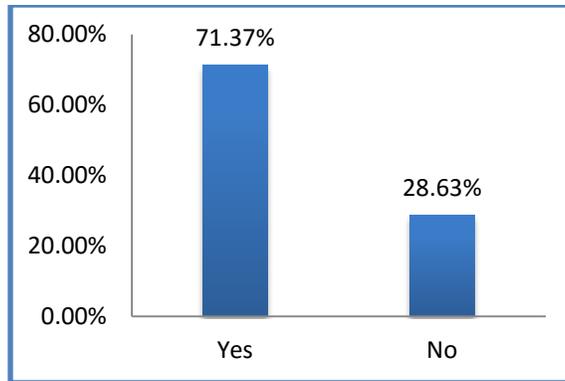
Contract parts that are mostly read by business representatives are “General Conditions” (15.86%); “Payment” (13.78%); “Specific Conditions” (12.55%); “Duration/Deadlines” (11.94%); “Consequences” (11.74%); “Mutual Obligations” (11.62 %); and “Subject” (11.51%).

This is important in understanding the extent to which the respondents are attentive in reading the contract and the specific sections that are most important to them.



Graph 31: Parts of the contract that people read the most

Focus group discussions revealed that businesses believe it is important to read the contract in its entirety, but some of the business representatives expressed that once the contracts are read, they do not have enough opportunity to provide feedback or modifications to the contracts terms, especially when negotiating with government institutions or larger and more sophisticated organizations. As one of the business representatives put it “it does not matter whether you read the contract or not, if you want to have more work and more money coming in, you have to sign it”. Despite recognizing the importance of reading contracts, businesses feel pressured to sign whatever is given to them, particularly when negotiating with government institutions or more sophisticated and established businesses.

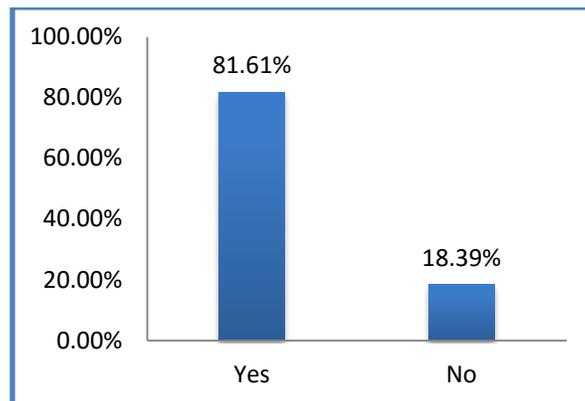


Graph 32: Do you think that the invoice is a form of contract?

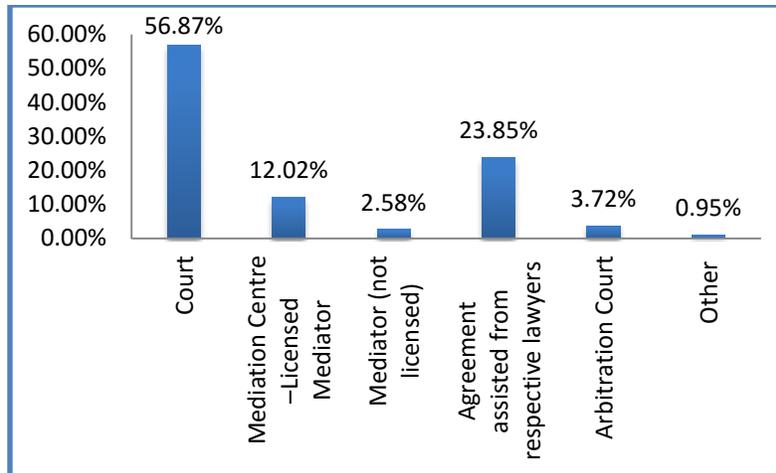
## 5.4 Courts/ ADR/ Enforcement

The national survey sought to address the experiences and challenges that businesses face in enforcement of written agreements; their level of knowledge and experience with alternative dispute resolution mechanisms in Kosovo and their level of trust towards the justice system in Kosovo.

Business representatives were asked whether they use Kosovo justice institutions for resolving contract disputes. Results show that 81.61% of the sample businesses refer contract disputes to justice institutions and 18.39% do not. Businesses were also asked to specify which justice institution they refer to for contractual disputes and findings show that 56.87% of the respondents refer to disputes to Courts, followed by 23.85% that use agreements assisted by lawyers, and 12.02% refer and attempt to resolve disputes with the assistance of licensed mediators.



Graph 33: Do respondents use justice institutions for resolving contractual disputes?



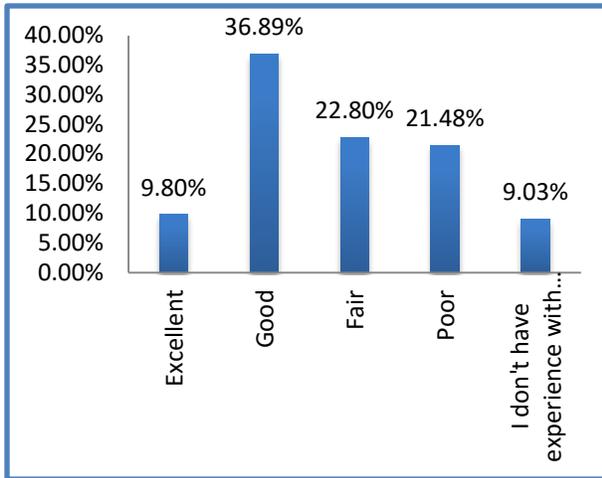
Graph 34: Which justice institution do you refer to for resolving contractual disputes?

Data analysis reveals the type of justice institutions respondents refer to across business sectors. Courts have been mostly used by representatives of the *Hotels and Restaurants* (87.65%); *Education* (85.71%) and *Real estate, renting and business activities* (83.87%) sectors. Resolution through assistance from licensed mediators are mostly used by representatives of the *Health and Social Work* (28.57%); *Construction* (27.59%); and *Real estate, renting and business activities* (22.58%) sectors. Arbitration Tribunals are most used by business representatives of the *Education* (28.57%); *Health and Social Work* (14.29%) and *Construction* (13.79%) sectors.

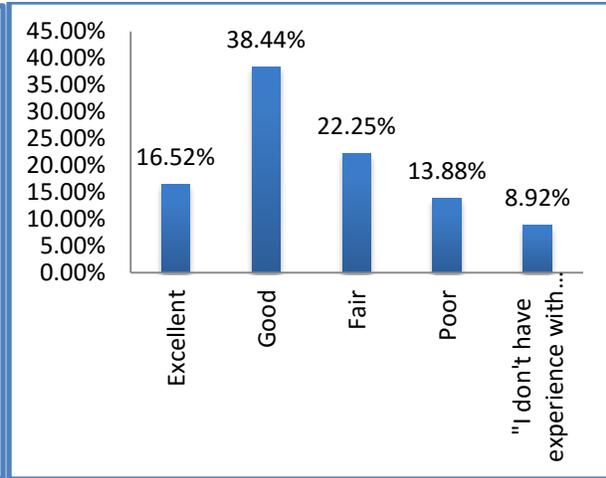
Business respondents were asked to rank the effectiveness and efficiency of justice institutions from 1-the least effective and efficient to 5-the most effective and efficient. Findings presented in the graph below show that 36.78% of businesses ranked the effectiveness and efficiency of courts with 4 and 5, whereas 24.83% of the respondents ranked licensed mediators with 4 and 5; 31.64% of the respondents ranked Agreements assisted from respective lawyers with 4 and 5; 11.67% of the respondents ranked non-licensed mediators with 4 and 5; and 21.58% ranked Arbitration Tribunals with 4 and 5. The results show that businesses are most satisfied with courts and mediation centers compared with other institutions and dispute resolution mechanisms.

Kosovo struggles with a weak justice system which in turn has impeded the operation and growth of businesses and the overall business and investment climate in Kosovo. The national survey aimed to understand the level of satisfaction by businesses with the Judiciary; extent of knowledge of court procedures held by court personnel and the outcome of the case.

Results show that 36.89% of the respondents rated their experience with the judiciary as “Good”, followed by 22.80%, who rated it as “Fair,” and 21.48% rated the experience as a “Poor.” With regards to the knowledge of court procedures held by court personnel, 38.44% of the respondents rated it as “Good” followed by 22.25% who rated it as “Fair,” and 13.88% who rated it as “Poor”. Business respondents were not asked to review their experience with judiciary in the 2014 and 2011 Surveys, thus comparisons with previous results could not be made.

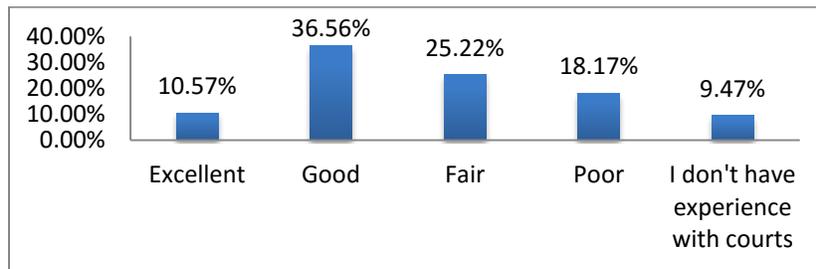


Graph 35: Level of Satisfaction with the Judiciary



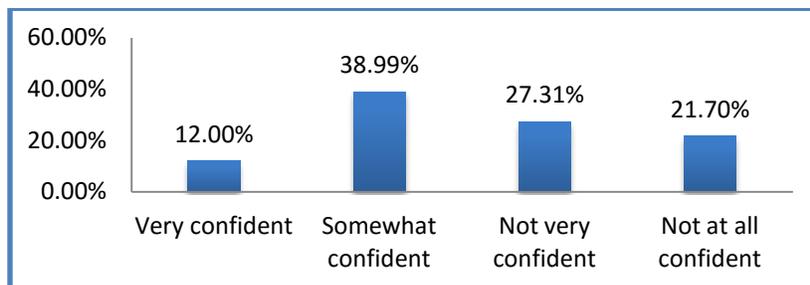
Graph 36: Level of Satisfaction with knowledge of court staff

Furthermore, businesses were asked to rate their level of satisfaction with the outcome and resolution of their case received from courts. Findings show that 36.56% of the respondents rated their satisfaction level as “Good”, followed by 25.22% that rated their satisfaction level as “Fair” and 18.77% that rated their satisfaction level as “Poor”. Businesses were not asked to rate their level of satisfaction with the judiciary, extent of knowledge of court procedures held by court personnel, or case results in the 2011 and 2014 Surveys, thus comparisons with previous results could not be made.



Graph 37: Level of Satisfaction with the case outcome

When businesses were asked on their level of confidence towards the justice system in Kosovo, 38.99% expressed they are somewhat confident; 27.31% are not very confident, and 21.70% are not at all confident, indicating that that almost half of the respondents lack confidence towards the justice system in Kosovo. This low-level of confidence may be attributed to a noted lack of transparency and accountability in the Kosovo judiciary. The level of confidence with the justice system in Kosovo was not asked in the 2014 and 2011 Surveys, thus comparisons with previous results could not be made.



Graph 38: How confident are you with the justice system in Kosovo?

The discussion among the focus group participants on enforcement of written contracts centered around the businesses' particular experiences in the execution of contracts; their awareness on alternative dispute resolution (ADR) mechanisms; and their views and perceptions towards the justice system in Kosovo.

The business representatives had varied experiences to share related to execution of business contracts. One of the business representatives expressed her concerns in the enforcement of employment contracts. She recounted how she notified her former employer within the time frame provided in the contract for quitting her job, but the former employer did not respect the contract terms and failed to provide her with the full salary compensation she was owed under the contract. Because of lengthy legal procedures, the focus group participant did not refer the case to any of the justice institutions.

One of the focus group participants also shared an experience with a client who failed to respect the contract regarding payment, resulting in delayed payment. In order to avoid lengthy court procedures, the focus group participant's businesses opted to communicate with the client and find a mutually agreeable solution to receive the payment, even if it was later than what the original contract provided.

Business representatives during the focus group agreed that it is best to wait for longer periods of time for payment by finding common grounds for agreement with the other party, rather than referring the case to the justice institutions. While courts are the justice institution most used for resolving disputes, it is still a last resort for businesses, which are aware of the long court processing times and the deficiencies of the system. Rather businesses appear to opt for communicating and reaching agreement directly with the other party to resolve a dispute.

The focus group participants were also asked about their awareness and use of the private enforcement system and alternative dispute resolution mechanisms. Most of the participants have heard about the private enforcement agents but in terms of their awareness for mediation centers and arbitration, most of the participants were not aware of the existence and benefits of using such mechanisms.

One focus group participant shared a story about a client who did not fulfill his payment obligation. The business representative referred the case to court and a court decision was issued in his favor, but was not be respected by the other party, thus the focus group participant referred the case to a private enforcement agent. However, the participant's business was unable to recover the money owed because the other party had no funds in its bank account and no assets registered under its name.

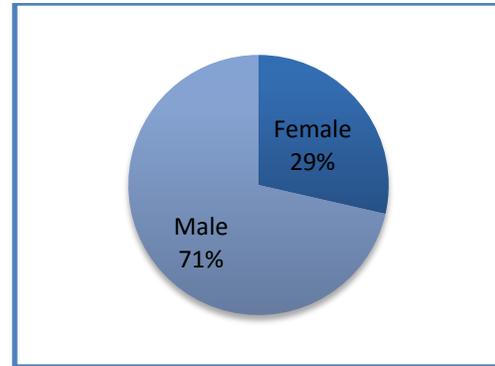
Although the quantitative survey revealed that more than half of the business respondents refer their cases to courts and almost 40% of them are somewhat confident with the justice system, when focus group participants were asked to describe the Kosovo justice system in one word or phrase that came first into their minds, these were the words that came out of the discussion:

“Not functional”; “Catastrophe”; “Indifferent”; “Something that is never enforced”; “It does not exist”; “Hope it never crosses your road”; “Non-professional”; “There is no justice in Kosovo”; “Thiefs”; “None”; “Corrupted”; “Stagnation”; “Formality”; “Not fair at all”.

Focus group discussions further revealed that although businesses have negative perceptions towards the justice system in Kosovo, they still refer their disputes to courts because they are not aware of other alternative dispute resolution mechanisms,

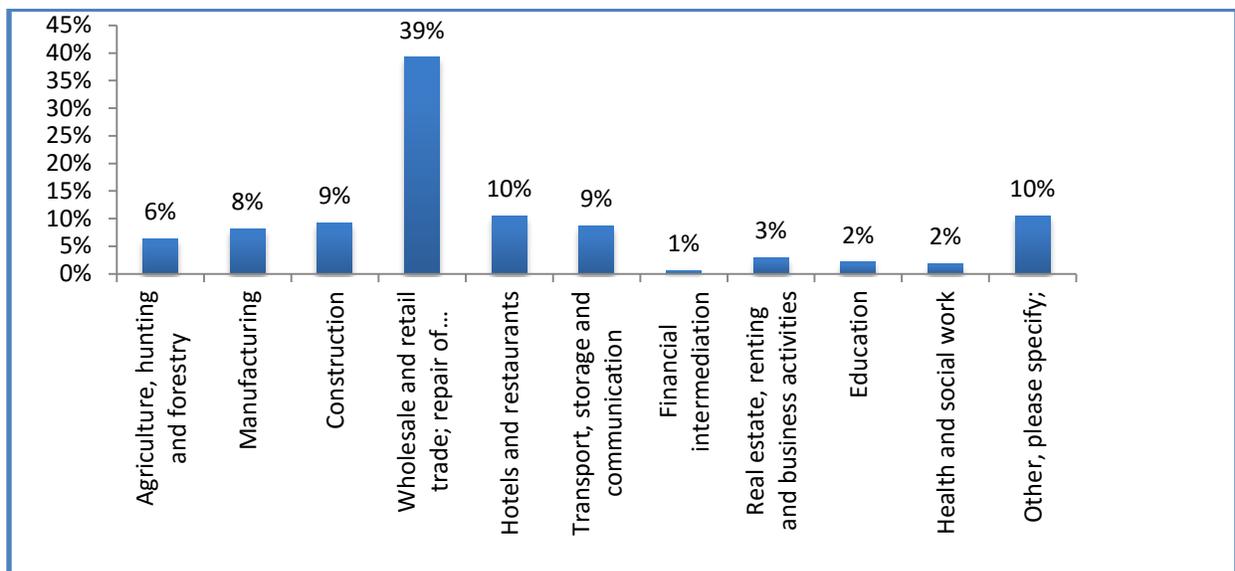
## 5.5. Women Employment

In addition to exploring the usage of contracts and perceptions of businesses in enforcement of contracts, the national survey explored the views of businesses towards the employment of women and company practices and procedures that promote and encourage the employment and retention of women employees. Of the 900 businesses that participated in the survey, there were 8,376 employees in total, out of which 2,393 (29%) were female and 5,983 (71%) were male, which reflects a slight increase of 5.2% from the 2014 Survey in terms of women's labor participation in the private sector.



Graph 39: Employees Disaggregated by Gender

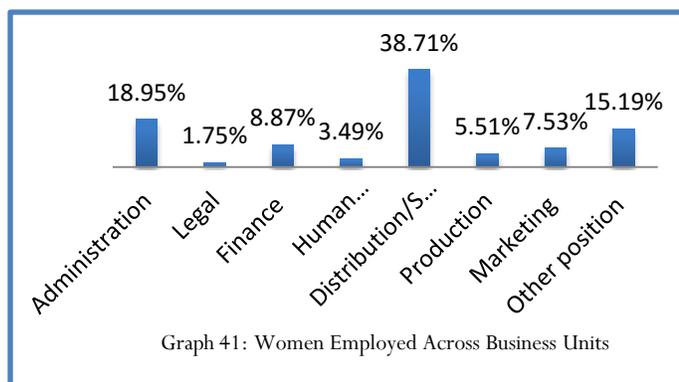
Furthermore, the business sectors that employ the most women are *Wholesale and Retail Trade* (39%); *Hotels and Restaurant* (10%); *Transport, Storage and Communication* (9%).



Graph 40: Women Employed Across Business Sectors

When looking at the women employed across different business units, women are most actively working in the *Distribution/Sales* functions (38.71%); *Administration* (18.95%) and *Other* positions (15.19%).

Women are least dominant in the *Legal* (1.75%); *Human Resources* (3.49%) and *Production* (5.51%) functions which gives credence to the notion of a gender bias that is associated with such



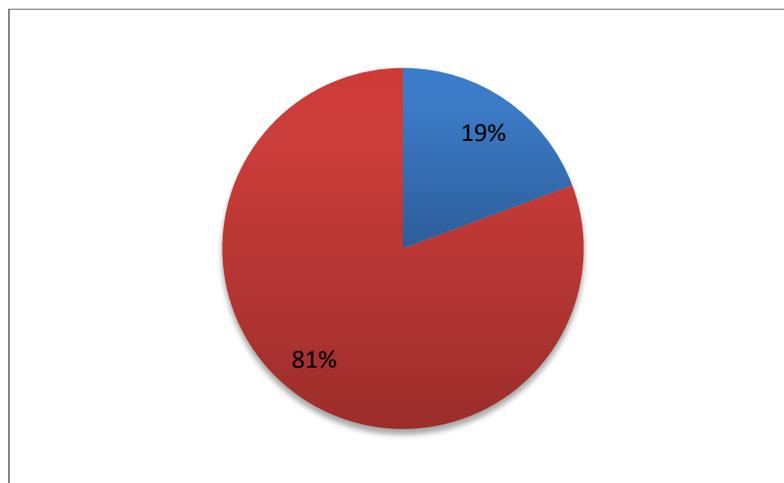
Graph 41: Women Employed Across Business Units

positions, and may also be explained by a lack of will from business owners (mostly male) to provide equal opportunities and encouragement to female employees to become involved in these functional areas of work, where women are under-represented. It is unknown however, to what extent the under-representation of women in these business units is due to a lack of interest by women to engage in these fields.

Further in-depth discussions held with business representatives supported the findings by pinpointing that women employees are mostly dominant in administrative and sales positions. A business working in the agriculture/manufacturing industry pointed out that women can only be employed in certain functions and industries and explained that in his business, women are employed in administration/finance positions and as office cleaners and men are focused in the production area because, as he emphasized “these jobs require duties of carrying heavy items and other responsibilities that it is more physically difficult for women to do”. It was also argued that it is preferable for women to work in administration/finance positions because they are more punctual; detail-oriented and much more disciplined compare to men and these are important traits to perform successfully in such functions.

Furthermore, three business representatives working in textile and shoe production revealed that most of their labor force is dominated by women because of the nature of their production activities which includes sewing, washing, ironing. As one of the business representative put it “these are responsibilities that have been traditionally performed by women in Kosovo”, whereas duties that include carrying heavy items; loading and unloading goods are completely done by men “who are physically stronger” and can handle such responsibilities. These anecdotes confirm and highlight that despite certain strides made by women in the private sector, there remains prejudice regarding the types of positions and roles that are and are not appropriate for women to hold.

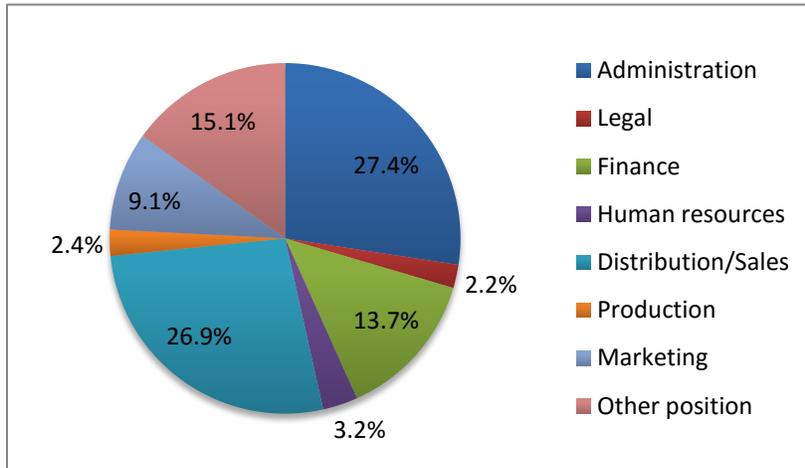
Out of 2,393 reported female employees, only 19% hold managerial positions versus the 81% who hold non-managerial positions.



Graph 42: Percentage of Women in Managerial Position

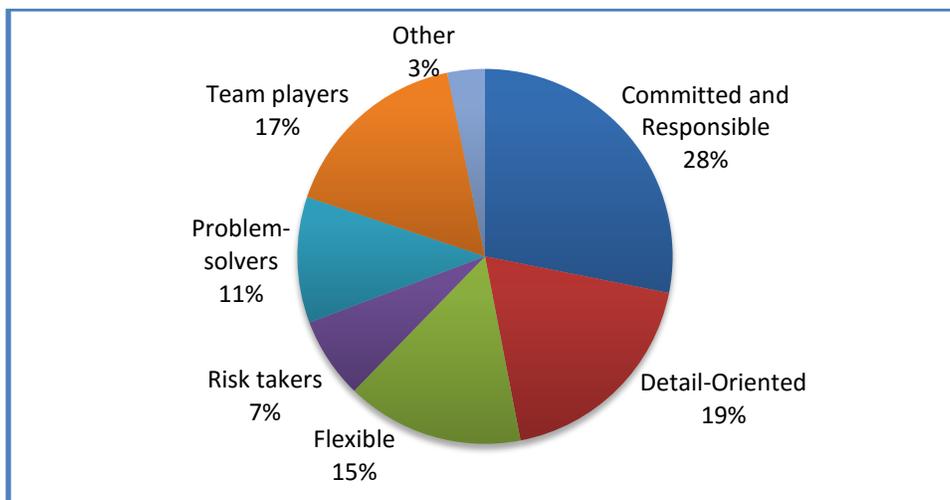
Furthermore, as the graph below indicates, women in managerial positions are most prominent in Administration (27.4%); Distribution/Sales (26.9%); Other positions (15.1%) and Finance (13.7%), whereas Marketing (9.1%); Human Resources (3.2%); Production (2.4%) and Legal (2.2%) have the least amount of women in managerial

positions, which gives us an idea about the current gender disparities in the private sector in Kosovo but also, potentially, the limited skills and knowledge of women to be able to fill in the current labor market gaps.



Graph 43: Percentage of Women in Managerial Position across departments

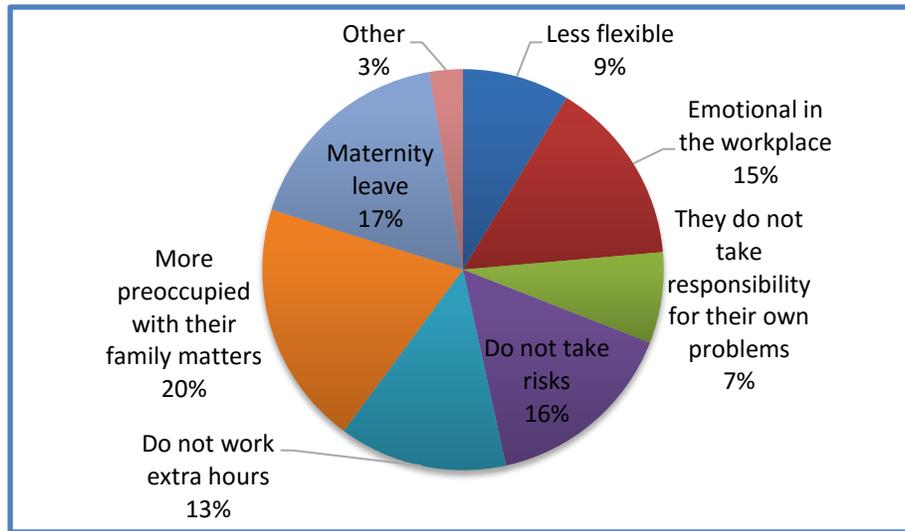
Findings revealed that the surveyed businesses see certain advantages of employing women in businesses. Based on the survey, 28% of the business respondents find women to be committed and responsible employees; 19% consider them to be detail-oriented; 17% perceive them as team players; 15% consider them as flexible. However, only 11% of surveyed businesses consider women to be problem-solvers, and only 7% perceive women employees as risk takers. These results shed light on how business owners, who are mostly male, perceive women in the workplace, and also provides a message on the perceived weaknesses that women portray in the working environment such as being less likely to take risks and lesser problem solvers.



Graph 44: Advantages of Employing Women

Findings were further supported by focus group discussions in which it was argued that women are more trustful and thus should hold more managerial positions but they need to be more insistent and visionary for taking such opportunities. Companies should provide equal opportunities to both women and men and there should be a clear career path and professional advancement opportunities for them within their companies in order for them to grow

and advance professionally. Furthermore, it was also argued that although equal opportunities shall be provided to both women and men, it is more difficult for women to be employed in the private sector because of the long working hours and lack of opportunities to have more responsibilities, negotiate and lead bigger teams.



Graph 45: Disadvantages of Employing Women

On the other hand, the disadvantages of employing women in the private businesses identified by the surveyed businesses are: greater preoccupation with family matters (19.7%); maternity leave (17.5%); being emotional in the workplace (15%); not taking risks (15.6%); not working extra hours (13.6%); being less flexible (8.6%); not taking responsibility for their own professional problems (7.3%). These results highlight the challenges that women face when working in the private sector. The new maternity leave provisions within the Labor Law in Kosovo stipulate that female employees have the right to 12 months of maternity leave, 9 of which are paid (3 months by the State and 6 months by the business). However, there have been many difficulties in implementing the law from the employer's side because the small businesses, which comprise the majority of Kosovo's private sector, struggle to pay the 6 months of compensation and find a replacement for their employee, thus creating difficulties for women to get employed and maintain their job positions.

Focus group discussions also revealed the perception that women lack motivation and self-confidence compared to men when wanting to achieve higher positions in the career ladder. Women are also perceived to be weaker which may be a commentary on how women were raised and whether they were treated equally in their family environments.

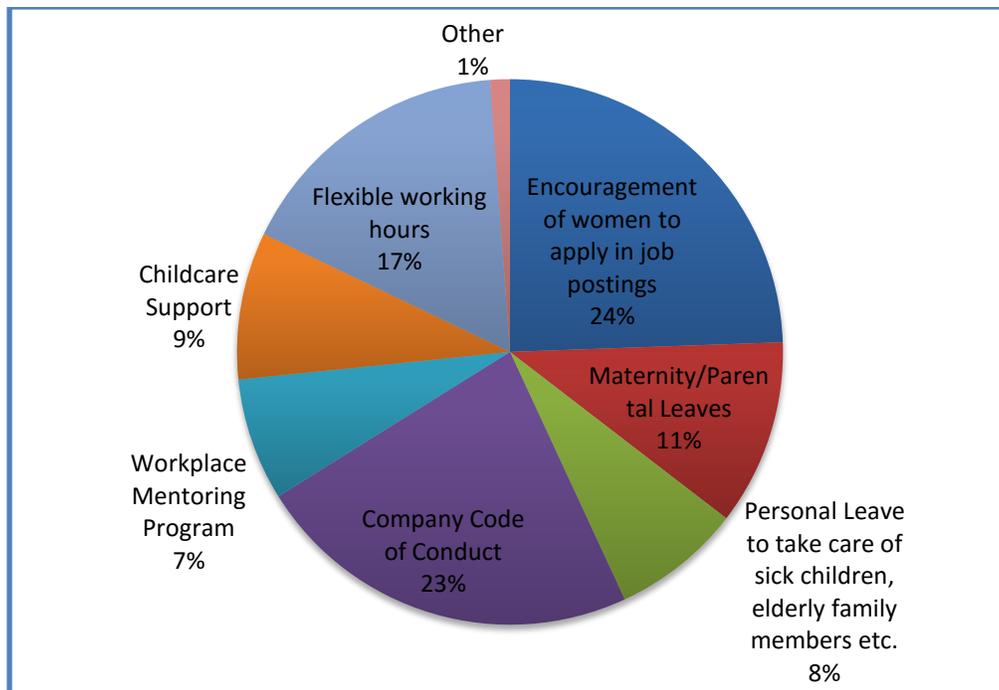
One of the focus group participants discussed her experiences as a female architect, responsible for supervising the construction of a commercial building. She explained her challenges in communicating instructions to her subordinates; there were many times when she was not taken seriously and was forced seek out help from her male colleague. In order for the work to be completed and deadlines met, her male colleague had to be the one giving the instructions.

An example was provided by one of the focus group participants which referred to the banking sector in Kosovo where a vast majority of employed women are not promoted to higher level managerial positions because of the maternity leave provisions. One of the male participants stated that women perform better than men in the

workplace, they are more trustworthy and if he had any opportunity to promote one of his employees in a managerial position, he would favor a woman for this position rather than a man. This anecdote further sheds light on how the current maternity leave provisions are impeding women’s chances at advancement, as well as the challenges businesses, particularly small ones, face regarding payment of salary during maternity leave, and how this affects their decision to hire and promote women.

Company policies aimed at employing and retaining women in the workplace that have been implemented by the surveyed businesses include: encouragement of women to apply in job postings (24%); Company Code of Conduct (23%); flexible working hours (17%) maternity/parental leave (11%); childcare support (9%). personal leave to take care of children and elderly members of the family (8%); and workplace mentoring program (7%).

These numbers show that there is still a considerably low level of awareness and will from businesses to employ, retain, and incentivize women in the workplace. Training workshops and awareness raising campaigns may help to challenge and change attitudes toward women in the workplace.



Graph 46: Company Policies that Promote Recruitment and Retention of Women in the Workplace

Focus group discussions shed light into how maternity leave has created obstacles for women to be employed in the private sector because it has created a huge financial burden for private companies to cover the six months compensation as required by law. It was also agreed that private companies should work more towards setting result-based performance indicators and provide to their female employees flexible working hours and arrangements to work from home in order for them to manage their family responsibilities and at the same time produce business – oriented results. It was also argued that the establishment of such practices depends entirely on the nature and size of the businesses, whereby bigger companies have more drive in pushing the integration of such practices rather than the smaller businesses.

## 6. CONCLUSIONS

The findings indicate that, in general, businesses use more written contracts and even more frequently when comparing to the 2011 and 2014 Survey. Knowledge of the importance and benefits of entering into written contracts has improved as compared with 2011 and 2014 results and awareness of alternative dispute resolution (ADR) mechanisms has increased generally compared to 2011 results but experienced a decrease compared to the 2014 results in preferring mediation over other justice institutions. Courts continue to be ranked by business respondents as the highest preferred justice institution for dispute resolution. There is still need to raise more awareness regarding the mediation centers and arbitration services.

Businesses still face the challenge of using written contracts in their business transactions because of their business mindset; limited knowledge; and their limited resources in integrating contracts into their activities/transactions. Contracts are drafted internally by non-legal internal staff whose legal knowledge and drafting skills are limited, and require extensive support. Although the quantitative survey revealed that more than half of the business respondents refer their cases to courts and almost 40% of them are somewhat confident with the justice system, businesses still continue to have negative some perceptions towards the justice system in Kosovo.

Survey findings have also assessed progress and trends concerning women in the workforce. Women continue to be less active in the private sector compare to men mainly due to unequal access to education; maternity leave provisions; cultural norms and gender bias in the workplace. However, in terms of women holding managerial positions, there was a 9% positive change from the 2014 Survey results.

## **ANNEX I: References**

SEAD Program Report- National Survey on Contracts –2011

CLE Program Report- National Survey on Contracts - 2014

CLE Program Report- Gender Equality in Commerce- 2014

Labour Law- No.03/L –212- Republic of Kosovo Assembly

## ANNEX II: Methodology

The methodology that was implemented for conducting the quantitative survey with 900 businesses is described as follows:

### 1. Review CLE 2014 Survey

### 2. Sampling Procedure for PAPI Interviews

In order to target effectively the survey respondents as per the requirements set by CLE, RTC recommends following a sampling process which includes:

#### 2.1. Target population

Our team defined the target population in terms of elements, sampling units, extent and time.

**Element:** Male and female –Owners/CEOs; Finance Managers

**Sampling Units:** Business Units

**Extent:** Seven regions of Kosovo

**Time:** 13<sup>th</sup> October-3<sup>rd</sup> November 2015

#### 2.2. The sampling frame

The list of businesses divided by specific sector and size derived from the directories of Business Registration Agency of Kosovo.

#### 2.3. Sampling technique

*Probability Sampling* was utilized by focusing on *Stratified Sampling* which is a two-step process in which the population is partitioned into subpopulations or strata such as Regions and Business Sectors. The sample elements which are the Business Units were selected probabilistically for each strata as per the market statistics published from the Business Registration Agency in Kosovo.

Business Sector	Business Sample	Region	Business Sample
Agriculture, hunting and forestry (3.85%)	35	Prishtine (38.05%)	342
Fishing (0.05%)	1	Prizren (13.42%)	120
Mining and quarrying (0.55%)	5	Ferizaj(11.33%)	102
Manufacturing (9.53%)	86	Gjakove (6.84%)	95
Electricity, gas and water supply (0.22%)	2	Peje(9.94%)	90
Construction (7.66%)	67	Gjilan(10.60%)	88
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household	350	Mitrovice(9.81%)	63
		TOTAL	900

goods (38.91%)	
Hotels and restaurants (10.18%)	92
Transport, storage and communication (11.60%)	104
Financial intermediation (0.39%)	4
Real estate, renting and business activities (7.35%)	66
Public administration and defence; compulsory social security (0.28%)	3
Education (0.95%)	9
Health and social work (1.81%)	16
Other community, social and personal service activities (6.67%)	60
TOTAL	900

The methodology used for focus groups:

1. **Designed the focus group outlines in close consultation with CLE assigned team**
2. **Recruited representatives from the business sectors participating in the quantitative national survey**

These focus groups consisted of a total number of 24 business representatives **with each of the focus groups lasting up to 2 hours, organized** at appropriate times in order to ensure full availability of the participants (10am-12am; 2pm-4pm)

Once a group of viable recruits was established, RTC staff called each one to confirm interest and availability, provided the participants with the times and locations of the focus groups, and secured verbal confirmation. RTC staff emailed the participants written confirmation and called to remind them two days before the scheduled group. RTC staff told participants that the focus group will take about one and half to two hours, and gave them a starting time 15 minutes prior to the actual start of the focus group to allow for filling out necessary paperwork, having a coffee, and settling into the group.

The focus groups were conducted by a team consisting of a moderator and assistant moderator. The moderator facilitated the discussion; the assistant took notes, and noted/recorded body language, or other subtle but relevant clues.

## ANNEX III: Questionnaire

RTC Consulting has been contracted by the USAID Contract Law Enforcement Program in order to conduct a study with private sector representatives on examining contract usage and contract enforcement in the judicial system in Kosovo. Survey results will be published in an anonymous form and all business specific information will be kept confidential in accordance with the existing data protection legislation and international research standards.

Our team is committed in providing clear and accurate results and in order to verify the information provided by our field researchers, we request you to provide your email or your telephone number. Our team might contact you in the following days in order to ensure that the survey was filled in with accurate information and to control the quality level of the work conducted by our field researchers.

### A. DEMOGRAPHICS & GENERAL INFORMATION OF THE BUSINESS

**A1. REGION [Codes: 1-Pristina, 2-Mitrovica, 3-Prizren, 4-Peja, 5-Ferizaj, 6-Gjakova, 7-Gjilan]**  
(Please, write the code number of the respective region ex. 01)

|\_|\_|

**A2. MUNICIPALITY** \_\_\_\_\_

**A3. NAME OF THE COMPANY** \_\_\_\_\_

**A4. GENDER OF THE BUSINESS OWNER**

- Male
- Female

**A5. ETHNICITY OF BUSINESS OWNER**

- Albanian
- Serb
- Bosnian
- Goran
- Turk
- Roma
- Ashkali
- Egyptian
- Other. Which? \_\_\_\_\_

**A6. GENDER OF THE RESPONDENT**

- Male
- Female

**A7. POSITION IN THE COMPANY**

- Owner
- Executive Director
- Manager of the Department
- Other, Please Specify: \_\_\_\_\_

**A8. ETHNICITY OF THE RESPONDENT**

- Albanian
- Serb

- Bosnian
- Goran
- Turk
- Roma
- Ashkali
- Egyptian
- Other. Which? \_\_\_\_\_

**A9. YEAR OF ESTABLISHMENT OF THE COMPANY**

- Before 1999
- 2000-2010
- 2010-2015

**A10. TYPE OF BUSINESS:**

- INDIVIDUAL BUSINESS
- GENERAL PARTNERSHIP
- LIMITED PARTNERSHIP
- LIMITED LIABILITY COMPANY
- JOINT STOCK COMPANY
- OTHER: : \_\_\_\_\_

**A11. AREA OF ACTIVITY (CIRCLE ALL RELEVANT):**

Sector number	Description
A	Agriculture, hunting and forestry
B	Manufacturing
C	Construction
D	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
E	Hotels and restaurants
F	Transport, storage and communication
G	Financial intermediation
H	Real estate, renting and business activities
I	Education
J	Health and social work
K	Other, please specify;

**A12. WHAT IS YOUR COMPANY'S YEARLY TURNOVER (in Euros)?**

- 0-10000
- 10001- 50000
- 50001-100,000
- 100,001-500,000
- 500,001-1,000,000
- ABOVE 1,000,000

**A13. DO YOU HAVE AN IN-HOUSE COMPANY LAWYER?**

- Yes
- No

**A14. TOTAL NUMBER OF EMPLOYEES IN YOUR COMPANY?**

# Total (\_\_\_)

# Female Employees (\_\_\_)

**A15. IN WHICH POSITIONS/DEPARTMENTS ARE THE FEMALE EMPLOYEES POSITIONED?**

- a) Administration
- b) Legal
- c) Finance
- d) Human Resource
- e) Distribution/Sales
- f) Production
- g) Marketing
- h) Other:

**A16. TOTAL NUMBER OF FEMALE EMPLOYEES IN MANAGERIAL POSITIONS**

(\_\_\_) If yes, in which departments?

- Administration
- Legal
- Finance
- Human Resource
- Distribution/Sales
- Production
- Marketing
- Other:
  
- **No female employees in managerial positions**

**A17. IF ANY, WHAT ARE THE ADVANTAGES OF EMPLOYING WOMEN IN YOUR COMPANY?**

- a) Committed and Responsible
- b) Detail-Oriented
- c) Flexible
- d) Risk takers
- e) Problem-solvers
- f) Team players
- g) Other, please specify:

**A18. IF ANY, WHAT ARE THE DISADVANTAGES OF EMPLOYING WOMEN IN YOUR COMPANY?**

- a) Less flexible
- b) Emotional in the workplace
- c) They do not take responsibility for their own problems
- d) Do not take risks
- e) Do not work extra hours
- f) More preoccupied with their family matters
- g) Maternity leave
- h) Other, please specify:

**A19. IF ANY, WHAT COMPANY POLICIES ARE IN PLACE THAT PROMOTE THE RECRUITMENT AND RETAINMENT OF WOMEN IN THE WORKPLACE?**

(Please circle all relevant)

- a) Encouragement of women to apply in job postings
- b) Maternity/Parental Leaves
- c) Personal Leave to take care of sick children, elderly family members etc.
- d) Company Code of Conduct
- e) Workplace Mentoring Program

- f) Childcare Support
- g) Flexible working hours
- h) Other, please specify:

## B. CONTRACTS

**B1. DO YOU USE WRITTEN CONTRACTS IN DEALING WITH BUSINESS TRANSACTIONS?**

- YES  NO

**B2. IF NO, WHAT ARE THE REASONS FOR NOT USING WRITTEN CONTRACTS?**

*(Please circle all relevant)*

- a) Lack of enforcement of contract by regulatory bodies
- b) It is not necessary for this type of business
- c) Contracts make work more difficult/slow down the performance
- d) Are not well regulated by law
- e) Contracts damage the business
- f) Contracts create distrust among partners
- g) Contracts are a waste of time
- h) Other, please specify:

**B3. IF YES, FOR WHICH BUSINESS TRANSACTIONS DO YOU USE WRITTEN CONTRACTS?**

*(Please circle all relevant)*

- a) Employment
- b) Supply of Services/Goods
- c) Clients
- d) Rent of facilities/equipment
- e) Business Partners
- f) Other, please specify :

**B4. IF YES, HOW OFTEN DO YOU USE WRITTEN CONTRACTS IN DEALING WITH BUSINESS TRANSACTIONS?**

*(Please circle only one option)*

- ALWAYS  GENERALLY  SOMETIMES  ON SPECIFIC CASES  NEVER

**B5. IF YES, WHO IS RESPONSIBLE FOR DRAFTING THE WRITTEN CONTRACTS?**

*(Please circle all relevant)*

- a) CEO
- b) Manager of the Department
- c) Company Lawyer
- d) Financial Officer
- e) Administrative Assistant
- f) Other, please specify:

**B6. WHICH OF THE WRITTEN CONTRACTS DO YOU USE IN YOUR COMPANY?**

*(Please tick with an X all relevant contracts)*

No.	TYPE OF CONTRACT	USAGE OF CONTRACT

		YES	NO
1	SUPPLY CONTRACTS		
2	EXCHANGE CONTRACTS		
3	RENT/LEASE CONTRACT		
4	ACT CONTRACT		
5	CONSTRUCTION CONTRACT		
6	TRANSPORTATION CONTRACT		
7	LICENSE CONTRACT		
8	COMISSION CONTRACT		
9	INTERMEDIATION CONTRACT		
10	CONTRACTS FOR USE OF GOODS AND SERVICES		
11	DEPOSIT CONTRACT		
12	AUTHORIZATION CONTRACT		
13	PATNERSHIP CONTRACT		
14	EMPLOYMENT CONTRACT		

**B7. WHAT TYPE OF PROBLEMS DO YOU HAVE WHEN USING WRITTEN CONTRACTS?**  
(Please circle all relevant)

- non-payment
- delay of payment
- misunderstanding of the conditions of the contracts
- misinterpretation of the conditions of the contracts
- unfavourable conditions of the contracts
- infringement of the duration of terms of the contracts
- infringements of other conditions of the contracts
- unilateral modification of the conditions of the contract
- altering the qualities of the objects of the contracts
- lack of enforcement of contract by regulatory bodies
- all the above mentioned options
- other, please specify:
- no problems

**B8. WHEN DRAFTING A WRITTEN CONTRACT, DO YOU USE A CONTRACT TEMPLATE?**

- Yes
- No

**B9. DO YOU NEED A TEMPLATE FOR A WRITTEN CONTRACT?**

- Yes
- No

**B10. IF YES, FOR WHICH TYPE OF THE CONTRACTS, REQUIRED IN YOUR BUSINESS, YOU NEED TO HAVE A TEMPLATE?**  
(Please tick all relevant)

No.	TYPE OF CONTRACT	
1	SUPPLY CONTRACTS	
2	COMPENSATION CONTRACTS	
3	RENT/LEASE CONTRACT	
4	ENTERPRISE CONTRACT	
5	CONSTRUCTION CONTRACT	
6	TRANSPORTATION CONTRACT	
7	LICENSE CONTRACT	
8	COMISSION CONTRACT	
9	INTERMEDIATION CONTRACT	
10	CONTRACTS FOR USE OF GOODS AND SERVICES	
11	SERVICE CONTRACTS (Accountant, legal advice etc)	
12	EMPLOYER CONTRACT	
13	OTHER CONTRACTS	

### C. ATTITUDES

**C1. WHICH TYPE OF THE AGREEMENT DO YOU TRUST MORE IN BUSINESS AFFAIRS?**

(Please, circle only one option)

- Written agreements
- Oral agreements
- None

**C2. DO YOU BELIEVE THAT CONTRACTS HELP YOU AVOID PROBLEMS IN BUSINESS?**

- Yes, I agree
- No, I do not agree

**C3. HOW OFTEN DO YOUR BUSINESS PARTNERS RESPECT CONTRACTUAL AGREEMENTS?**

(Please, circle only one option)

- Always
- Sometimes
- Not really
- Never

**C4. HAVE YOU HAD A CASE WHEN YOU DID NOT FULFILL YOUR CONTRACTUAL OBLIGATIONS?**

- Yes:
- No

**C5. IF YES, CAN YOU EXPLAIN THE REASONS?**

.....  
.....

**C6. YOU SEE CONTRACTS AS .....:**

(Please, circle all relevant)

- Guarantee for your business
- Helpful for businesses
- Conformity with the law and/or formality
- Obstacle to doing business
- Time consuming

**D. ALTERNATIVE DISPUTE RESOLUTION MECHANISM (ADR) AND CONTRACT ENFORCEMENT**

**D1. BASED ON YOUR EXPERIENCES, HOW OFTEN DO YOU READ WRITTEN CONTRACTS?**

(Please, circle only one option)

- Always
- Usually
- Sometimes
- Rarely
- Never

**D2. WHICH PARTS OF THE WRITTEN CONTRACTS DO YOU READ?**

(Please circle all relevant)

- Title (kind/type)
- Subjects
- General conditions
- Specific conditions
- Mutual obligations
- Duration/ deadlines
- Payment
- Consequences
- Other, please specify: \_\_\_\_\_

**D3. WOULD YOU USE JUSTICE INSTITUTIONS TO RESOLVE CONTRACTUAL DISPUTES?**

- Yes
- No

**D4. IF YES, PLEASE SPECIFY WHICH JUSTICE INSTITUTION WOULD YOU REFER TO?**

(Please circle all relevant)

- Court
- Mediation Center –Licensed Mediator
- Mediator (not licensed)
- Agreement assisted from respective lawyers
- Arbitration Court
- Other \_\_\_\_\_

**D5. WHICH OF THE INSTITUTIONS BELOW IS THE MOST EFFICIENT AND EFFECTIVE?**

Please rank based on your experience, the efficiency and effectiveness level of the institutions presented in the table below. (1)-Least Efficient and Effective; (5)-Most Efficient and Effective

Institution	1	2	3	4	5
Court					
Mediation Center- Licensed Mediator					
Mediator (not licensed)					
Agreement assisted from respective lawyers					
Arbitration Court					
Other _____					

**D6. PLEASE RATE YOUR EXPERIENCE WITH THE COURT SYSTEM IN KOSOVO?**

- Excellent
- Good
- Fair
- Poor

**Knowledge of Staff**

- Excellent
- Good
- Fair
- Poor

**Satisfaction with Outcome**

- Excellent
- Good
- Fair
- Poor

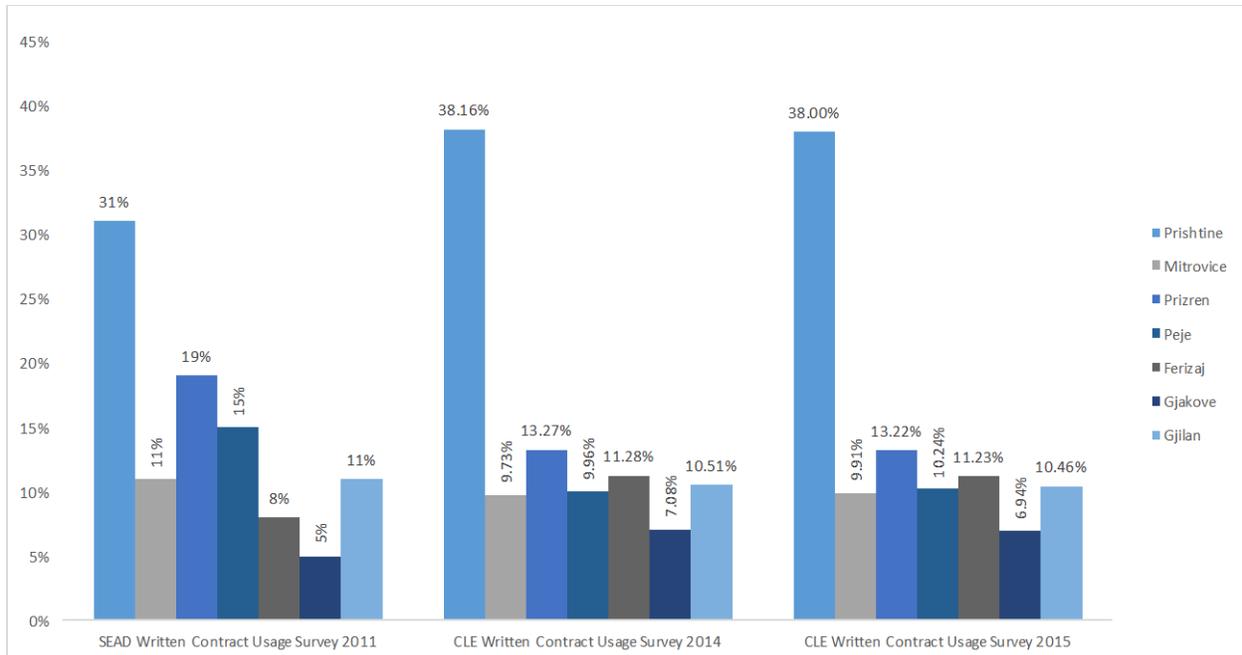
**D7. IN GENERAL HOW WOULD YOU RATE YOUR CONFIDENCE WITH THE JUSTICE SYSTEM IN KOSOVO?**

- Very confident
- Somewhat confident
- Not very confident
- Not at all confident

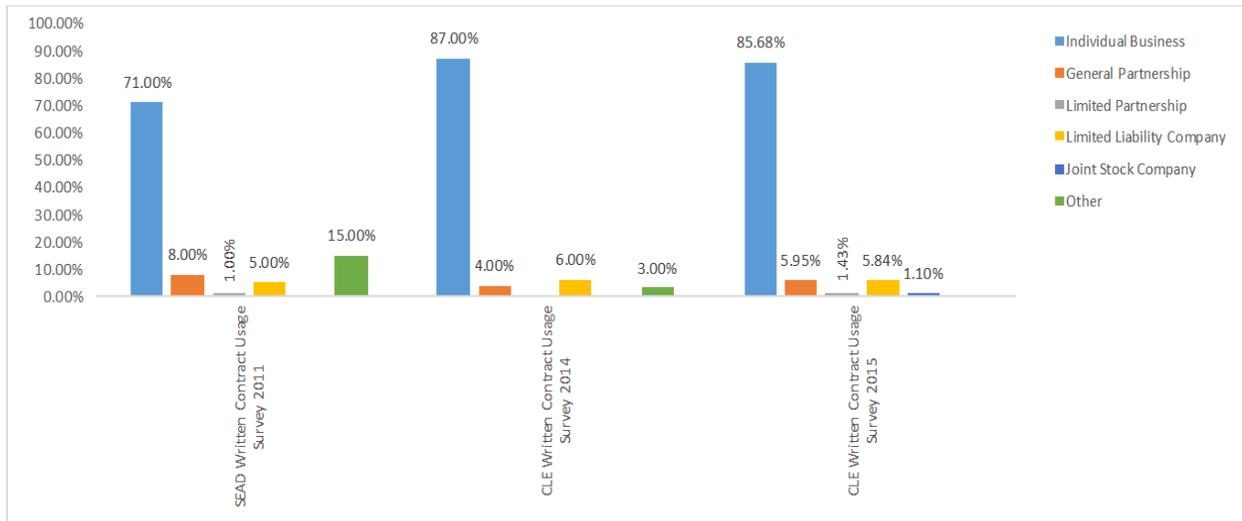
**D8. DO YOU THINK THAT AN INVOICE IS A FORM OF CONTRACT?**

- Yes
- No

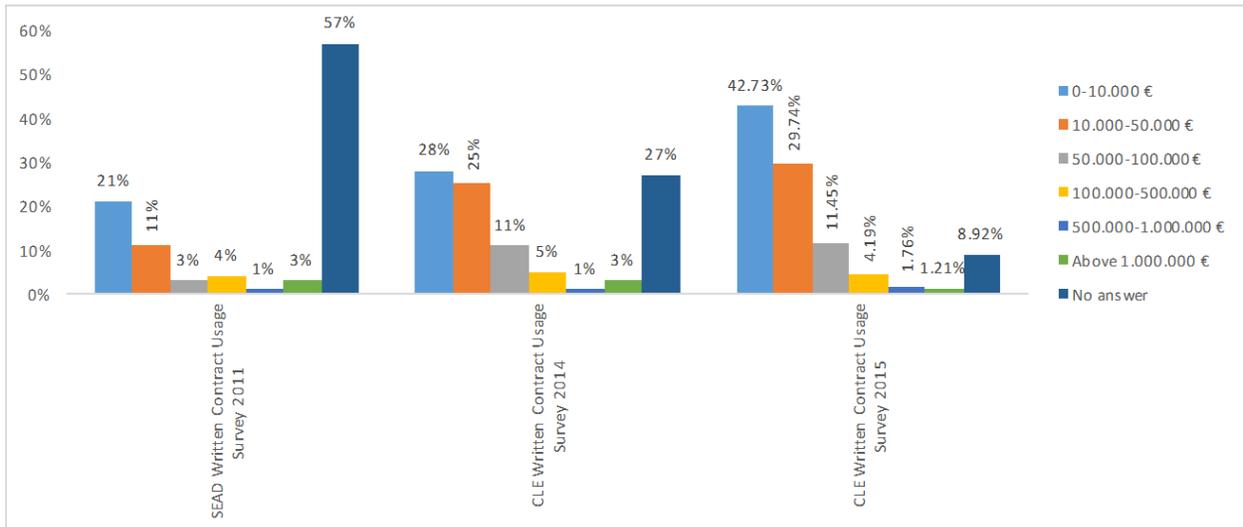
## ANNEX IV: National Survey on Written Contracts: Graph Comparison of 2011 vs 2014 and 2015



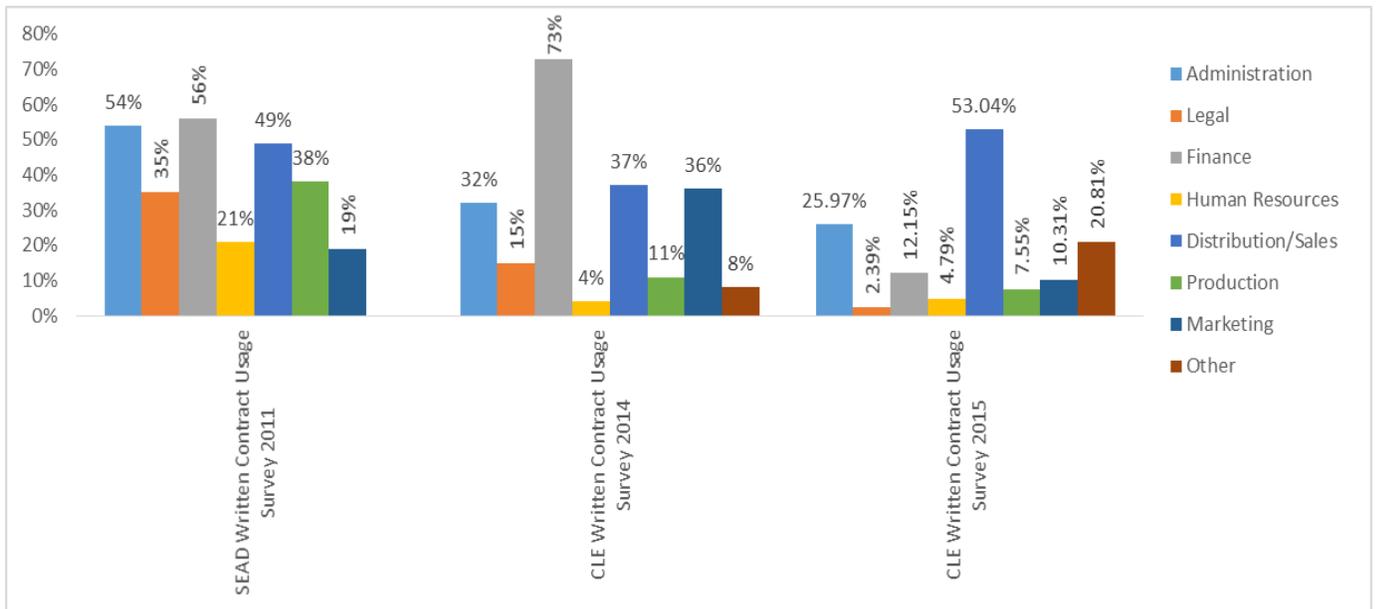
Graph 1: Respondents by region



Graph 2: Respondents by type of business

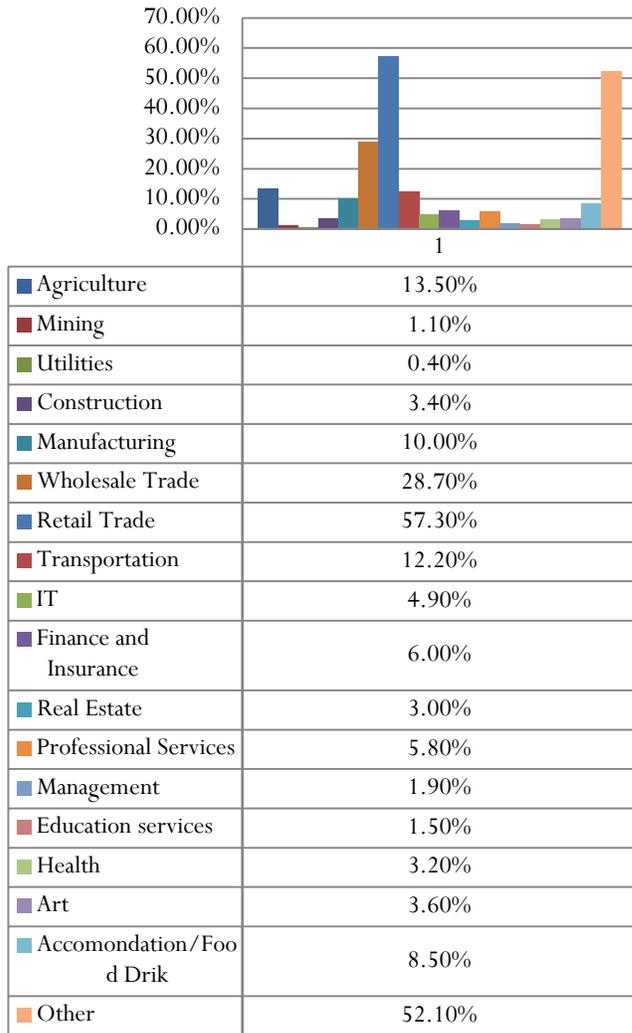


Graph 3: Respondents by annual turnover

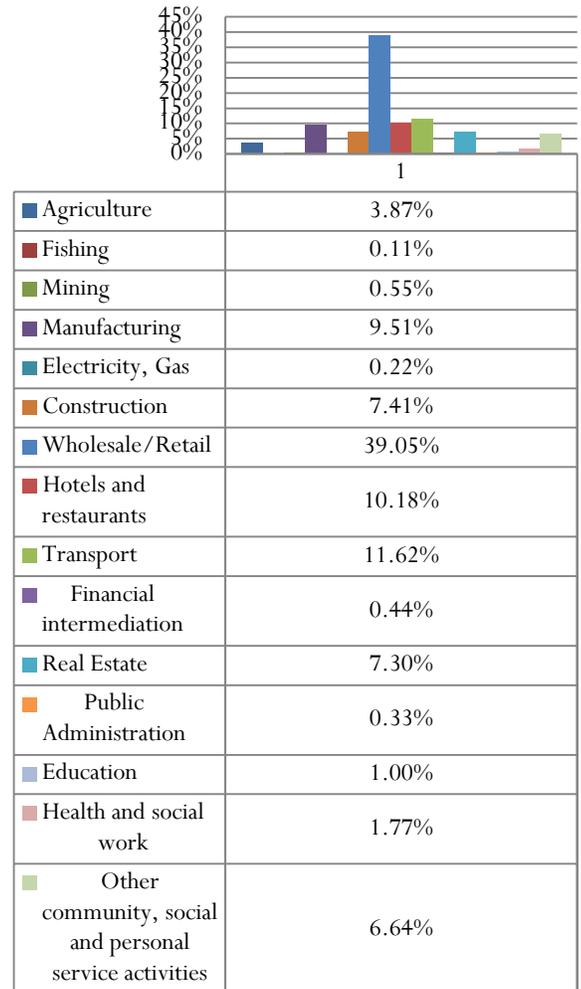


Graph 4: Percentage of Businesses with Specified Units

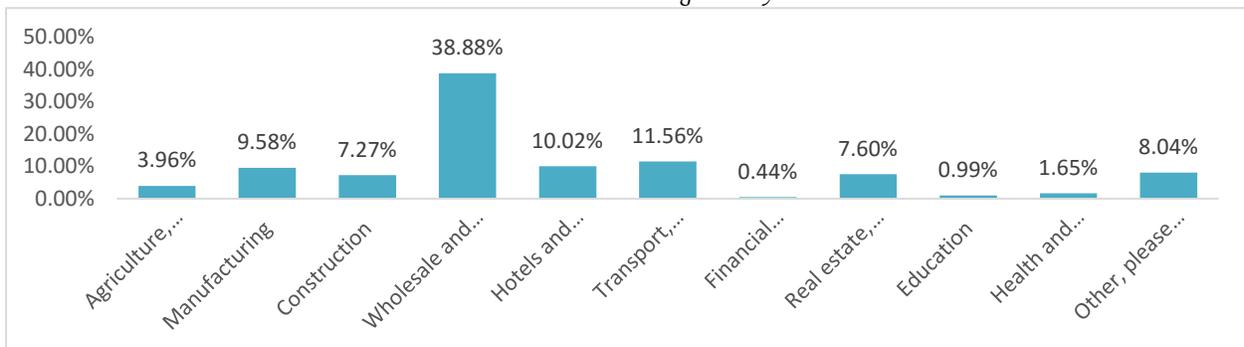
SEAD Written Contract Usage Survey 2011



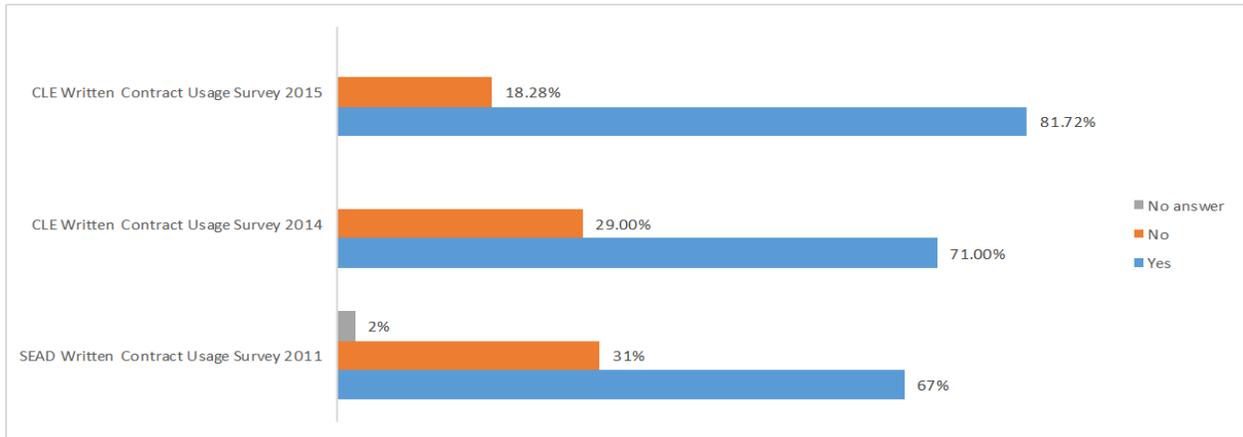
CLE Written Contract Usage Survey 2014



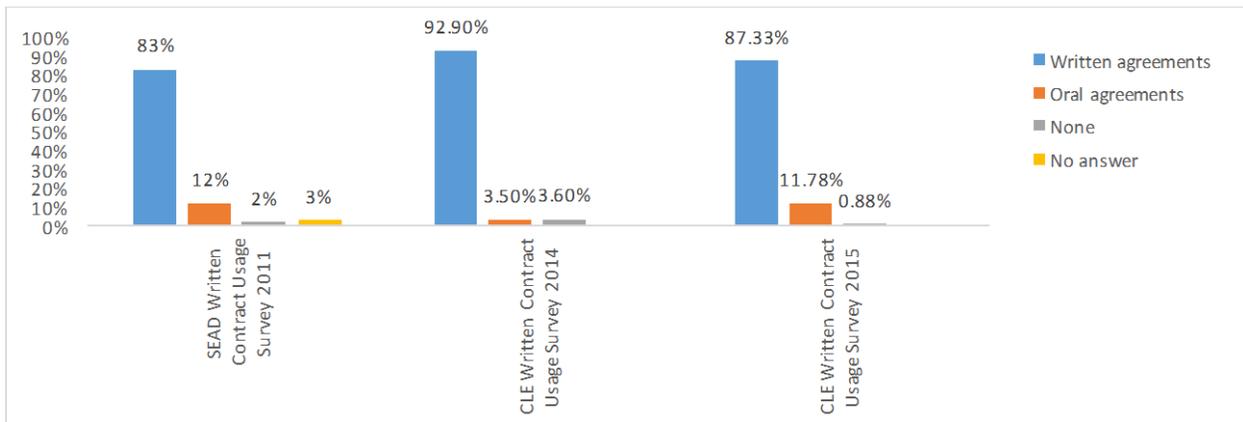
CLE Written Contract Usage Survey 2015



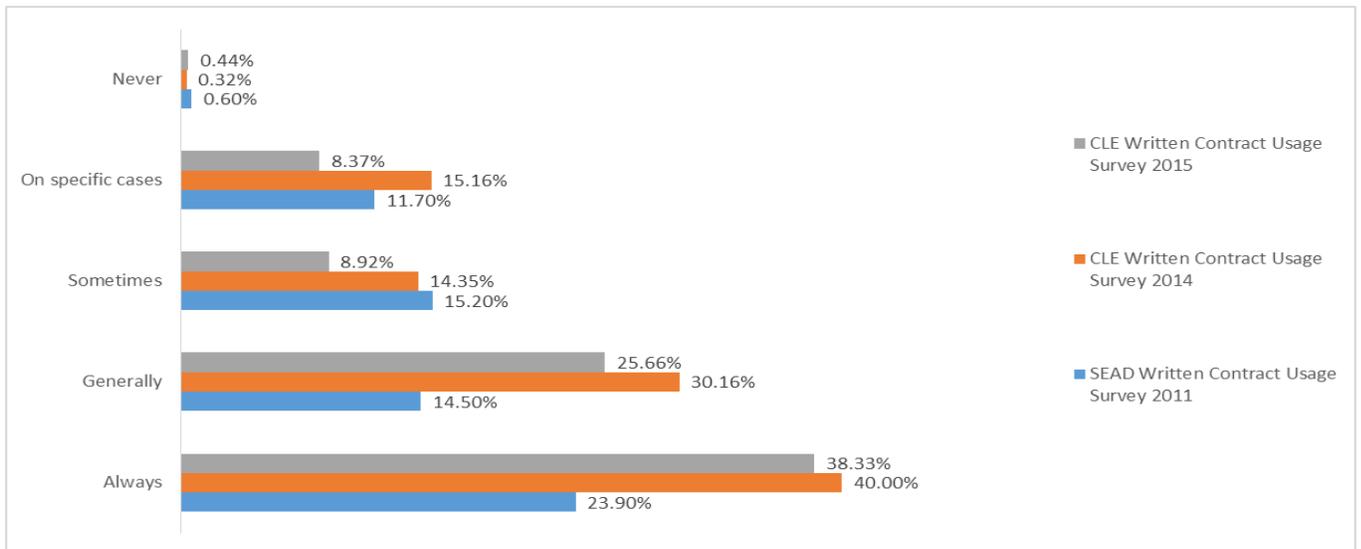
Graph 5: Percentage of Respondent by business activity



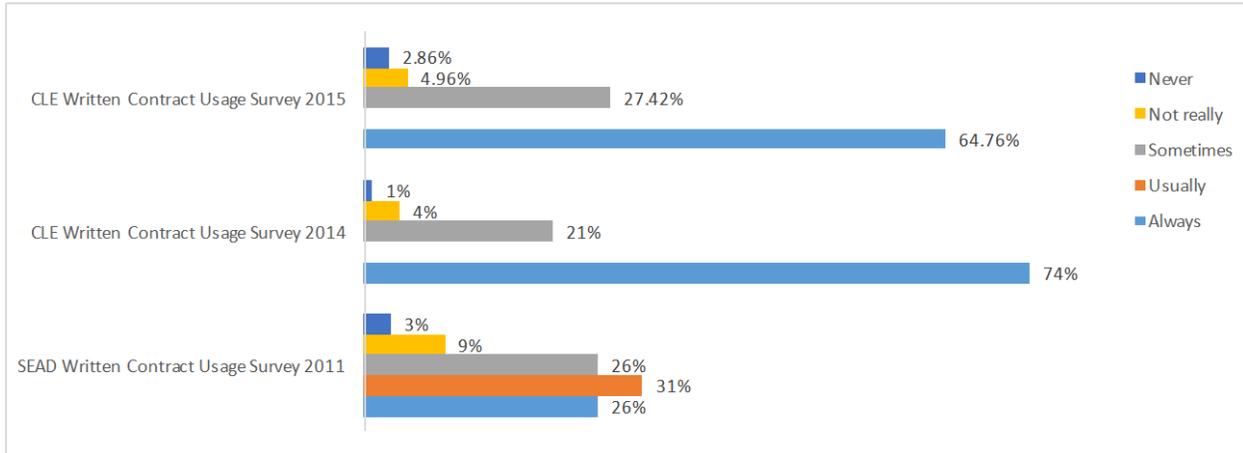
**Graph 6: Do you use written contracts?**



**Graph 7: What type of agreement do you trust more?**

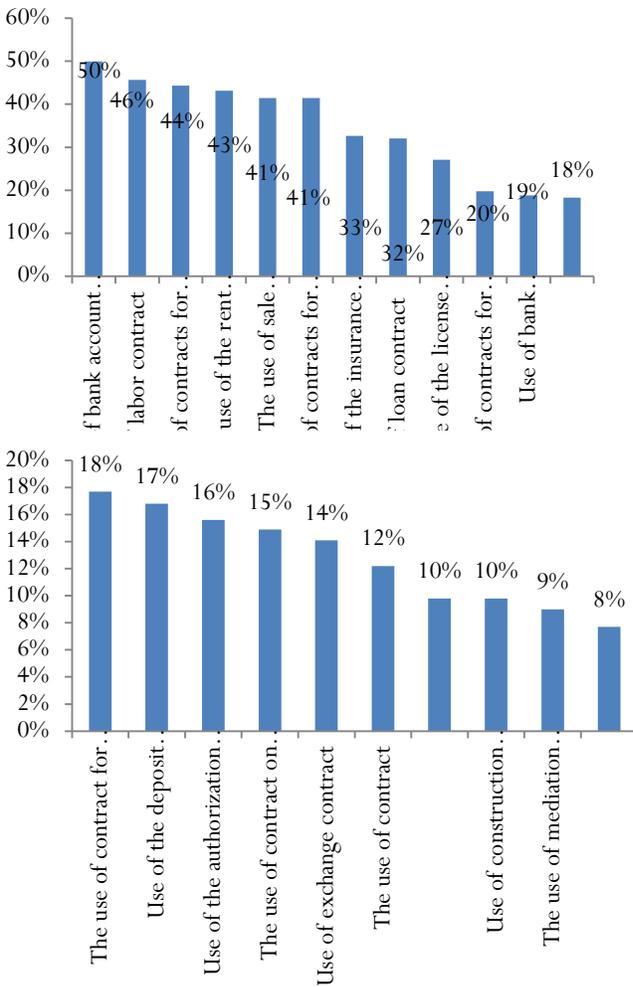


**Graph 8: Frequency of using written contracts**

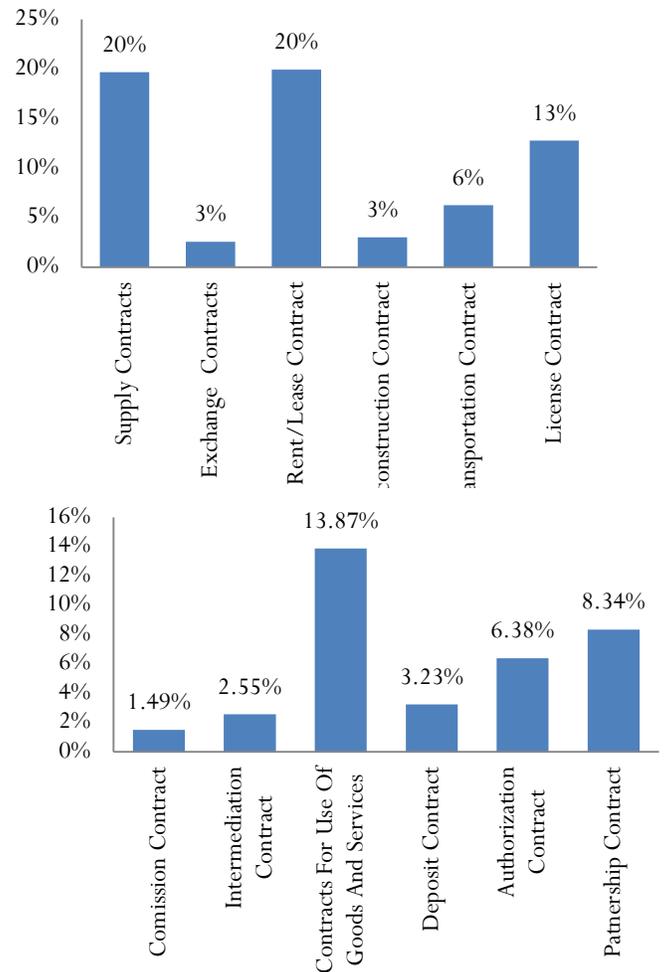


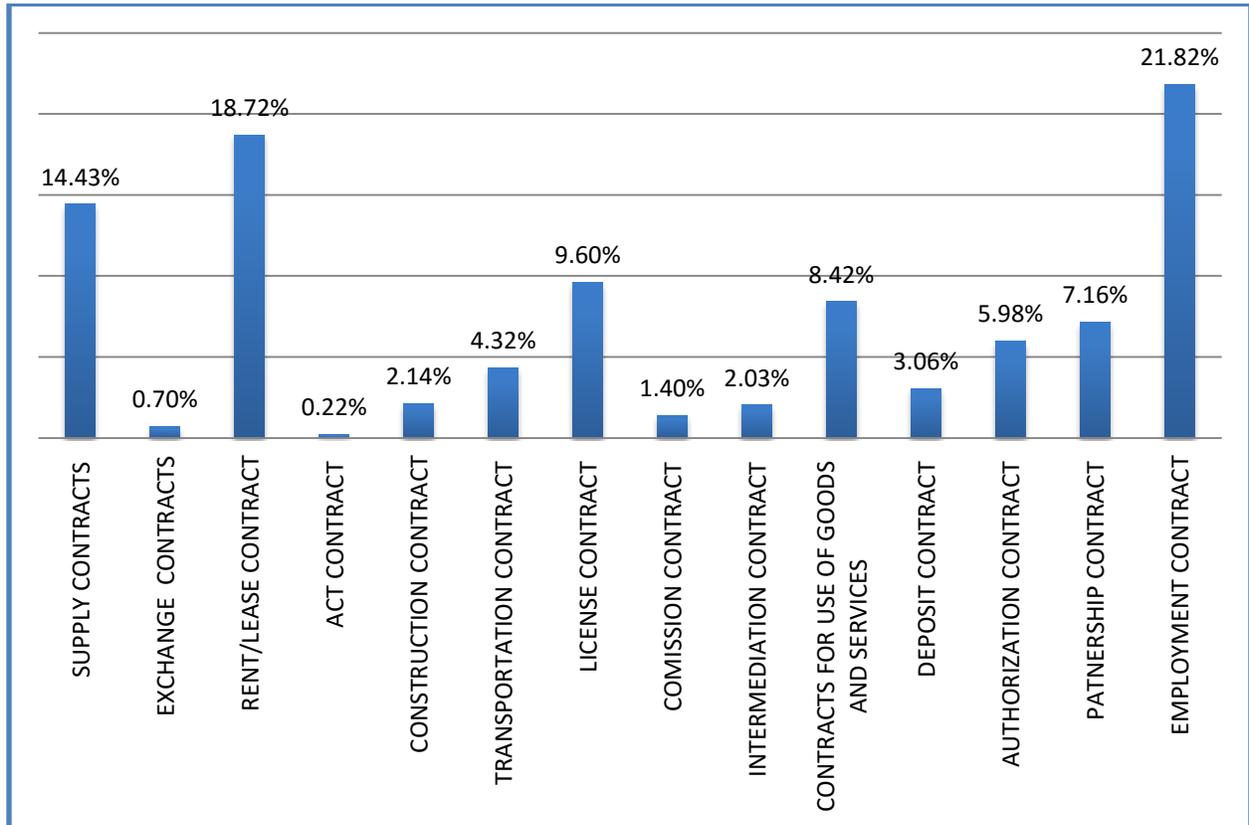
**Graph 9: How often do business partners respect contractual agreements**

*SEAD Written Contract Usage Survey 2011*

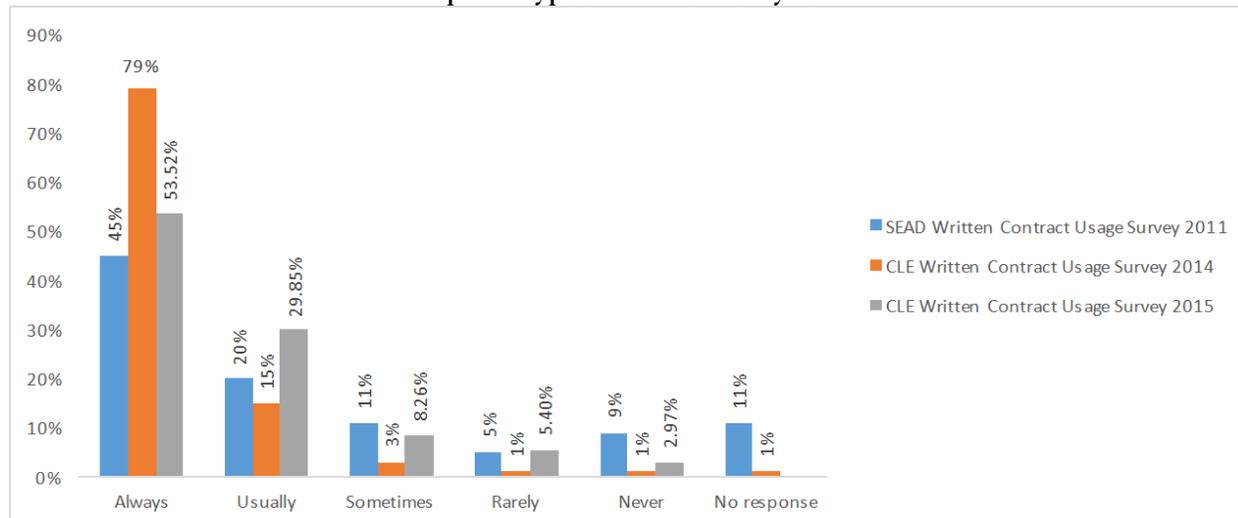


*CLE Written Contract Usage Survey 2014*

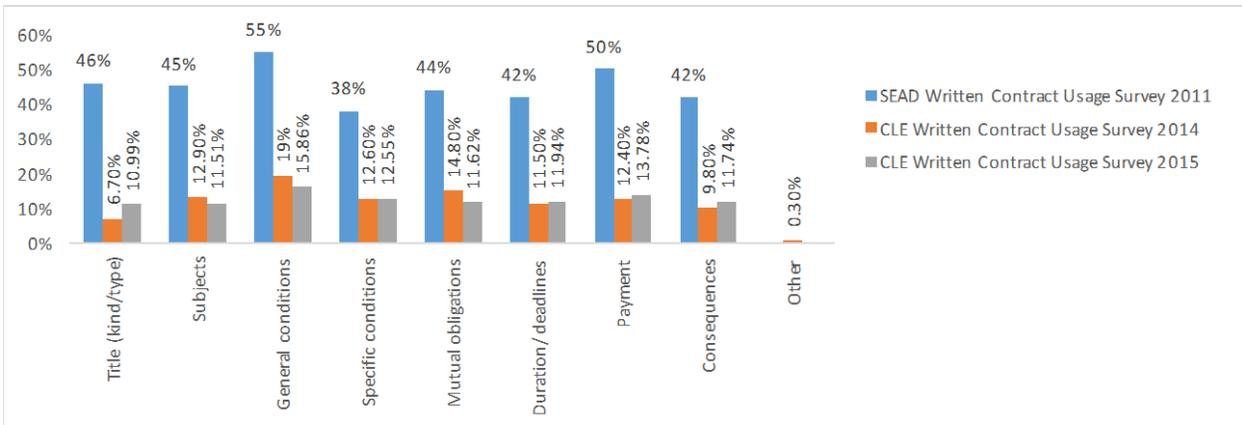




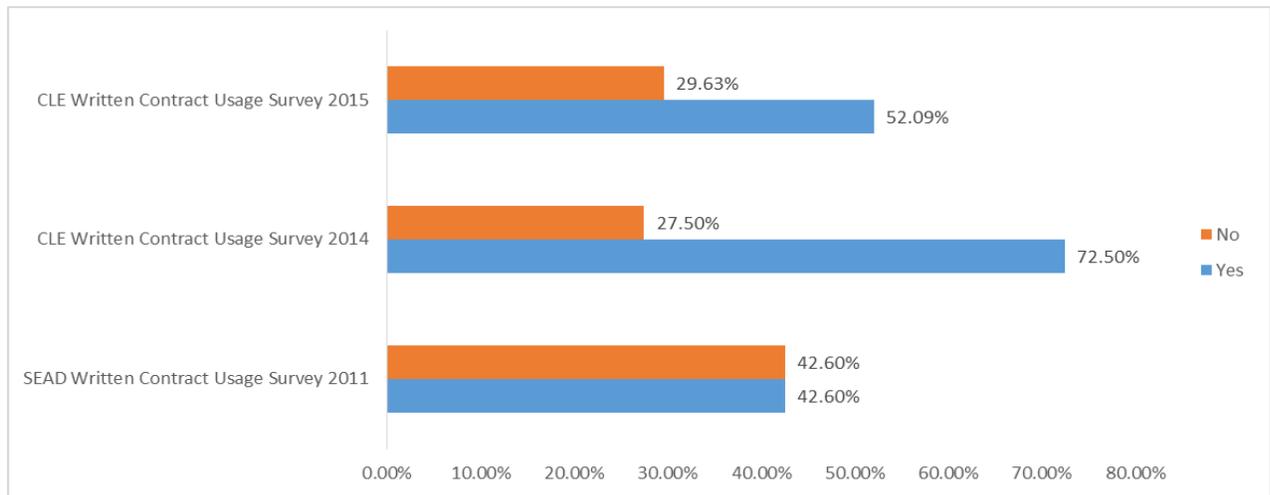
Graph 10: Type of contract mostly used



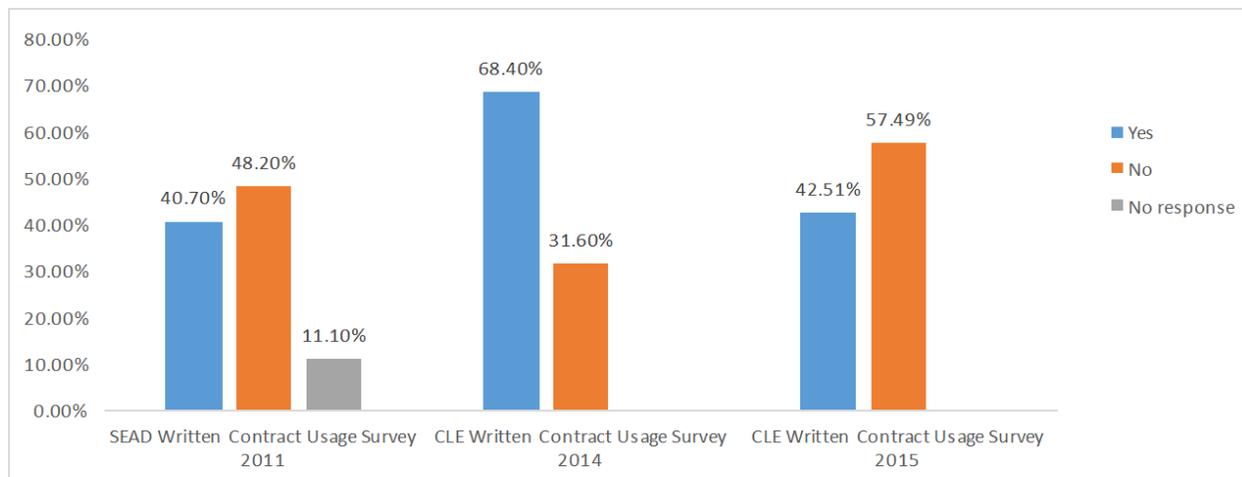
Graph 11: How often do you read contracts before signing?



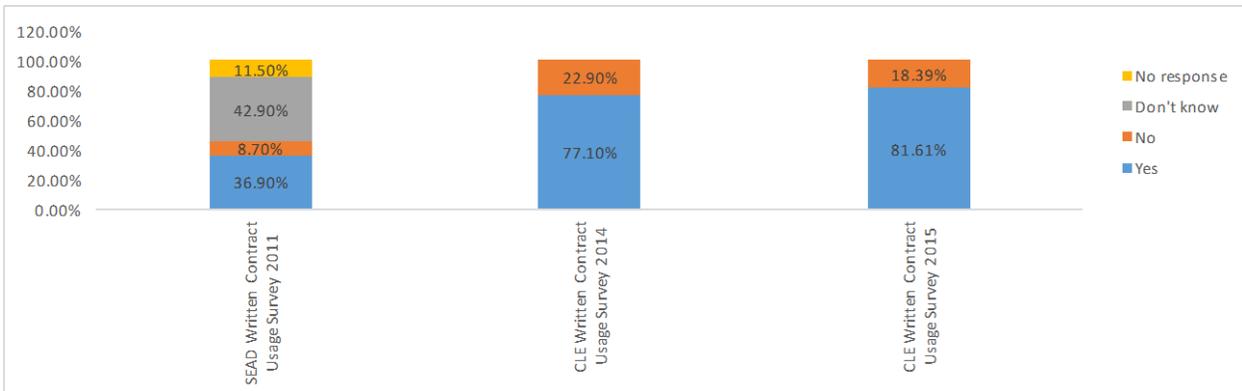
**Graph 12: Terms of contracts mostly read**



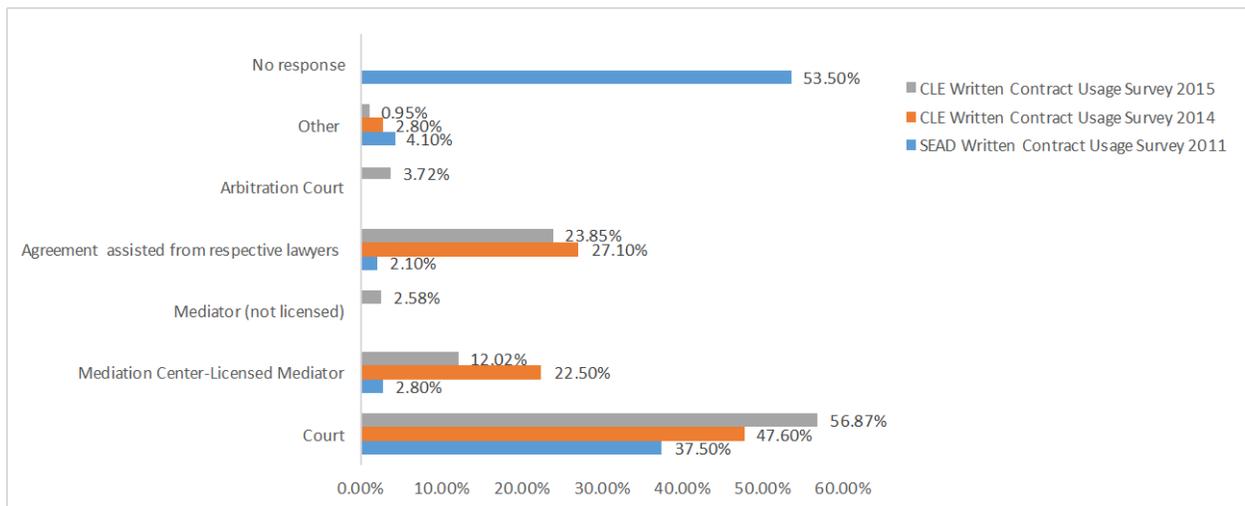
**Graph 13: Do you use templates?**



**Graph 14: Do you use legal assistance?**



**Graph 15: Do you refer to justice institutions in case of disputes?**



**Graph 16: Preferred justice institution in case of dispute**