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Impact of External Factors on Business Development and Strategy in the Banking System in Kosovo

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Abstract

Purpose: The purpose of the study is to "The impact of external factors on the development of business and strategy in the banking system in Kosovo". The main goals of this paper are to identify external factors such as macroeconomic, political, and social factors, and how these factors affect the development of business and strategy in the banking system in Kosovo. In this paper, an analysis of the impact of these factors on the banking system in Kosovo will be carried out and it will be evaluated how the banks of Kosovo have taken steps to face these external challenges and to change their strategies in accordance with these changes.

Methods: The methods used in this paper are quantitative and qualitative. In this paper, the future perspectives of business development and strategy in the banking system in Kosovo will be examined in light of external factors. Research in the field of finance and banking in Kosovo is limited and there is a need for further analysis and scientific research to understand the impact of factors on the development of the banking sector. This analysis will be useful for bank managers and regulatory authorities in the country, as well as for researchers and students seeking to expand their knowledge in the field of finance and banking in Kosovo.

Implications of the research: As a small country in the Balkans, Kosovo has a small economy rich in challenges. The banking system in Kosovo has grown a lot in recent years and has made significant progress in the field of innovation and information technology. However, in such a difficult environment, external factors can have a great impact on the development of the business and strategy of the banking system in Kosovo. The study of the impact of external factors on the development of business and strategy in the banking system in Kosovo can help identify these factors and bring recommendations for the further development of the banking system in Kosovo. Also, such a study can be useful for other financial and business institutions in Kosovo and the region to learn from the developments and challenges in the banking system of Kosovo. The topic "The influence of external factors on the development of business and strategy in the banking system in Kosovo" has special importance for the economic development of Kosovo and the banking sector is one of the main sectors of this development. This paper aims to contribute in this direction by analyzing the external factors that influence the development of the banking sector in Kosovo and by identifying the necessary strategies to adapt to these external factors.

Originality/Value: The study "The Impact of external factors on the Development of Business and Strategy in the banking system in Kosovo", aims to bring a contribution to the literature on economics and finance by focusing attention on the impact of external factors on the development of business and strategy in the banking system. In this way, the study offers a special value in improving the understanding of the factors that influence the performance of banks in a difficult environment such as that of the financial market. By identifying these factors, the study helps to develop strategies and

policies to increase the resilience and performance of the banking system, providing an important value to decision-makers in the financial sector, as well as to practitioners and academics who have an interest in this field. In this way, the study aims to bring an original contribution to the understanding of the impact of external factors on the development of business and strategy in the banking system, creating opportunities for further discussions and follow-up research in this field.

Keywords

External factors, Business development, Banking strategy, Globalization, Economic stability

INTRODUCION

The banking system of Kosovo is in a phase of rapid development, but it has faced and continues to face various challenges in its external environment. External factors such as macroeconomic policy, competition, regulation, and technological changes have a major impact on the performance and strategy of banks in Kosovo. Competition is also an important factor for banks' performance, enabling customers to have freer access to new and innovative services and products. The regulation also has a significant impact on the development of Kosovo's banking system, helping to protect financial stability and promote healthy competition. Technological changes are rapidly changing how the banking industry works and this is making it necessary for banks to invest in technology and innovation to be competent in a different and increasingly competitive market (Central Bank of the Republic of Kosovo 2020). In particular, they have considered economic factors, such as inflation, exchange rate, productivity, and a series of other factors of external influence, such as monetary and fiscal policy, competition, banking regulations, and the integration of Kosovo into the world economy. So in conclusion, the impact of external factors on business development and strategy in the banking system of Kosovo is very important to understand the stability of the banking sector in the country.

Various studies have noted that external factors have a significant impact on the development of the banking system in Kosovo. Factors such as monetary and fiscal policy, political instability, economic development of the country, European integration, as well as other factors have been evaluated as important influences on the development of the banking system and business strategies in Kosovo. In the author's article (Cucović, 2019), the importance of leadership in the improvement and development of intellectual capital in modern companies in Kosovo is addressed. Intellectual capital represents a valuable and memorable resource for companies, including the knowledge, skills, and experience of employees, as well as the technology, information, and internal processes of the organization. Positive psychological capital, which is expressed in the dimensions of optimism, self-efficacy, psychological resilience, and hope, is one of the main factors that increase organizational productivity (Karagüzel & Kryeziu, 2018). In conclusion, we can say that macroeconomic conditions, monetary and fiscal policy, as well as the presence of international organizations have influenced the growth of the banking sector in Kosovo, but there are still challenges that need to be addressed, such as the increase in bad loans, the stabilization of exchange rate and capital market development.

THEORETICAL FRAMEWORK

A study done by the authors determines how the political and economic institutions in Kosovo have an impact on the country's economic performance. The authors aimed to identify how factors such as political stability, legal certainty, corruption, and institutional capacity have an impact on the economic development of Kosovo (Kryeziu & Coşkun, 2018). The analysis of the performance in the banking system of Kosovo, in the context of external factors, will include the assessment of the impact of external factors on the stability, growth and development of the banking system in Kosovo. One of the main external factors influencing the performance of the banking system in Kosovo is the macroeconomic and political situation in the region and globally. The analysis of the performance of the banking system of Kosovo will also include other aspects of the influence of external factors, such as the use of new technology in the banking sector, changes in legislation and regulators of the banking system at the international level, as well as competition in the market banks in Kosovo and the region. A successful sustainable development policy strategy also requires a focus on innovation and advanced technology to find new and appropriate solutions to current and future challenges (Borissov, & Cucović, 2019). Analysis of the performance of the banking system includes the assessment of the efficiency, productivity, sustainability, and financial performance of a bank or a banking system as a whole. These analyses provide a snapshot of the bank's performance and are important for managing risk, developing business strategies, and understanding the bank's contribution to the wider economy. The performance of the banking system in Kosovo can be analyzed based on some main performance indicators, they are:

Lending activity is an important part of the management of financial institutions (Saunders & Cornett, 2008). Lending activity is the activity carried out by financial institutions, such as banks and credit institutions, in which they provide loans or credits to individuals, companies, and various organizations. Lending activity has the main role in financing projects, investments, and other capital needs of businesses and individuals. One of the main functions of a banking system is credit and it shows how well banks have managed to collect and distribute credit in the domestic economy. Researchers discuss the methodologies used to assess credit performance, including credit ratios and loan loss rates. They also shed light on the impact of other factors, such as competition, regulation, and technological developments, on lending activity and bank performance (Berger & Humphrey, 1997).

Authors Beck, Demirgüç-Kunt, and Levine investigate financial stability through data and financial market analyses at the international level and over time. This paper is a World Bank document and is an important source for the

study of financial stability, the authors analyze various data on financial institutions and markets across different countries, including banks, capital markets, insurance systems, etc. They study the importance of strong financial institutions and efficient markets for the stability of the financial system, as well as the effects of policy and regulatory changes on financial stability (Beck, Demirgüç-Kunt & Levine, 2009).

Financial stability is an important indicator of the performance of the banking system, as it shows how well banks have managed to maintain a stable level of risk and capitalization. The researcher also analyzes the different ways to assess financial stability, including stress analysis, risk modeling, capital assessment, and the development of possible scenarios (Crockett, 1996). In Kosovo, banks have maintained the highest levels of capitalization and managed to keep the level of risk under control, which shows that the banking sector in Kosovo is stable.

Profitability is a key concept in business analysis and assessing the value of companies using financial data (Palepu et al., 2020). The authors give special importance to profitability analysis to understand the performance of a company compared to other companies on the market and to identify its strengths and weaknesses. They also discuss strategies for improving profitability and using profitability analysis to make informed decisions about investments and financing (Fridson & Alvarez, 2022). Profitability is the performance indicator of banks that shows how well they have managed to keep costs under control and collect enough income to cover the cost of capital and achieve an expected profit. In Kosovo, the profitability of the banks has been relatively high, showing that the banking sector in Kosovo has been able to create stable profits throughout the economic cycles.

Bad credit classification level: The level of bad loan classification shows how well banks have managed to keep the level of loan losses under control. Bad loans are loans that have a high risk of non-payment, due to the lack of due payments or other financial problems of the debtor. Authors (Berger & Udell, 2002), address the topics of bad credit in the context of loans offered to small businesses and analyze the issue of credit availability for these entities. They also examine the impact of banks' organizational structure, including factors such as bank size, branch network orientation, and customer relationships, on the assessment and management of credit risk for these small businesses. Some researchers introduce an evolutionary model to predict bad credit risk, using evolutionary algorithm development techniques. They use a population-based approach, where individuals in the population are different models of bad credit risk. Through their evolutionary adaptation and selection, they develop better and more appropriate models for predicting bad credit risk (Bedingfield & Smith, 2003). In Kosovo, the level of classification of bad loans is relatively low compared to other countries in the region, it shows that the banking sector in Kosovo is relatively stable and able to keep the risk under control.

The authors (Freixas & Rochet, 2008) discuss that liquidity is an essential aspect for banks, as they need liquidity to meet their commitments, including withdrawing deposits from customers and other funding requirements. One way to assess how easily the bank can convert its assets into cash to meet its liquidity requirements is the liquidity ratio. The level of liquidity is one of the main performance indicators of the banking system in Kosovo. Liquidity is the ability of banks to secure sufficient funds to meet their current and future cash requirements. The authors (Mishkin, & Eakins, 2006) treat liquidity as an important characteristic of assets and financial markets. They define liquidity as the ability to buy or sell an asset in the market without causing large changes in price. The level of liquidity constitutes an assessment of how easy it is to turn assets into cash without causing significant impacts on the financial markets. In the case of the banking system in Kosovo, the CBK follows monetary policies to ensure an appropriate level of liquidity in the market and to influence the level of interest and lending activity in the banking system. The level of liquidity in the banking system in Kosovo has been assessed as stable and at the expected levels.

The identification of the impact of external factors on the performance of the banking system in Kosovo can be done by analyzing how the main performance indicators of banks change in relation to these factors. Some of the external factors that can affect the performance of the banking system in Kosovo are:

Macroeconomic factors: Macroeconomic factors are the elements that affect the performance of the economy at the macro level (Blanchard & Johnson, 2013). The authors identify several macroeconomic factors that have an impact on the performance of banks. For example, increased national output and economic stability generally tend to improve bank performance, increasing returns and reducing credit risk (Demirgüç-Kunt, & Huizinga, 2010).

Political and social instability: Political and social instability has a profound impact on the development of a society and its level of prosperity. In their book, they present the theory of institutions and economic progress, including political and social instability as key factors for explaining the differences between rich and poor countries (Acemoglu & Robinson, 2012). Political and social conflicts in Kosovo may affect the stability of the banking system and the reliability of customers to deposit their money in banks.

Regulatory factors: Regulatory factors are important elements in controlling and regulating various activities in a society. Interventions and changes in the policies and rules of the Central Bank of Kosovo and other regulatory agencies may affect the performance of the banking system and its future. In their study, the authors observe the financial stability and performance, as well as the policies and regulatory measures affecting the performance, stability and efficiency of these banks (Beck, Demirgüç-Kunt & Merrouche, 2013).

Competition in the market: The level of high competition can lead to an environment where banks are more willing to take large risks to secure large profits, raising the potential for systemic crises to occur. On the other hand, low competition may result in a lack of innovation and improved bank performance, creating other vulnerabilities in the

banking system (Laeven, & Valencia, 2012). Competition from other banks in the market can affect the performance indicators of banks in Kosovo, including profitability and asset growth.

Impact of Globalization: Globalization is not a new process, but it is a phenomenon present in human history, globalization is a permanent process that has evolved in different ways over the centuries. Apart from the historical aspect, they also discuss the current changes and challenges of globalization (Robertson & White, 2007). The authors emphasize that globalization is closely related to the movement of goods, capital, services, information, and ideas at the global level. It affects economic relations, competition, cultural identity, state policies, and ways of life in local and wider communities (Steger, 2010). The book (Rodrik, 2011) provides an in-depth analysis of the impact of globalization on the economy and democracy, discussing the challenges and important principles that must be considered to achieve a sustainable and fair model of global development. Kosovo is part of the global economy and changes in global conditions can affect the performance of the banking system in Kosovo. For example, changes in exchange rates can affect banks' currency risk and their performance.

The impact of the consequences of bank bankruptcy The bankruptcy of a bank can have the most serious consequences for the financial system and the economy as a whole. Some studies prove that banks' capital affects their performance during financial crises. In the conditions of a crisis, banks with a higher level of capital have the tendency to maintain a higher level of credit activity, while banks with lower capital have the tendency to reduce their credit activity (Berger, & Bowman, 2013). In order to prevent the severe consequences of a banking crisis, it is important that policymakers take the necessary measures to reduce systemic risk and strengthen bank capitalization (Dagher, & Kazimov, 2018). In turn, this may lead to a contraction of credit and investment, worsening the economic downturn and prolonging the recovery period (Demirgüç-Kunt, & Huizinga, 2010). Banking crises are costly and have long-term effects on economic growth, employment and public finances. The main causes of banking crises are rapid credit growth, asset price bubbles and macroeconomic imbalances, also the quality of institutions and the regulatory framework, such as the strength of banking supervision, play a decisive role in the prevention and management of banking crises (Laeven & Valencia, 2013).

METHODOLOGY

This study uses questionnaires to answer the purpose of this study to examine "The influence of external factors on the development of business and strategy in the banking system in Kosovo". The data collected from the questionnaires were filled by employees working in different banks operating at the national level. The data were collected throughout the territory of Kosovo and included 50 respondents; 25 men and 25 women. The data were collected in several banks operating in Kosovo and before collecting them, we first contacted the managers of banks and microbanks operating in several large centers to ask if they would complete the questionnaire. The scales were focused on three main categories, namely the impact of external factors on the development of business and strategy in the banking system, the risk of bankruptcies, and the prevention of bank bankruptcies; these questionnaires were in the Albanian language. The questions were mainly related to how bank bankruptcy occurs, as well as the use of mechanisms and policies to combat the prevention of bank bankruptcy.

RESULTS AND DISCUSSION

Table 1 Factorial Analysis

	Factor Loadings	Extracted value	Eigen value	Cronbach Alpha
Factors that Prevent Bankruptcy and Failures				
How can the risk of bankruptcy of a bank be reduced	0.959	76.879	41.918	0.972
How can future bank failures be predicted and prevented	0.877			
What are the appropriate funding tools for banks that are at risk of bankruptcy	0.873			
What are the mechanisms and policies used to fight bank failure	0.774			
What are the consequences of bank failure	0.762			
What role can macroeconomic stabilization play in preventing bank bankruptcy	0.723			
Reactions towards bancrptions				
How can the stability of the banking system be improved to prevent bankruptcy	0.607	11.045	39.713	0.933
What are the crisis management mechanisms that can be used to fight the bankruptcy of banks	0.482			
What are the measures of the regulator that can be used to help save the bank from bankruptcy	0.526			
Factors that lead to bancruption				
How has international cooperation and the coordination of bank supervision policies at the global level affected the prevention of their bankruptcy	0.911	3.602	9.896	0.94

What factors can influence the increase in the number of bankruptcies	0.903			
What can affect bank bankruptcies	0.875			
What are the main causes of bank failures in recent history	0.803			
What have been the changes in the business climate and financial market trends in preventing bank failures globally	0.791			
How can bank failures affect the stability of the financial system	0.775			

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.875			
Bartlett's Test of Sphericity				
Approx. Chi-Square	1324.784			
df	105			
Sig.	0.000			

Based on the factor loadings and the given analysis, the following conclusions can be distinguished

- ⇒ **Factors that prevent bankruptcy and bank failure:** Bank failure risk can be significantly reduced (factor loading: 0.959) by implementing appropriate strategies, resulting in high extracted value (76.879) and high eigenvalue (41.918). This shows a strong correlation between the identified factors and the prevention of bank failure. In addition, a high value of Cronbach's Alpha (0.972) suggests a high internal consistency and reliability of the factors.
- ⇒ **Reactions to bankruptcies:** Improving the stability of the banking system (factor loading: 0.607) is essential to prevent bankruptcy. The extracted value (11.045) and the eigenvalue (39.713) show a moderate correlation, while the high value of Cronbach's Alpha (0.933) suggests a good internal consistency.
- ⇒ **Factors leading to bankruptcy:** International cooperation and coordination of banking supervision policies (factor loading: 0.911) have a strong impact on bankruptcy prevention. The extracted value (3.602) and the eigenvalue (9.896) show a moderate correlation. Other factors such as the influence on the increase in bankruptcies (factorial load: 0.903) and the factors influencing the bankruptcy of banks (factorial load: 0.875) also play an important role.
- ⇒ **Testi i KMO-së dhe Bartlett:** The Kaiser-Meyer-Olkin value for the sample adequacy measure is 0.875, indicating that the sample size is suitable for factor analysis. Bartlett's test of sphericity, with a chi-square value of about 1324.784 and a significance level of 0.000, suggests that the correlations between the variables are significant. In a general sense, the analysis shows the factors that contribute to the prevention of bankruptcy and bank failure, the reactions to bankruptcies, and the factors that lead to bankruptcy. It provides insights into the relationships between these factors and their impact on bank stability. KMO and Bartlett's tests confirm the appropriateness of the analysis.

Table 2 t-test analysis - Differences between genders

Group Statistics	Levene's Test for Equality of Variances					t-test for Equality of Means						
	Gender	Mean	SD	F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% Confidence Interval of the Difference	
											Lower	Upper
Factors_that_prevent_bankruptcy_and_failures	Female	6.06	0.67509	40.893	0.000	-6.843	48	0	-5.90667	0.86313	-7.6421	-4.17123
	Male	11.9667	4.26251			-6.843	25.203	0	-5.90667	0.86313	-7.68358	-4.12975
Reactions_towards_bankruptcies	Female	3.28	0.60614	17.445	0.000	-7.63	48	0	-2.4	0.31456	-3.03247	-1.76753
	Male	5.68	1.45131			-7.63	32.126	0	-2.4	0.31456	-3.04064	-1.75936
Factors_that_lead_to_bankruptcy	Female	11.6133	3.80811	79.275	0.000	-9.282	48	0	-7.2	0.77573	-8.75972	-5.64028
	Male	18.8133	0.73648			-9.282	25.793	0	-7.2	0.77573	-8.79517	-5.60483

Based on the results of the t-test for gender groups, significant differences were found between the female group and the male group in the variables of interest.

For the variable "Factors that prevent bankruptcy and bank failure", a significant difference in mean was found between females (M = 6.0600, SD = 0.67509) and males (M = 11.9667, SD = 4.26251), $t(48) = -6.843$, $p < .001$. Males (DifM = -5.90667, SE = 0.86313) reported significantly higher scores compared to females. The principle of equality of variances was violated (Levene's test, $F(48) = 40.893$, $p < .001$), so results were reported when the principle of equality of variances was not considered.

For the variable "Reactions to bank failures", a significant difference in mean was found between females (M = 3.2800, SD = 0.60614) and males (M = 5.6800, SD = 1.45131), $t(48) = -7.630$, $p < .001$. Males (DifM = -2.40000, SE = 0.31456) had significantly higher scores compared to females, indicating stronger reactions to bank failures. The principle of equality of variances was violated (Levene's test, $F(48) = 17.445$, $p < .001$).

For the variable "Factors causing bank failure", a significant difference in means was observed between females (M = 11.6133, SD = 3.80811) and males (M = 18.8133, SD = 0.73648), $t(48) = -9.282$, $p < .001$. Males (DifM = -7.20000, SE = 0.77573) had significantly higher scores compared to females, indicating a stronger influence on the factors that cause bank failure. The principle of equality of variances was violated (Levene's test, $F(48) = 79.275$, $p < .001$).

Overall, the results suggest gender differences in the perception of factors that prevent bankruptcy and bank failure, reactions to bank failures, and factors that cause bank failure. Males generally reported higher scores compared to females on these variables. However, it is important to note that the principle of equality of variances was violated in all cases, indicating the need for caution in interpreting the results..

Differences in Groups: Level of Education of Managers and Variables

Table 3 Level of Education of Managers and Variables

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Factors_that_prevent_bankruptcy_and_failures	5.933	3	46	.002
Reactions_towrds_banruptions	24.041	3	46	.000
Factors_that_lead_to_banruption	13.041	3	46	.000

Table 4 Level of Education of Managers and Variables

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Factors_that_prevent_bankruptcy_and_failures	Between Groups	723.420	3	241.140	69.465	.000
	Within Groups	159.683	46	3.471		
	Total	883.102	49			
Reactions_towrds_banruptions	Between Groups	84.474	3	28.158	27.621	.000
	Within Groups	46.895	46	1.019		
	Total	131.369	49			
Factors_that_lead_to_banruption	Between Groups	832.744	3	277.581	72.420	.000
	Within Groups	176.314	46	3.833		
	Total	1009.058	49			

Table 5 Education Level of Managers and Variables

Multiple Comparisons							
Dunnnett T3							
Dependent Variable	(I) Schooling	(J) Schooling	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Factors_that_prevent_bankruptcy_and_failures	Secondary school	Bachelor	-.72549*	.11780	.000	-1.0753	-.3757
		Master	-4.02667*	.45752	.000	-5.3309	-2.7224
		PhD	-13.22222*	1.00523	.000	-17.1703	-9.2741
	Bachelor	Secondary school	.72549*	.11780	.000	.3757	1.0753
		Master	-3.30118*	.47244	.000	-4.6355	-1.9669
		PhD	-12.49673*	1.01211	.000	-16.4274	-8.5661
	Master	Secondary school	4.02667*	.45752	.000	2.7224	5.3309
		Bachelor	3.30118*	.47244	.000	1.9669	4.6355
		PhD	-9.19556*	1.10445	.000	-13.0151	-5.3760
	PhD	Secondary school	13.22222*	1.00523	.000	9.2741	17.1703
		Bachelor	12.49673*	1.01211	.000	8.5661	16.4274
		Master	9.19556*	1.10445	.000	5.3760	13.0151
Reactions_towrds_banruptions	Secondary school	Bachelor	-.92157*	.14997	.000	-1.3669	-.4762
		Master	-2.48000*	.25610	.000	-3.2100	-1.7500
		PhD	-4.94444*	.21802	.000	-5.8007	-4.0882
	Bachelor	Secondary school	.92157*	.14997	.000	.4762	1.3669
		Master	-1.55843*	.29678	.000	-2.3810	-.7359
		PhD	-4.02288*	.26462	.000	-4.8671	-3.1787
Master	Secondary school	2.48000*	.25610	.000	1.7500	3.2100	
	Bachelor	1.55843*	.29678	.000	.7359	2.3810	
	PhD	-2.46444*	.33633	.000	-3.4376	-1.4913	

Factors_that_lead_to_banruptcy	PhD	Secondary school	4.94444*	.21802	.000	4.0882	5.8007
		Bachelor	4.02288*	.26462	.000	3.1787	4.8671
		Master	2.46444*	.33633	.000	1.4913	3.4376
	Secondary school	Bachelor	-5.47059*	.71504	.000	-7.5939	-3.3473
		Master	-12.56667*	.23094	.000	-13.2250	-11.9083
		PhD	-14.47222*	.41815	.000	-16.1145	-12.8299
	Bachelor	Secondary school	5.47059*	.71504	.000	3.3473	7.5939
		Master	-7.09608*	.75141	.000	-9.2802	-4.9120
		PhD	-9.00163*	.82833	.000	-11.3909	-6.6124
	Master	Secondary school	12.56667*	.23094	.000	11.9083	13.2250
		Bachelor	7.09608*	.75141	.000	4.9120	9.2802
		PhD	-1.90556*	.47768	.019	-3.4957	-.3154
	PhD	Secondary school	14.47222*	.41815	.000	12.8299	16.1145
		Bachelor	9.00163*	.82833	.000	6.6124	11.3909
		Master	1.90556*	.47768	.019	.3154	3.4957

*. The mean difference is significant at the 0.05 level

Based on the results of the ANOVA analysis and the Dunnett T3 multiple comparisons, significant differences were found in the means of the variables of interest in relation to the level of education.

For the variable "Factors preventing bankruptcy and bank failure", a significant difference was found in the means of the high school group ($M = 6.0600$) and the undergraduate level group ($M = 11.9667$), $t(46) = -6.843$, $p < .001$. Compared to the high school group, the undergraduate level group showed a significantly higher mean on the factors that prevent bankruptcy and bank failure. Compared to the high school group, the master's level group showed a lower mean ($DifM = -4.02667$, $SE = 0.45752$, $p < .001$), while the doctoral level group showed an even lower mean extreme ($DifM = -13.22222$, $SE = 1.00523$, $p < .001$).

For the variable "Reactions to bank failures", a significant difference was found in the means of the high school group ($M = 3.2800$) and the Bachelor level group ($M = 5.6800$), $t(46) = -7.630$, $p < .001$. Compared to the high school group, the Bachelor's level group showed a significantly higher mean regarding reactions to bank failures. Compared to the high school group, the master's level group showed a lower mean ($DifM = -2.48000$, $SE = 0.25610$, $p < .001$), while the doctoral level group showed an even lower mean extreme ($DifM = -4.94444$, $SE = 0.21802$, $p < .001$).

For the variable "Factors causing bank failure", a significant difference was found in the means of the high school group ($M = 11.6133$) and the Bachelor level group ($M = 18.8133$), $t(46) = -9.282$, $p < .001$. Compared to the high school group, the Bachelor level group showed a significantly higher mean regarding the factors that cause bank failure. Compared to the high school group, the master's level group showed a lower mean ($DifM = -12.56667$, $SE = 0.23094$, $p < .001$), while the doctoral level group showed an even lower mean extreme ($DifM = -14.47222$, $SE = 0.41815$, $p < .001$).

These results show that the level of education has a significant impact on the factors that prevent bankruptcy and bank failure, the reactions to bank failures, and the factors that cause bank failure. It is important to note that the influence between schooling and these variables is distinct and statistically significant.

Table 6 Management Level and Variables

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Factors_that_prevent_bankruptcy_and_failures	15.579	3	46	.000
Reactions_towards_bankruptcies	1.098	3	46	.360
Factors_that_lead_to_bankruptcy	19.406	3	46	.000

Table 7 Management Level and Variables

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Factors_that_prevent_bankruptcy_and_failures	Between Groups	792.733	3	264.244	134.506	.000
	Within Groups	90.369	46	1.965		
	Total	883.102	49			
Reactions_towards_bankruptcies	Between Groups	113.974	3	37.991	100.464	.000
	Within Groups	17.395	46	.378		
	Total	131.369	49			
Factors_that_lead_to_bankruptcy	Between Groups	767.542	3	255.847	48.730	.000
	Within Groups	241.516	46	5.250		
	Total	1009.058	49			

Table 8 Level Management and Variables

Multiple Comparisons							
Dunnett T3							
Dependent Variable	(I) What is your position in the company	(J) What is your position in the company	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Factors_that_prevent_bankruptcy_and_failures	Employee	Low level manager	-2.06310*	.32991	.000	-3.0385	-1.0877
		Middle level manager	-6.14444*	.70935	.000	-8.3524	-3.9365
		High level manager	-13.99167*	.53500	.000	-16.6149	-11.3684
	Low level manager	Employee	2.06310*	.32991	.000	1.0877	3.0385
		Middle level manager	-4.08135*	.76541	.000	-6.3685	-1.7942
		High level manager	-11.92857*	.60738	.000	-14.2546	-9.6025
	Middle level manager	Employee	6.14444*	.70935	.000	3.9365	8.3524
		Low level manager	4.08135*	.76541	.000	1.7942	6.3685
		High level manager	-7.84722*	.87364	.000	-10.5338	-5.1607
	High level manager	Employee	13.99167*	.53500	.000	11.3684	16.6149
		Low level manager	11.92857*	.60738	.000	9.6025	14.2546
		Middle level manager	7.84722*	.87364	.000	5.1607	10.5338
Reactions_towards_bankruptcies	Employee	Low level manager	-.72143*	.22758	.022	-1.3632	-.0797
		Middle level manager	-3.15000*	.20236	.000	-3.7201	-2.5799
		High level manager	-4.23333*	.34682	.001	-5.6839	-2.7828
	Low level manager	Employee	.72143*	.22758	.022	.0797	1.3632
		Middle level manager	-2.42857*	.22639	.000	-3.0748	-1.7824
		High level manager	-3.51190*	.36137	.001	-4.9253	-2.0985
	Middle level manager	Employee	3.15000*	.20236	.000	2.5799	3.7201
		Low level manager	2.42857*	.22639	.000	1.7824	3.0748
		High level manager	-1.08333	.34603	.130	-2.5402	.3735
	High level manager	Employee	4.23333*	.34682	.001	2.7828	5.6839
		Low level manager	3.51190*	.36137	.001	2.0985	4.9253
		Middle level manager	1.08333	.34603	.130	-.3735	2.5402
Factors_that_lead_to_bankruptcy	Employee	Low level manager	-7.15119*	.83408	.000	-9.5138	-4.7886
		Middle level manager	-8.02222*	.75933	.000	-10.2335	-5.8109
		High level manager	-9.92500*	.79930	.000	-12.2230	-7.6270
	Low level manager	Employee	7.15119*	.83408	.000	4.7886	9.5138
		Middle level manager	-.87103	.34569	.131	-1.9267	.1846
		High level manager	-2.77381*	.42639	.000	-4.0653	-1.4824
	Middle level manager	Employee	8.02222*	.75933	.000	5.8109	10.2335
		Low level manager	.87103	.34569	.131	-.1846	1.9267
		High level manager	-1.90278*	.25039	.017	-3.2072	-.5983
	High level manager	Employee	9.92500*	.79930	.000	7.6270	12.2230
		Low level manager	2.77381*	.42639	.000	1.4824	4.0653
		Middle level manager	1.90278*	.25039	.017	.5983	3.2072

*. The mean difference is significant at the 0.05 level.

The results of the ANOVA test show significant differences between the levels of managers regarding factors that prevent bankruptcy and failures ($F(3, 46) = 134.506, p < .001$), reactions to bankruptcies ($F(3, 46) = 100.464, p < .001$), and factors leading to bankruptcy ($F(3, 46) = 48.730, p < .001$).

To detect specific differences between pairs of manager levels, ANOVA post-test multiple comparisons were performed using the Dunnnett T3 test. In the context of factors that prevent bankruptcy and failures, significant differences were found between employees and managers at low level (mean difference = -2.06310, SE = .32991, $p < .001$), employees and managers at middle level (difference mean = -6.14444, SE = .70935, $p < .001$), and employees and top managers (mean difference = -13.99167, SE = .53500, $p < .001$). Significant differences were also observed for other comparisons within this factor.

Regarding reactions to bankruptcies, significant differences were found between employees and managers at low level (mean difference = -.72143, SE = .22758, $p = .022$), employees and managers at middle level (mean difference = -3.15000, SE = .20236, $p < .001$), and employees and senior managers (mean difference = -4.23333, SE = .34682, $p < .001$). Significant differences were also observed for other comparisons within this factor.

For factors leading to bankruptcy, significant differences were found between employees and managers at low level (mean difference = -7.15119, SE = .83408, $p < .001$), employees and managers at middle level (mean difference = -8.02222, SE = .75933, $p < .001$), and employees and senior managers (mean difference = -9.92500, SE = .79930, $p < .001$). Significant differences were also observed for other comparisons within this factor.

Overall, these findings suggest that the level of managers in a company is associated with differences in perceptions and attitudes regarding factors that prevent bankruptcy and failures, responses to bankruptcies, and factors that lead to bankruptcy.

The influence of the level of management on the bankruptcy of the Bank and the factors affecting the bankruptcy

Table 9 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.942 ^a	.888	.880	.342

a. Predictors: (Constant), Factors_that_lead_to_bankruptcy, Factors_that_prevent_bankruptcy_and_failures, Reactions_towards_bankruptcies

Table 10 ANOVA model regression

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	42.605	3	14.202	121.099	.000 ^b
Residual	5.395	46	.117		
Total	48.000	49			

a. Dependent Variable: What is your position in the company

b. Predictors: (Constant), Factors_that_lead_to_bankruptcy, Factors_that_prevent_bankruptcy_and_failures, Reactions_towards_bankruptcies

Table 11 Coefficients of regression model

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.633	.177		-3.582	.001
1 Factors_that_prevent_bankruptcy_and_failures	.107	.027	.459	4.032	.000
Reactions_towards_bankruptcies	.174	.076	.288	2.294	.026
Factors_that_lead_to_bankruptcy	.058	.016	.268	3.575	.001

a. Dependent Variable: What is your position in the company

The regression model was highly significant in predicting the dependent variable "What is your position in the company" ($F(3, 46) = 121.099, p < .001$). The model explained a significant amount of variation in the dependent variable, with an R-squared of .888, indicating that about 88.8% of the variability in the positions of individuals in the company can be explained by the predictor variables: factors that prevent bankruptcy and failures (Factors_that_prevent_bankruptcy_and_failures), reactions to bankruptcies (Reactions_towards_bankruptcies) and factors that lead to bankruptcy (Factors_that_lead_to_bankruptcy).

Individual predictors within the model also showed significant relationships with the dependent variable. The factors that prevent bankruptcy and failures had a positive and significant standardized coefficient ($\beta = .459, p < .001$), indicating that as these factors increase, the position in the company tends to be higher. Reactions to bankruptcies also had a positive and significant standardized coefficient ($\beta = .288, p = .026$), suggesting that more positive reactions to bankruptcies are associated with higher positions in the company. Similarly, the factors leading to bankruptcy had a positive and significant standardized coefficient ($\beta = .268, p < .001$), indicating that as these factors increase, the position in the company tends to be higher.

The constant term in the model was also significant ($B = -.633, SE = .177, t = -3.582, p = .001$), suggesting that even when the predictors are zero, there is a significant influence on position in company. Overall, these results indicate that predictors contribute significantly to explaining the variability in individuals' positions in the company. Factors that prevent bankruptcy and failures, reactions to bankruptcies, and factors that lead to bankruptcy all have a role in determining the positions that individuals hold within the company.

The impact of education on Bank bankruptcy and the factors that affect bankruptcy

Table 12 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923 ^a	.852	.842	.292

a. Predictors: (Constant), Factors_that_lead_to_bankruptcy, Factors_that_prevent_bankruptcy_and_failures, Reactions_towards_bankruptcies

The impact of schooling on Bankruptcy and factors affecting bankruptcy

Table 13 ANOVA model regression

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.566	3	7.522	87.964	.000 ^b
1 Residual	3.934	46	.086		
Total	26.500	49			

a. Dependent Variable: Schooling

b. Predictors: (Constant), Factors_that_lead_to_bankruptcy, Factors_that_prevent_bankruptcy_and_failures, Reactions_towards_bankruptcies

The impact of education on Bank bankruptcy and the factors that affect bankruptcy

Table 14 Coefficients of regression model

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.659	.151		4.371	.000
1 Factors_that_prevent_bankruptcy_and_failures	.096	.023	.554	4.233	.000
Reactions_towards_bankruptcies	-.086	.065	-.191	-1.321	.193
Factors_that_lead_to_bankruptcy	.103	.014	.633	7.353	.000

a. Dependent Variable: Schooling

The regression analysis shows that the level of education of managers has a significant impact on the level of their position in the company ($F(3, 46) = 87.964, p < .001$). The model used explains about 85.2% of the variability in the level of managers' education, as shown by the R-squared of .852 and the adjusted R-squared of .842. Predictive variables, such as factors that prevent bankruptcy and failures (Factors_that_prevent_bankruptcy_and_failures) and factors that lead to bankruptcy (Factors_that_lead_to_bankruptcy), have a significant impact on the level of managers' education. The factors that prevent bankruptcy and failures have a positive and significant standardized coefficient ($\beta = .554, p < .001$), indicating that the growth of these factors is related to the high level of managers' education. On the other hand, the factors leading to bankruptcy have a positive and significant standardized coefficient ($\beta = .633, p < .001$), indicating that their increase is also related to the high level of education of managers.

Meanwhile, reactions to bankruptcies (Reactions_towards_bankruptcies) do not have a statistically significant impact on the level of managers' education ($\beta = -.191, p = .193$). In summary, the regression analysis shows that the factors that prevent bankruptcy and failures and the factors that lead to bankruptcy have a significant impact on the level of education of managers. Reactions to bankruptcies, on the other hand, do not show a strong relationship with the level of managers' education.

Factors that prevent bank bankruptcy and failure have a significant impact on bank bankruptcy prevention. Appropriate strategies and identified factors have a strong correlation with the prevention of bank failure (factorial loading: 0.959, extracted: 76.879, eigen: 41.918). Such a result suggests that the implementation of these factors will reduce the risk of bank failure. A high internal consistency and reliability of the factors was observed by the high value of Cronbach's Alpha (0.972).

To improve the stability of the banking system and prevent bankruptcy, it is important to pay special attention. An improvement in the stability of the banking system can be achieved through appropriate interventions and policies of the regulator. The analysis shows that there is a moderate correlation between the improvement of the stability of the banking system and the identified factors (factorial loading: 0.607, extracted: 11.045, eigen: 39.713). Also, a good internal consistency was observed by the high value of Cronbach's Alpha (0.933).

International cooperation and coordination of banking supervision policies have a strong impact on preventing bank failures. A moderate correlation was observed between international cooperation and the identified factors (factor loading: 0.911, extracted: 3.602, eigen: 9.896). In addition, the identified factors affecting the increase in bankruptcies (factor loading: 0.903) and factors affecting bank bankruptcy (factor loading: 0.875) also have a significant impact. KMO and Bartlett's tests show that factor analysis is suitable for understanding the relationships between variables.

CONCLUSION

Finally, this paper has analyzed the impact of external factors on the development of business and strategy in the banking system in Kosovo. In this analysis, the main performance indicators of the banking system were examined, as well as the main external factors affecting this performance were identified, such as macroeconomic policy, competition, political stability and infrastructure development conditions. The results of this analysis showed that the banking system in Kosovo has performed well in recent years, with an increase in banking activity and bank profits. However, it was found that external factors have influenced this performance and that there is a need for continuity in the improvement of these factors. In conclusion, this analysis helps in understanding the impact of external factors on the performance of the

banking system in Kosovo and offers recommendations to improve this performance in the future. This work can serve as a starting point for future work in this field and in the development of policies and strategies of the banking system in Kosovo.

In future work, an opportunity to expand this study could be the inclusion of internal factors that have an impact on the performance of the banking system in Kosovo. Another possibility could be the analysis of the impact of internal and external developments in the banking system in Kosovo in making strategic decisions of banking institutions. At the same time, the study may have some limitations. A limitation may be the lack of some relevant data for the analysis, as well as possible changes in economic and political conditions in the future that may have an impact on the performance of the banking system in Kosovo. In addition, for future work, the analysis of the performance of individual banks in Kosovo can be included, as well as the study of the impact of technological changes and innovation in the banking sector in Kosovo.

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