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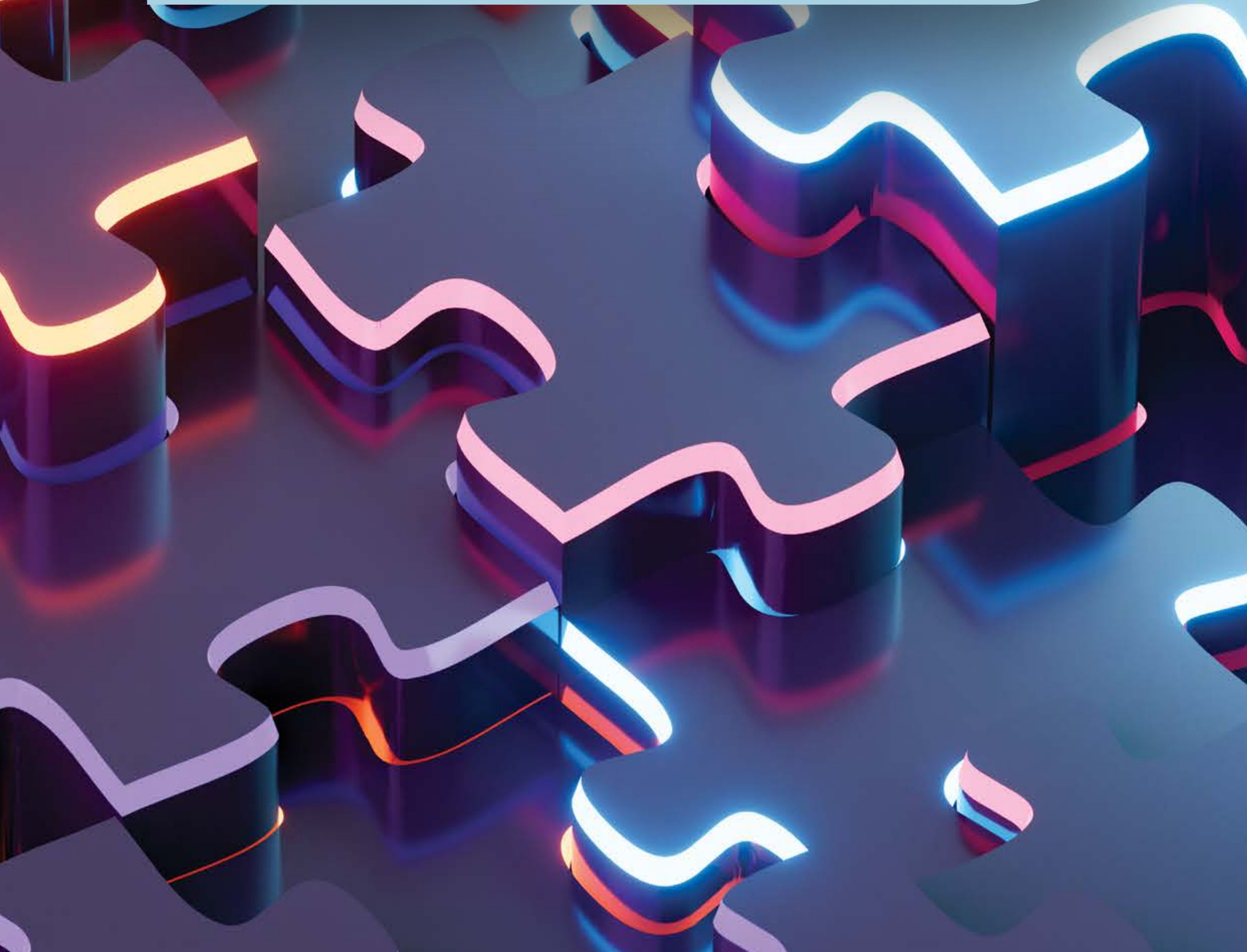
Balkan Barometer 2025

BUSINESS OPINION



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LIST OF ABBREVIATIONS

BB	Balkan Barometer
BBSI	Balkan Business Sentiment Index
CAPI	Computer Assisted Personal Interviewing
CBAM	Carbon Border Adjustment Mechanism
COVID-19	Coronavirus disease
CPI	Corruption Perception Index
ETS	Emissions Trading System
EU	European Union
FDI	Foreign direct investment
GDP	Gross Domestic Product
GPP	Green Public Procurement
HR	Human Resources
ICT	Information and Communication Technologies
ID	Identification
LLC	Limited Liability Company
R&D	Research & Development
RCC	Regional Cooperation Council
SME	Small and Medium-sized Enterprises
WB6	Western Balkans Six

FOREWORD

The 2025 Balkan Barometer Business Opinion Survey presents business views on current economic conditions, short-term expectations, and selected structural issues across the Western Balkans Six (WB6). The survey was conducted in a period of slower economic activity, elevated operating costs, and continued constraints in the business environment.

Businesses report a demanding operating environment. High prices and the informal economy and unfair competition record the highest average scores among reported obstacles to business growth. Corruption in society, shortage of labour, access to finance, and inefficient public administration and institutions also record relatively high scores.

These conditions are reflected in the 2025 Balkan Business Sentiment Index (BBSI), which is lower than in 2024. Two thirds of businesses report higher operating costs over the previous 12 months, while expectations regarding domestic economic growth remain cautious. Businesses also continue to attach high importance to regional trade conditions, particularly in relation to prices, taxation, labour force quality, and the general business environment.

The survey also covers the green transition. Circular economy awareness remains limited. Businesses report costs, skills gaps, regulatory shortcomings, and insufficient public support among the main barriers to wider adoption of circular practices.

The edition also includes an analysis of entrepreneurial growth aspirations. The results show that many entrepreneurs expect business and employment growth over the next five years. These expectations are associated with views on EU integration, institutional quality, corruption, and selected innovation-related business decisions.

Entrepreneurial Growth Aspirations: EU Integration, Institutions and Innovation

The 2025 Business Opinion Survey also includes analysis of entrepreneurial growth aspirations in the WB6. The model is based on a broad set of control factors and variables. A large share of entrepreneurs expects business and employment growth over the next five years, with the predicted probability of positive growth aspirations exceeding 70%.

Support for EU integration is positively associated with growth aspirations. Entrepreneurs who view EU membership favourably are more likely to expect growth of their company. The analysis does not show a consistent negative association between growth expectations and concerns about competition from either the EU or the regional market.

Perceptions of institutional quality and corruption are negatively associated with growth expectations. Higher perceived corruption and weaker institutions are associated with lower entrepreneurial optimism. Financial constraints are positively associated with growth aspirations.

Businesses planning to invest in research and development, and those already engaged in online activities, are more likely to expect employment growth. The broader survey results also show a lower reported willingness of businesses to invest their own funds in research and development than in the previous survey round.

Demographic and structural characteristics play a more limited role. Younger entrepreneurs report stronger growth aspirations. Gender, education, company size, and ownership structure do not show a consistent association once other factors are controlled for. Sectoral differences are present, but smaller than differences associated with EU orientation, institutional quality, and innovation-related strategies.

INTRODUCTION

The 2025 Balkan Barometer surveys were conducted from 21 May to 30 June in Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia. The Public Opinion survey covered 6,012 citizens. The Business Opinion survey covered 1,216 business owners, managers, or executives. As in previous editions, the findings are presented in two reports: the Public Opinion Survey and the Business Opinion Survey.

The 2025 edition was conducted in a period of higher prices and operating costs, slower economic activity, and continued constraints in the business environment. Across the WB6, businesses most frequently identify high prices, the informal economy and unfair competition, corruption, labour shortages, access to finance, and inefficient public administration and institutions as obstacles to growth.

The report also covers regional cooperation, the green transition, corruption, trade and investment, innovation and technology, and selected business structure characteristics.

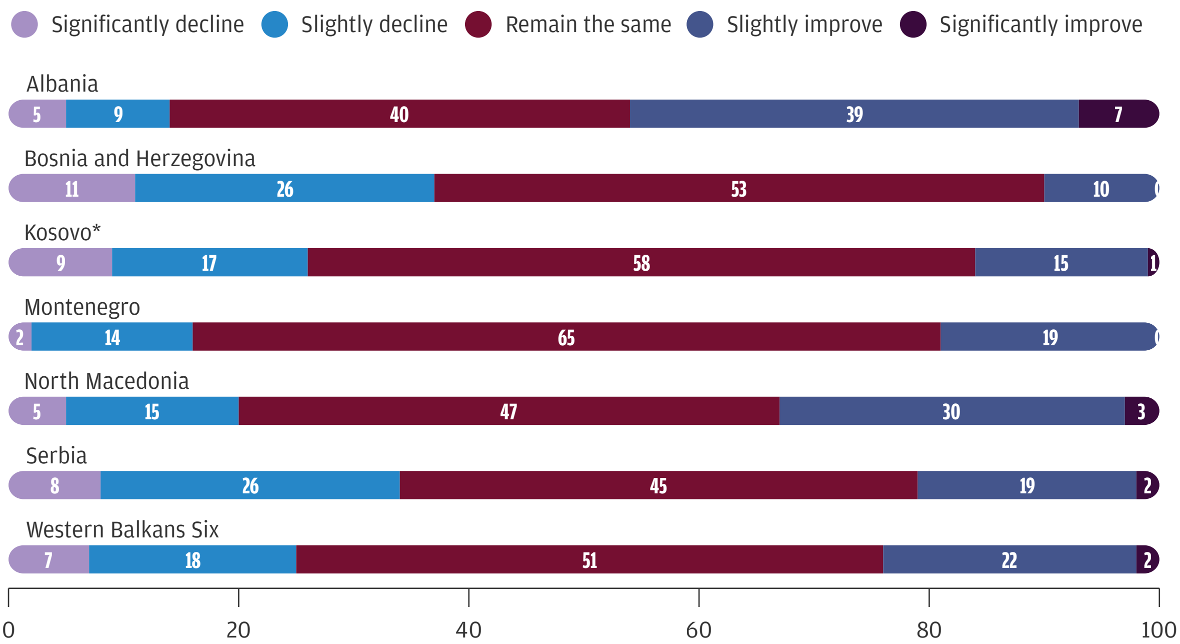
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

KEY FINDINGS

Business expectations for economic growth

Businesses remain cautious in their expectations for domestic economic growth over the next 12 months. Across the WB6, 24% of businesses expect domestic economic growth to improve over the next 12 months, 25% expect a decline, and 51% expect no change. North Macedonia records the highest share expecting improvement.

Figure 1. How do you expect the domestic economic growth to change over the next 12 months?

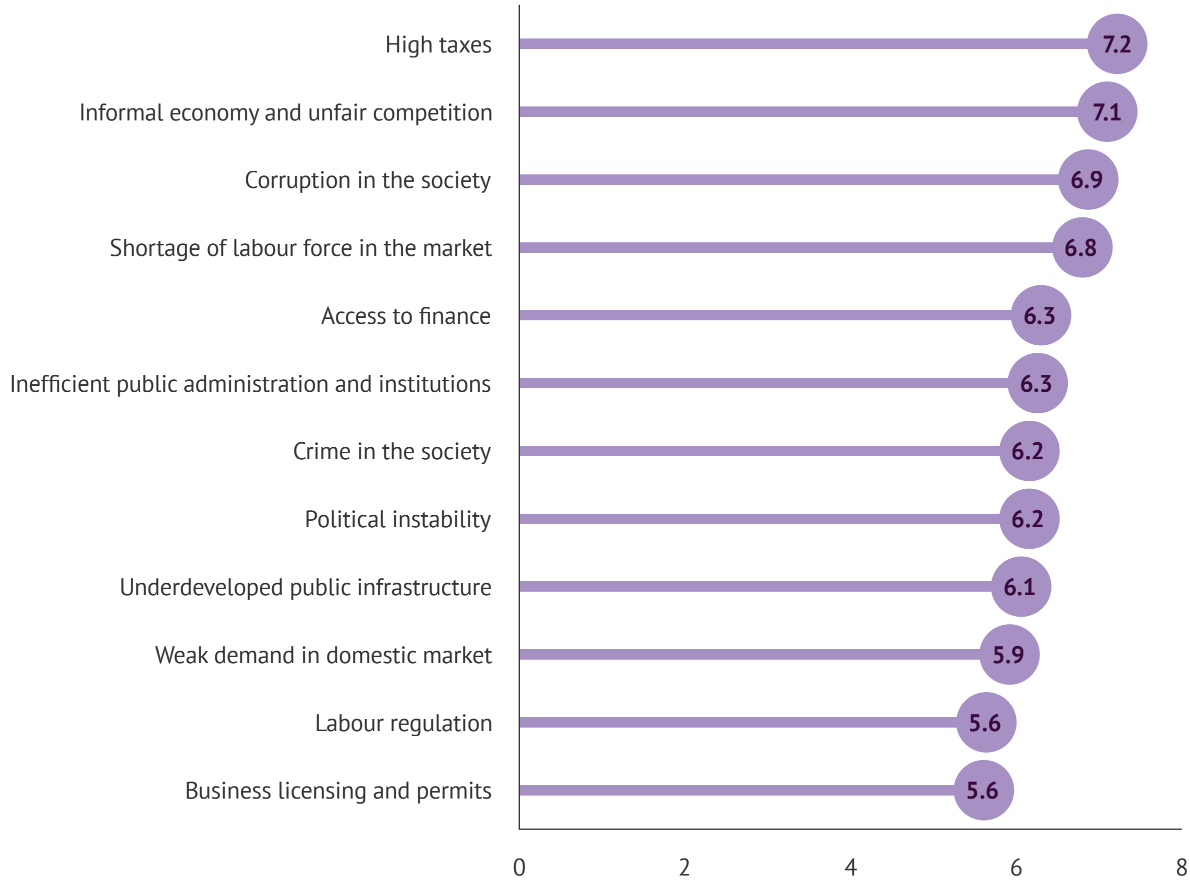


Obstacles to business growth

High taxes and the informal economy and unfair competition record the highest average obstacle scores in the WB6. Other relatively high scores are recorded for corruption in society, shortage of labour, access to finance, inefficient public administration and institutions, political instability, crime in society, and underdeveloped public infrastructure. Lower scores are recorded for weak demand in the domestic market, labour regulations, and business licensing and permits.

Figure 2. Can you tell me whether the following pose obstacle for the growth of your business?

(Scale 1-10, mean Western Balkans Six)

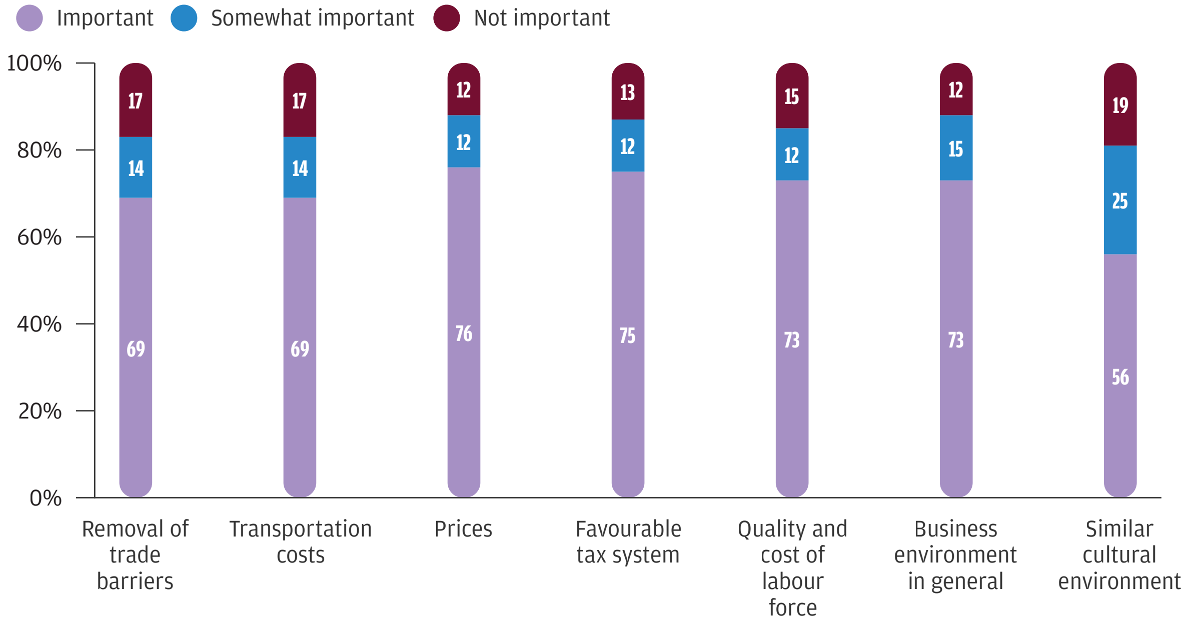


Conditions for trade and growth within the WB6

Businesses across the WB6 identify several conditions as important for trade relations within the region, including removal of trade barriers, transportation costs, prices, favourable tax system, quality and cost of labour force, overall business environment, and similar cultural environment. Prices, taxation, labour force quality, and the general business environment record the highest shares. Compared with 2024, the share of businesses identifying each factor as important increased.

Figure 3. Can you tell me whether the following pose obstacle for the growth of your business?

(Scale 1-10, mean Western Balkans Six)

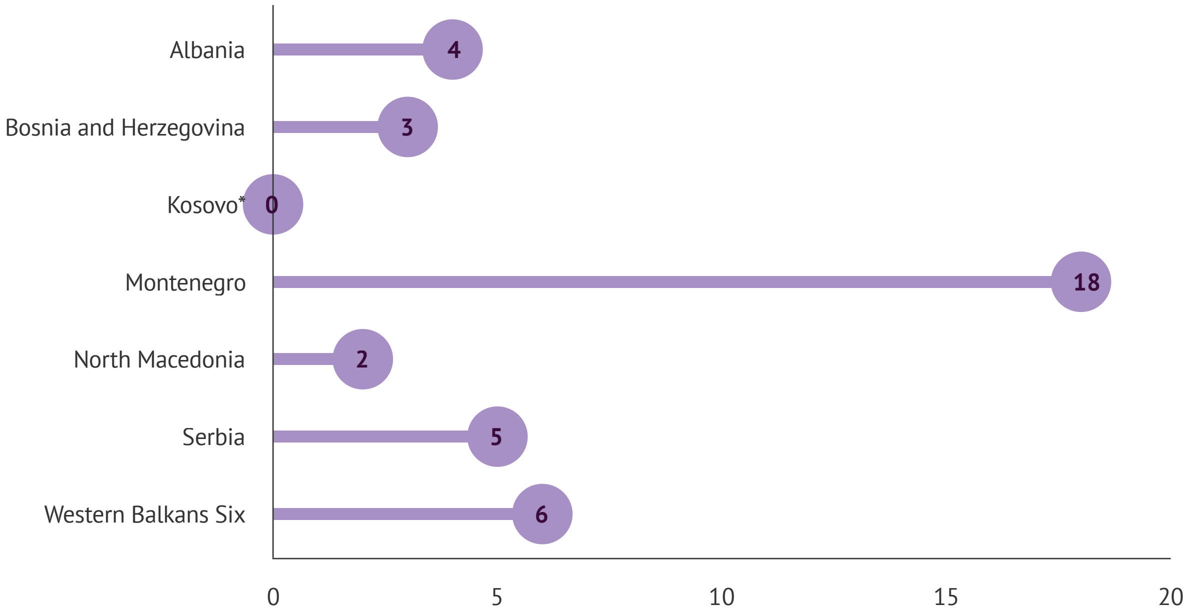


Hiring from other WB6

Across the WB6, 6% of businesses report having hired employees from another WB6 jurisdiction. Montenegro records the highest share.

Figure 4. Have you hired employees for your company from the WB6 jurisdictions?

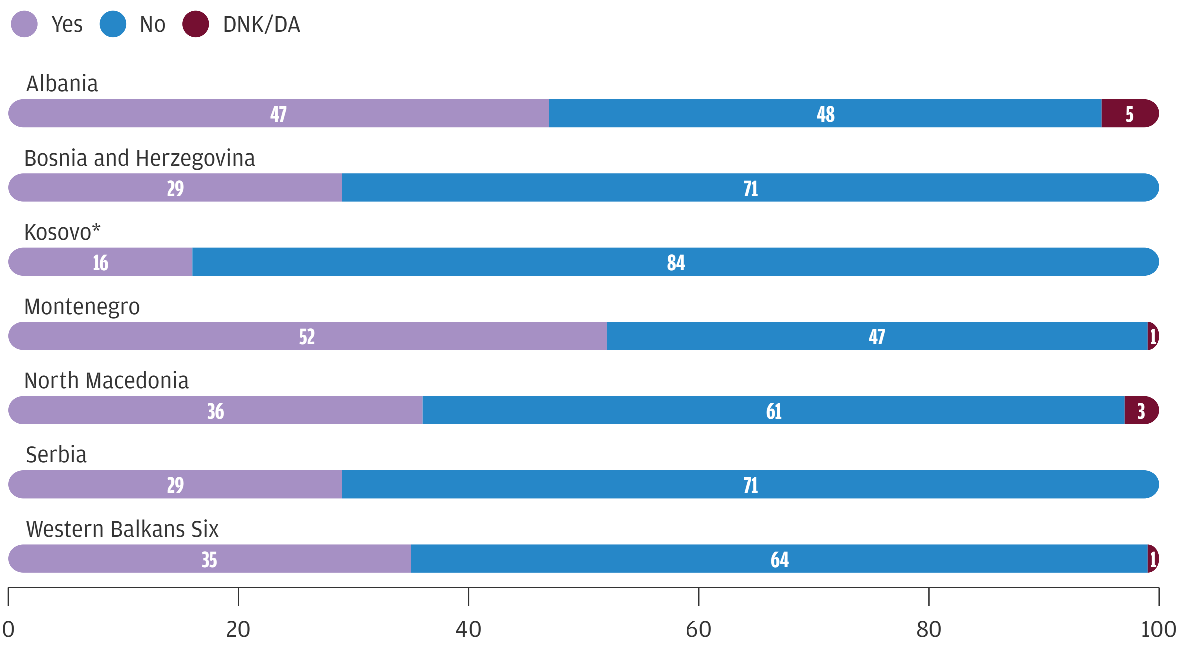
(only yes answer)



Circular economy awareness

Across the WB6, 35% of businesses report familiarity with the circular economy. Montenegro has shown a significant increase in awareness, rising from 26% in 2024 to 52% in 2025, now leading the region. Albania also shows a modest increase from 43% to 47%.

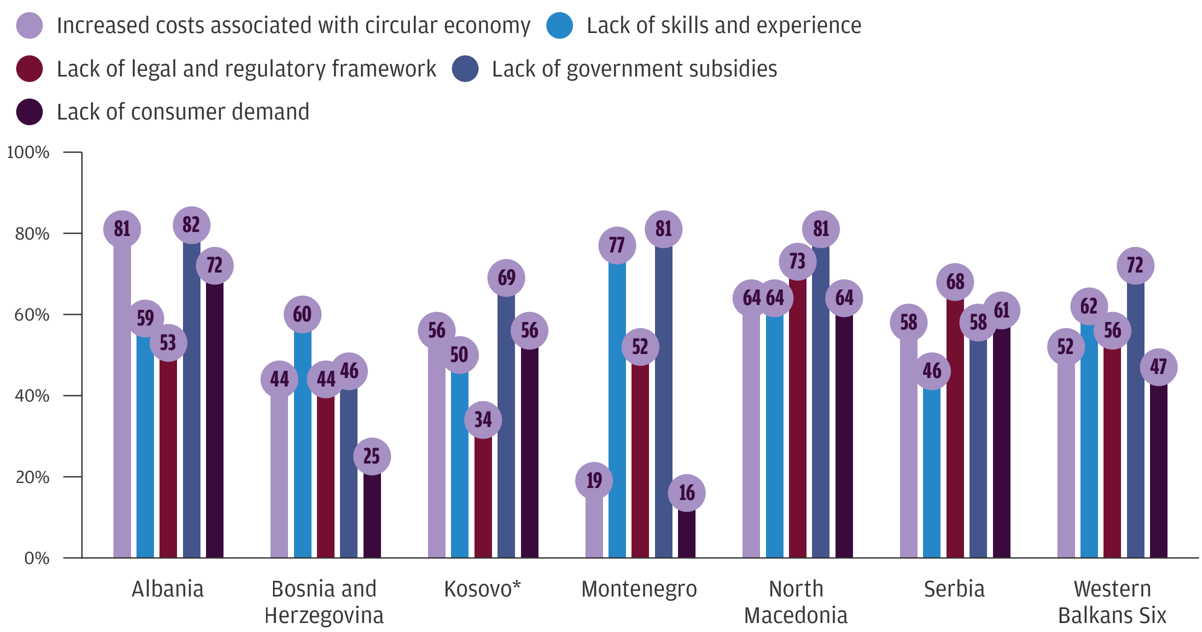
Figure 5. Awareness of Circular Economy and Its Principles



Barriers to circular economy adoption

The most frequently cited barriers are lack of government subsidies, lack of skills and experience, deficiencies in the legal and regulatory framework, increased costs, and lack of consumer demand.

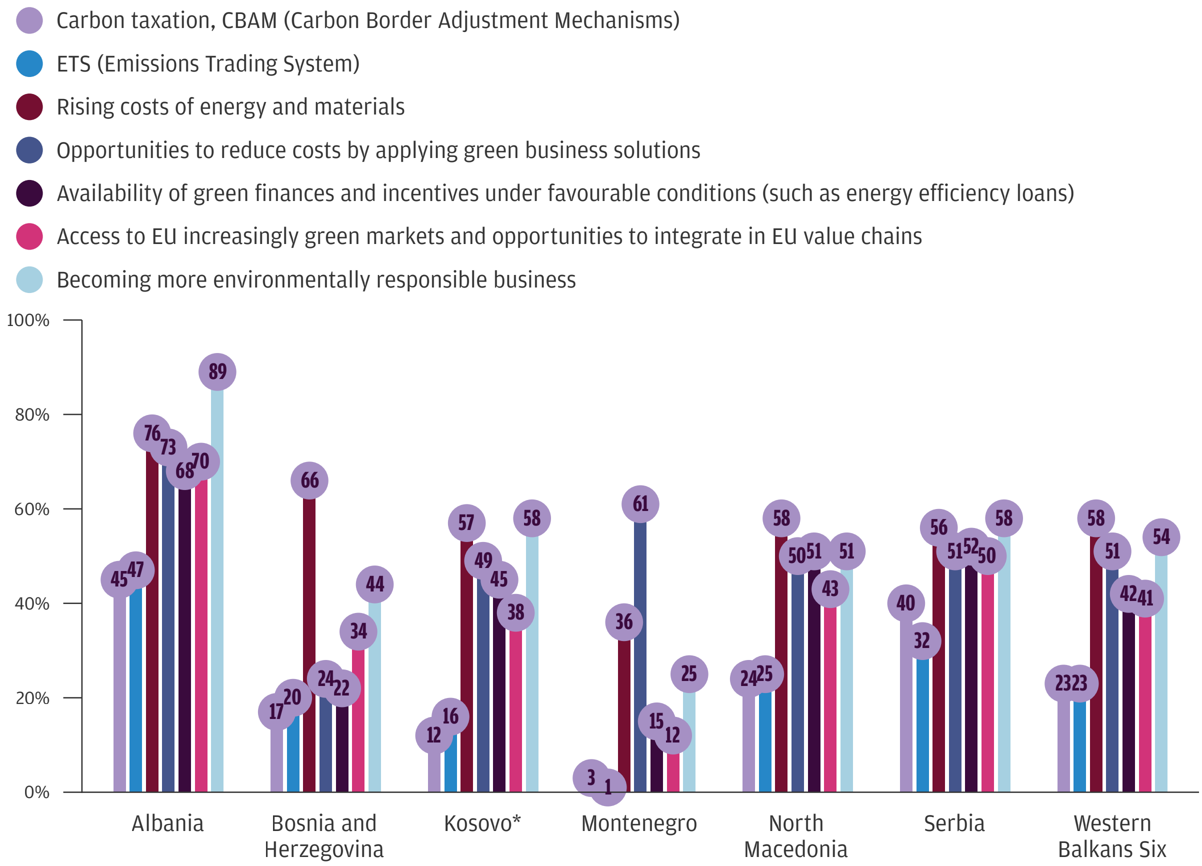
Figure 6. Barriers to Shifting towards Circular (Waste Free) Economy



Green transition and business decisions

Rising energy and material costs and the objective of becoming more environmentally responsible are among the most frequently cited factors influencing business decisions over the next 12 months.

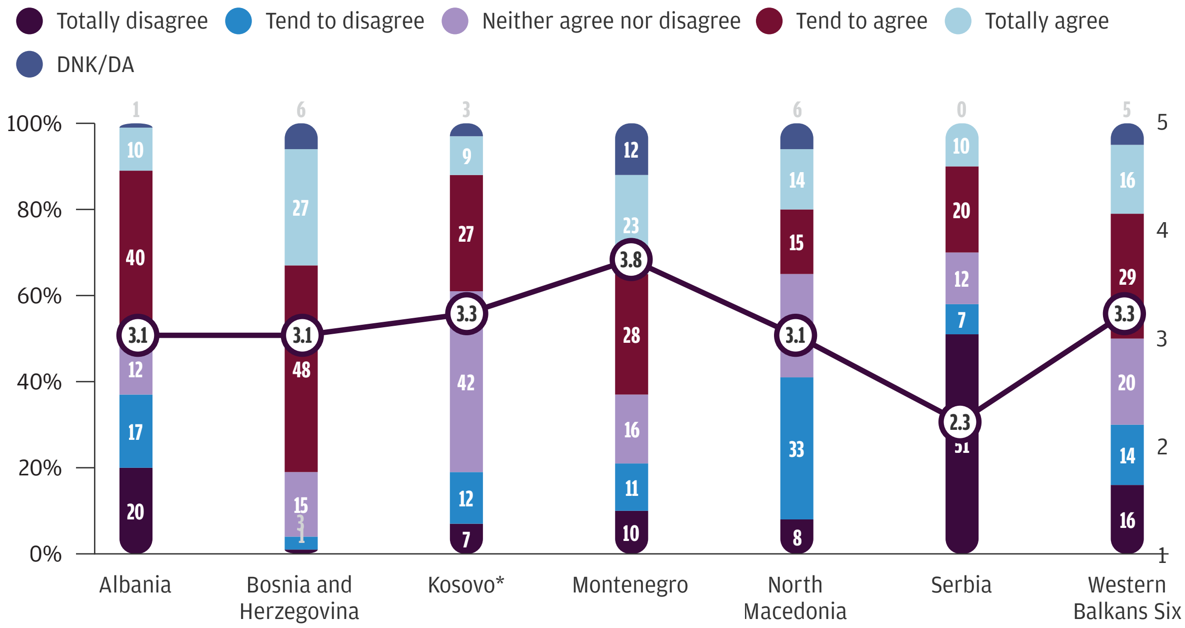
Figure 7. Factors Influencing Business Decisions in the Next 12 Months



Perceptions of Corruption

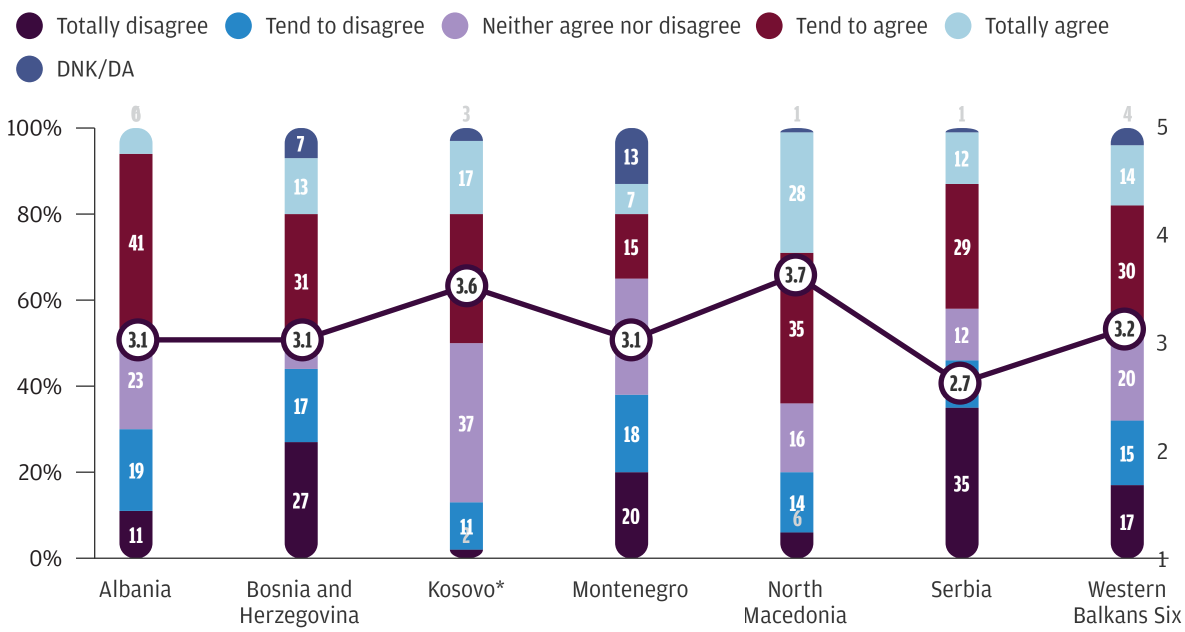
At the WB6 level, 46% of businesses agree that firms in their line of business typically make unofficial payments to get things done. Assessments differ across WB6.

Figure 8. Perception of Corruption



Across the WB6, 44% of businesses agree that anti-corruption efforts in their jurisdiction are effective. Assessments differ across the region.

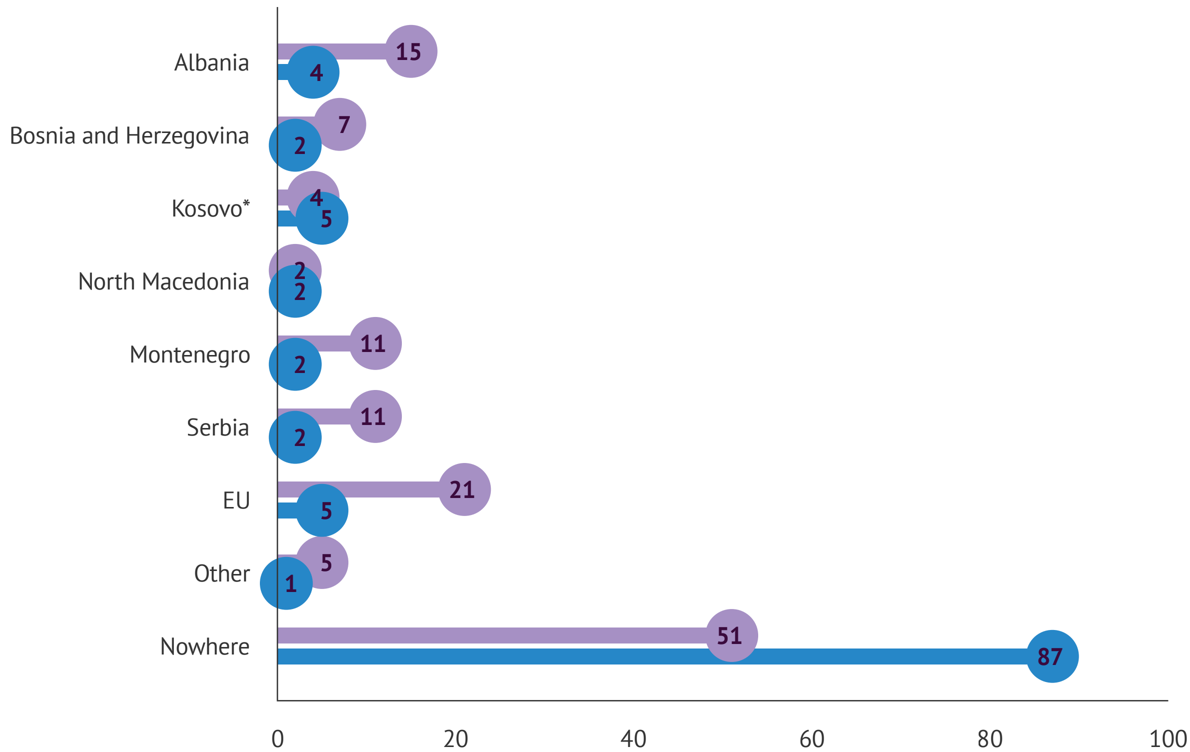
Figure 9. Effectiveness of Anti-Corruption Efforts



Investment outlook

The investment outlook remains cautious across destinations. The European Union remains the main external destination for planned investment, while combined intentions to invest within the WB6 remain higher than intentions to invest in the EU.

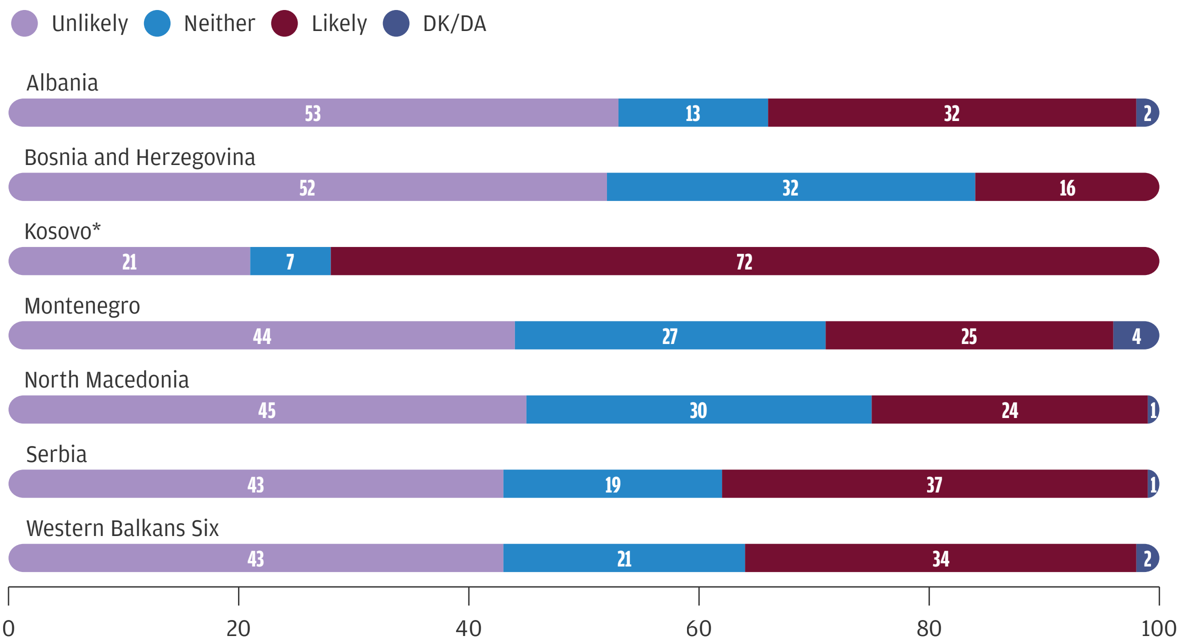
Figure 10. Company Investment Trends: Past 12 Months and Future Plans



Research and development investment

At the WB6 level, 34% of businesses report that they are likely or very likely to invest their own funds in research and development over the next three years. This is below the level recorded in 2024. Within the WB6, Kosovo* stands out with 72% of businesses confirming their intention to invest, followed by Serbia (37%).

Figure 11. How likely is it that your business will invest its own funds in research and development in order to come up with new or significantly improved products/services in the next three years?



Regional Overview

The WB6 recorded substantial economic fluctuation between 2020 and 2025. Regional growth fell by 3.0% in 2020, rebounded to 7.9% in 2021, and moderated thereafter to 3.4% in 2022, 3.1% in 2023, and an estimated 3.3% in both 2024 and 2025.

Kosovo* and Albania are projected to record the highest growth rates in 2025. The remaining jurisdictions are projected to grow at around 3.2%.

Inflation is projected to decline from 11.8% in 2022 to 2.9% in 2025. Current account deficits remain elevated. Fiscal balances are projected to widen moderately.

Table 1. Real GDP Growth in the Western Balkans Six (2020 – 2025 comparison in %)

JURISDICTION	2020	2021	2022	2023	2024e	2025f
Albania	-3.3	8.9	4.9	3.9	3.3	3.8
Bosnia and Herzegovina	-3	7.4	4.2	1.7	3	3.2
Kosovo*	-5.3	10.7	4.3	3.2	3.9	4
Montenegro	-15.3	13	6.4	4.8	3	3.2
North Macedonia	-4.7	4.5	2.2	1	2.7	3.2
Serbia	-0.9	7.7	2.5	3.8	3.9	3.2
Western Balkans Six	-3	7.9	3.4	3.1	3.3	3.3

Source: World Bank Group Western Balkans Regular Economic Report No. 27, Spring 2025.

The broader macroeconomic profile over the period shows contraction in 2020, recovery in 2021, and slower but positive growth thereafter. In 2020, consumption declined by 1.1%, investment by 1.6%, and net exports made a negative contribution of 0.3 percentage points. Inflation stood at 1.0%, the current account deficit widened to 8.6% of GDP, foreign direct investment amounted to 5.3% of GDP, and the fiscal balance deteriorated to -7.9% of GDP.

In 2021, consumption increased by 4.8% and investment by 2.1%. Net exports continued to make a negative contribution. Inflation rose to 3.2%, the current account deficit narrowed to 5.8% of GDP, foreign direct investment increased to 5.9% of GDP, and the fiscal deficit narrowed to -3.0% of GDP.

In 2022, consumption growth slowed to 3.1% and investment growth to 1.3%. Net exports subtracted 1.8 percentage points from growth. Inflation rose to 11.8%, the highest level in the period. The current account deficit widened to 7.8% of GDP, foreign direct investment increased to 6.9% of GDP, and the fiscal deficit narrowed to -2.7% of GDP.

In 2023, consumption growth slowed to 1.7% and investment contracted by 0.8%. Net exports contributed positively, adding 1.7 percentage points to growth. Inflation eased to 9.0%, the current account deficit narrowed to 4.9% of GDP, foreign direct investment stood at 5.4% of GDP, and the fiscal deficit declined to -1.5% of GDP.

For 2024 and 2025, the projections show moderate growth, easing inflation, modest investment growth, and renewed widening of the current account deficit. Consumption is projected to increase by 2.8% in 2024 and

3.2% in 2025. Investment growth is projected at 1.3% in 2024 and 1.1% in 2025. Net exports are projected to make small negative contributions in both years. Inflation is projected at 3.9% in 2024 and 2.9% in 2025. The current account deficit is projected at 5.5% of GDP in 2024 and 7.6% in 2025. Foreign direct investment is projected at 5.3% of GDP in 2024 and 4.9% in 2025. The fiscal deficit is projected at -2.7% of GDP in 2024 and -3.3% in 2025.

Across the period, inflation has declined from its 2022 peak, while current account deficits and fiscal deficits remain elevated.

Table 2. Selected Economic Indicators for Western Balkans Six (2020 – 2025 comparison in %)

Real GDP Growth Components	2020	2021	2022	2023	2024e	2025f
Consumption	-1.1	4.8	3.1	1.7	2.8	3.2
Investments	-1.6	2.1	1.3	-0.8	1.3	1.1
Net Exports	-0.3	-0.4	-1.8	1.7	-1	-1.1
Consumer Price Inflation	1	3.2	11.8	9	3.9	2.9
Current Account Balance	-8.6	-5.8	-7.8	-4.9	-5.5	-7.6
Foreign Direct Investment	5.3	5.9	6.9	5.4	5.3	4.9
Fiscal Balance	-7.9	-3	-2.7	-1.5	-2.7	-3.3

Source: World Bank Group Western Balkans Regular Economic Report No. 27, Spring 2025.

Business Sentiment Index: 2014-2025

The Balkan Business Sentiment Index (BBSI) was introduced in 2014 as a composite indicator of business assessments of current and expected economic conditions in the WB6.

For the 2025 survey cycle, the index is based on four questions covering expectations for domestic economic growth, satisfaction with the current business environment, changes in business revenues, and changes in operating costs over the previous 12 months. Because the composition of the BBSI has changed over time, year-on-year comparisons should be treated with caution. Table 3 summarises the questions used in the 2024 and 2025 survey cycles.

Table 3. List of questions included in the creation of BBSI for 2024 and 2025 survey cycle

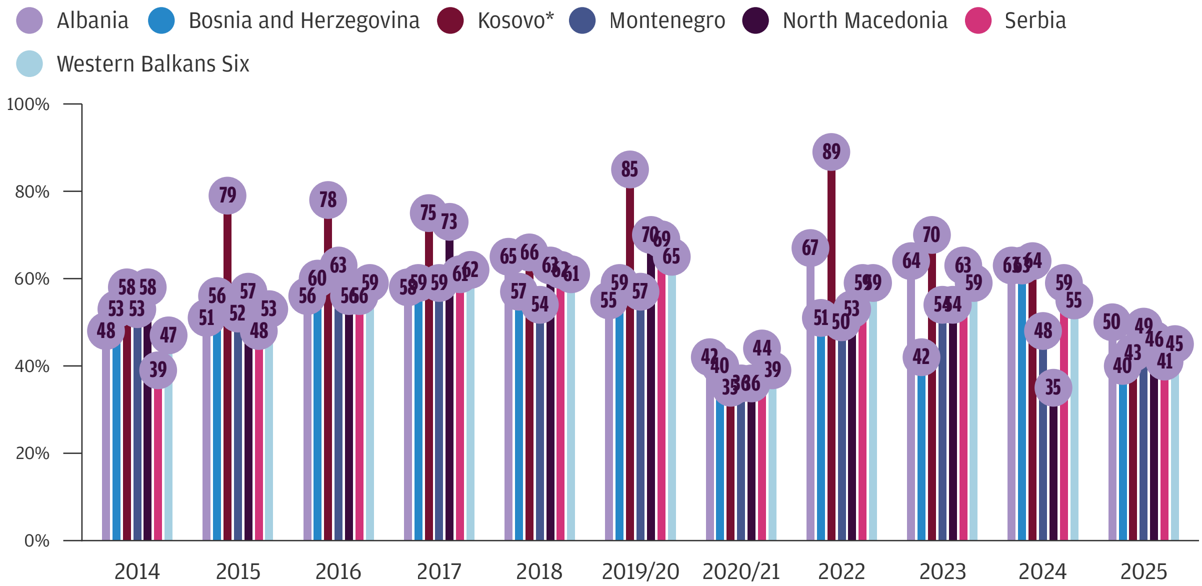
BBSI 2024	BBSI 2025
1. Over the past 12 months, how has your business situation evolved? Has it worsened, stayed the same, or improved?	1. How do you expect the domestic economic growth to change over the next 12 months?
2. Over the past 12 months, how has demand for your products or services changed? Has it decreased, remained stable, or increased?	2. How satisfied are you with the current business environment in which you operate?
3. How has the overall economic situation in your area changed over the past 12 months? Has it declined, stayed the same, or improved?	3. Did your business revenues increase, remain the same or decrease over the last 12 months?
4. Looking ahead to the next 12 months, how do you anticipate demand for your products or services will change? Will it decrease, remain stable, or grow?	4. What about business costs (such as energy, labour cost, rent, etc.)? Did your costs increase, remain the same or decrease over the last 12 months?
5. How do you expect the general economic situation in your area to develop over the next 12 months? Will it decline, stay the same, or improve?	

To obtain the numerical value of the index, we used the following steps:

1. **For five-point scale questions, values were recoded as follows:** 1 → 0 points, 2 → 25 points, 3 → 50 points, 4 → 75 points, 5 → 100 points.
2. **For ten-point scale questions:** 1–2 → 0 points, 3–4 → 25 points, 5–6 → 50 points, 7–8 → 75 points, 9–10 → 100 points.
3. After recoding, we calculated the index by summing the values and dividing by four to ensure a scale from 0 to 100.

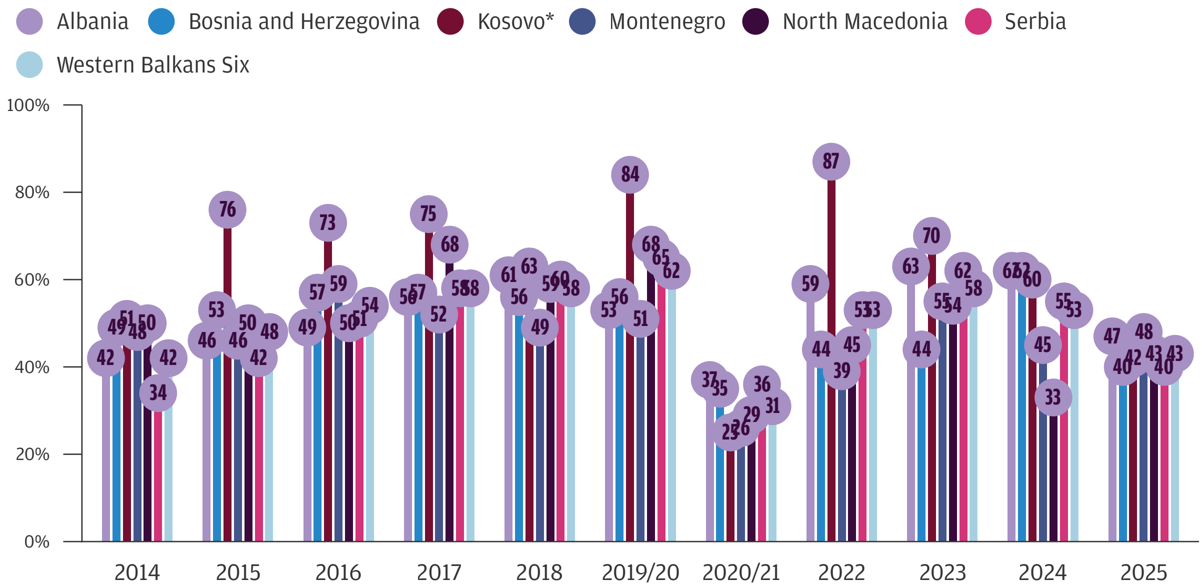
As can be seen from Table 3, in this year's research cycle, a smaller number of questions is used. The BBSI is calculated by recoding responses onto a common 0–100 scale and averaging the resulting values. The 2025 BBSI places greater weight on business revenues and operating costs. Comparisons with previous years should therefore be treated with caution.

Figure 12. Business Sentiment Index Values from 2014-2025



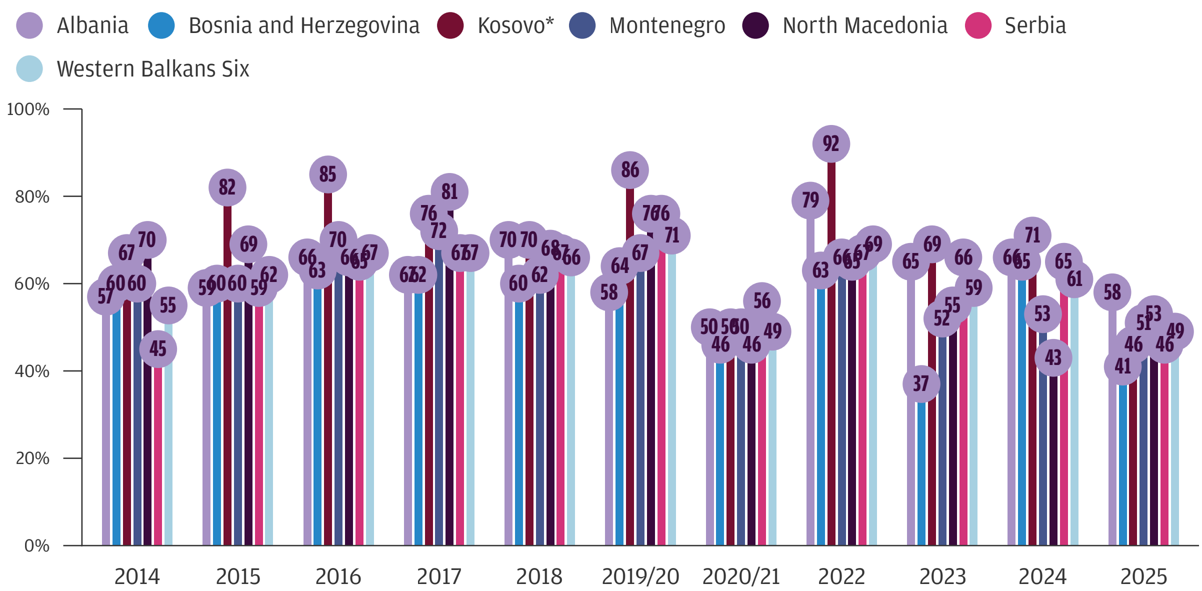
Between 2014 and 2019, the regional average generally fluctuated between the mid-50s and mid-60s. Kosovo* recorded the highest values during most of this period. Regional sentiment fell sharply in 2020/21. In 2022, the index increased across the region. By 2023, the regional average had moderated.

Figure 13. Business Sentiment Index BBSI - Present Situation Index, Values from 2014-2025



The BBSI Expectation Index declined from 61 in 2024 to 49 in 2025. Declines are recorded in five of the WB6. North Macedonia is the only jurisdiction recording an increase.

Figure 14. Business Sentiment Index BBSI – Expectation Index, Values from 2014-2025



Perceptions of the Business Environment and Economic Trends

This chapter presents business views on economic growth, the business climate, revenue and cost developments, and reported obstacles to business growth.

Across the WB6, 25% of businesses expect domestic economic growth to decline over the next 12 months, 51% expect no change, and 24% expect improvement. Businesses also report mixed views on the current business climate. At regional level, 48% report being satisfied, 31% neither satisfied nor dissatisfied, and 21% dissatisfied.

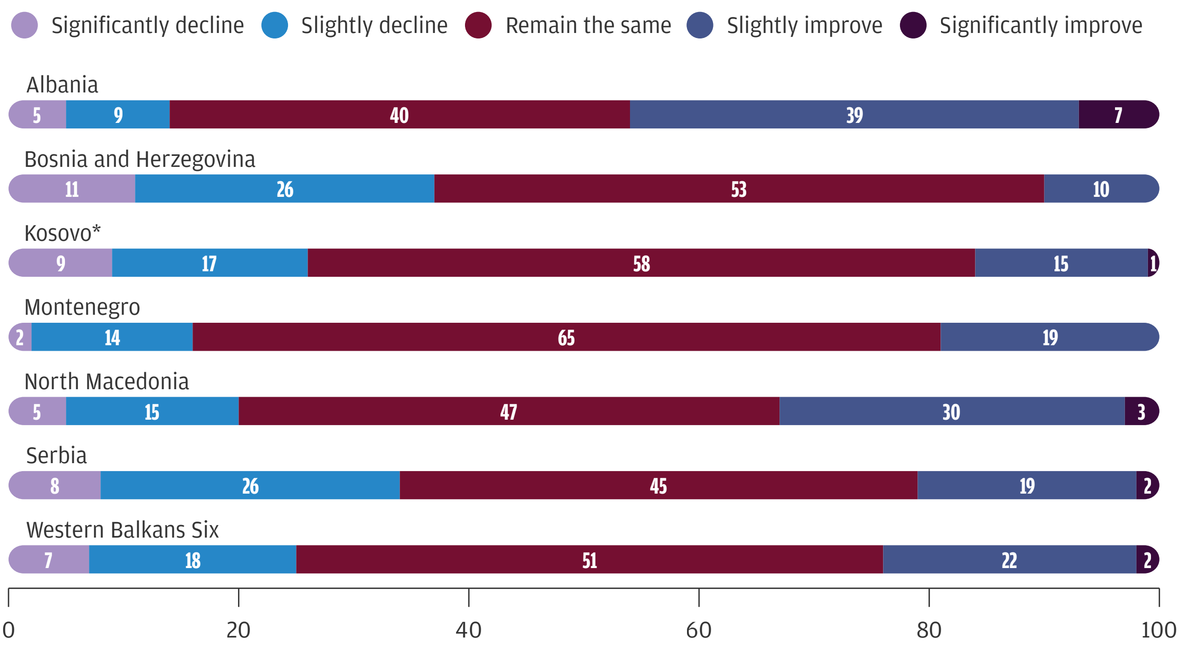
Over the previous 12 months, 30% of businesses report an increase in revenues, 52% report no change, and 17% report a decrease. Operating costs increased for 67% of businesses, while 31% report no change.

Respondents also assessed a range of obstacles to business growth on a scale from 1 to 10. High prices and the informal economy and unfair competition record the highest average scores. Corruption in society, shortage of labour, access to finance, inefficient public administration and institutions, political instability, crime in society, and underdeveloped public infrastructure also record relatively high values.

Figure 15. Assessing Expectations in Domestic ECONOMIC Growth over the Next 12 Months?

Q01. How do you expect the domestic economic growth to change over the next 12 months?

(All respondents, N=1216, share of total, %)

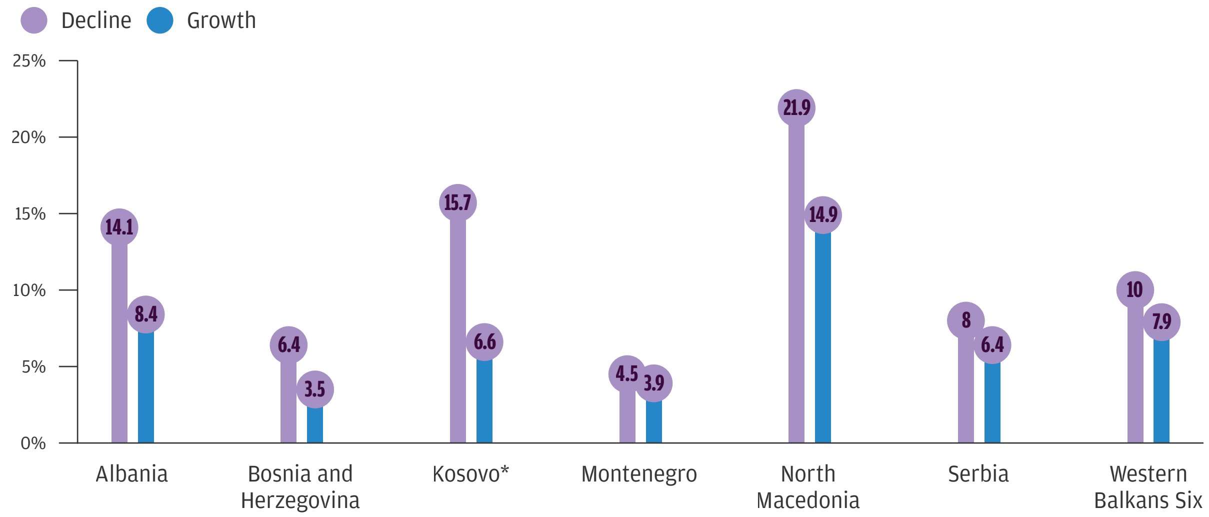


Among businesses that provided a quantitative estimate, the average expected decline in growth is 10.02%, while the average expected increase is 7.95%. North Macedonia records the largest average expected decline and the highest average projected increase.

Figure 16. Forecasting Economic Growth: Expectations for the Next Year

Q01a. What is your projected growth or decline for the next year in percentage terms?

(Respondents who expressed their expectations, N=254 for WB6, mean)

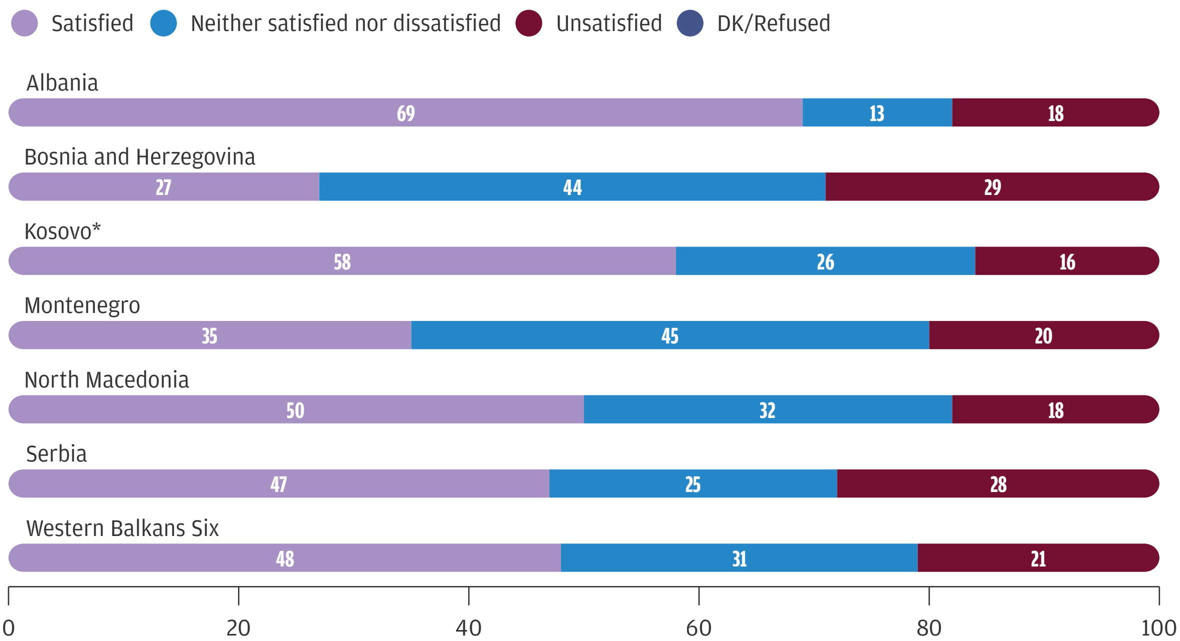


At the WB6 level, 48% of businesses report being satisfied with the current business climate in their jurisdiction, 31% are neither satisfied nor dissatisfied, and 21% are dissatisfied. Satisfaction is highest in Albania, followed by Kosovo* and North Macedonia.

Figure 17. Measuring Business Climate Satisfaction across jurisdictions

Q01. [S] How satisfied are you with the current business climate in your jurisdiction?

(All respondents, N=1216, share of total, %)

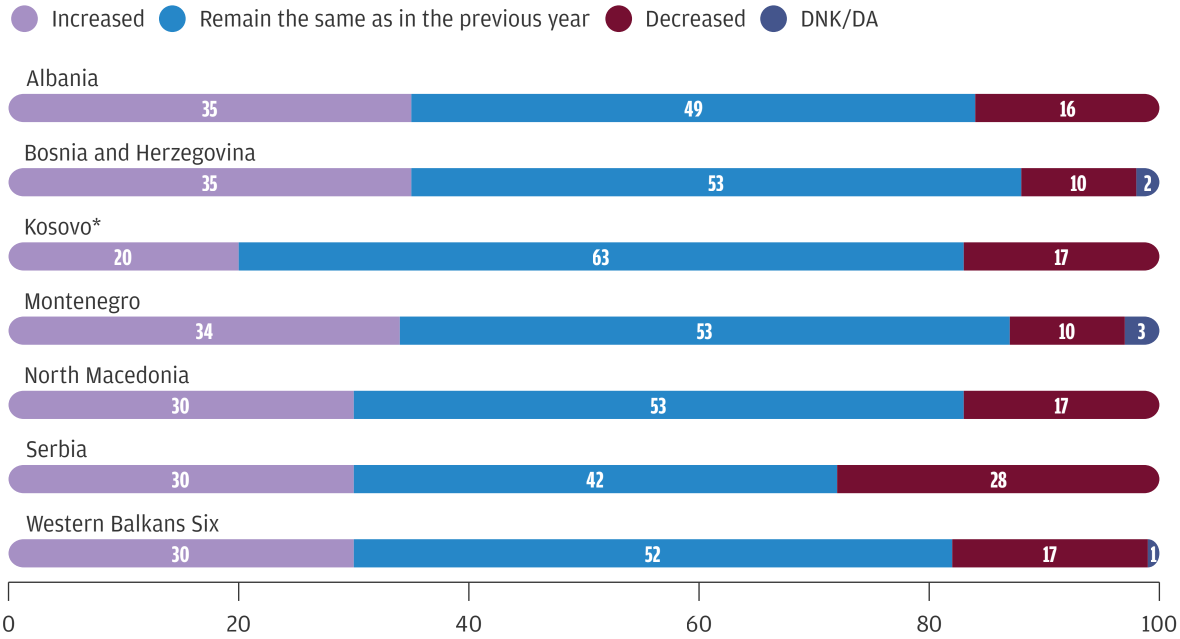


Across the WB6, 30% of businesses report an increase in revenues, 52% report no change, and 17% report a decrease. Albania, Bosnia and Herzegovina, and Montenegro record above-average shares reporting revenue growth. Kosovo* records the highest share reporting no change.

Figure 18. Measuring Business Revenues across Jurisdictions

Q03. [S] Did your business revenues increase, remain the same or decrease over the last 12 months?

(All respondents, N=1216, share of total, %)

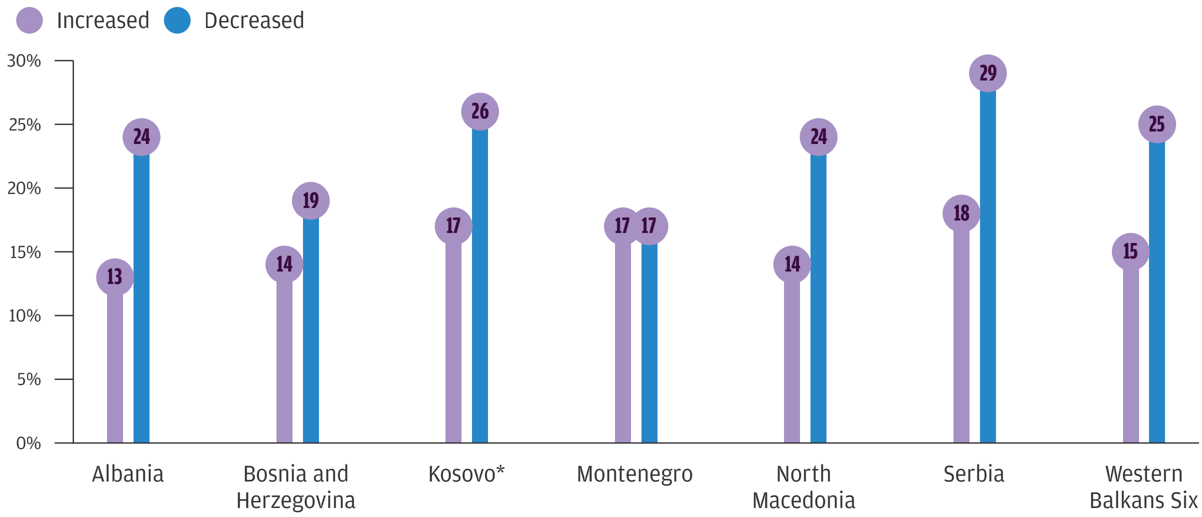


Among businesses that reported a change in revenues, the average estimated increase is 15%, while the average estimated decrease is 25%. Serbia records the highest reported average increase and the largest reported average decline.

Figure 19. Measuring Business Revenues across jurisdictions

Q03. [S] Can you estimate % change in your business revenues?

(Respondents who expressed their estimation, N=370/increased and 203/decreased for Western Balkans Six, mean)

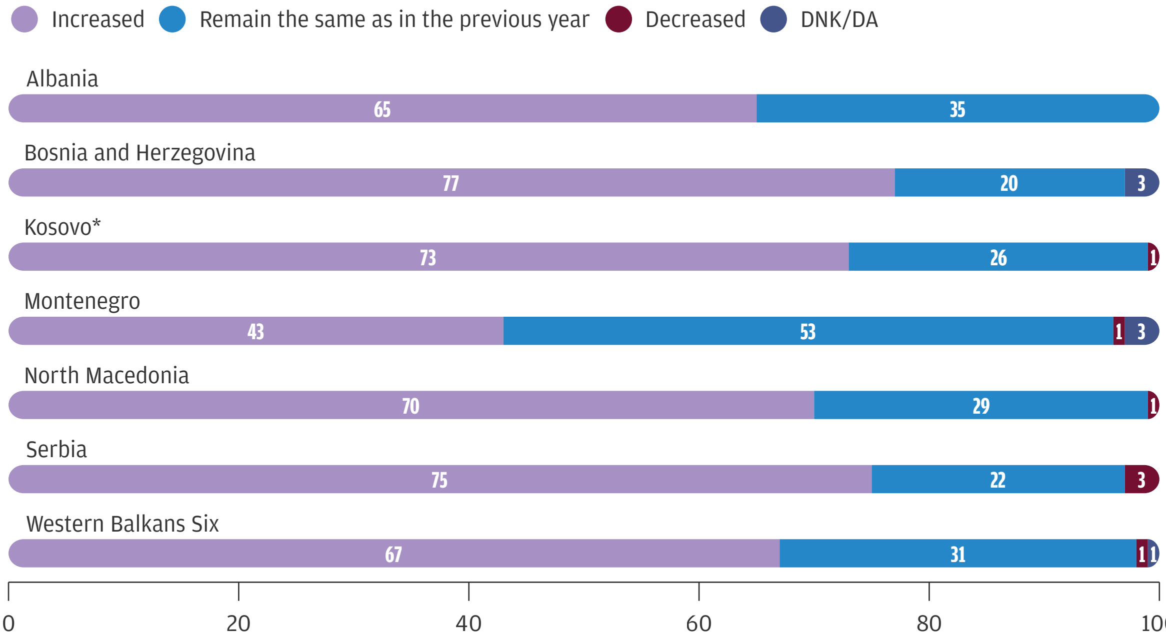


Operating costs increased over the previous 12 months for 67% of businesses, while 31% report no change and 1% report a decrease. Compared with 2024, the regional share reporting cost increases declined from 77% to 67%

Figure 20. Tracking Changes in Labour and Other Costs over the Past 12 Months

Q04. [S] Did your costs (such as energy, labour cost, rent, etc.) increase, remain the same or decrease over the last 12 months?

(All respondents, N=1216, share of total, %)



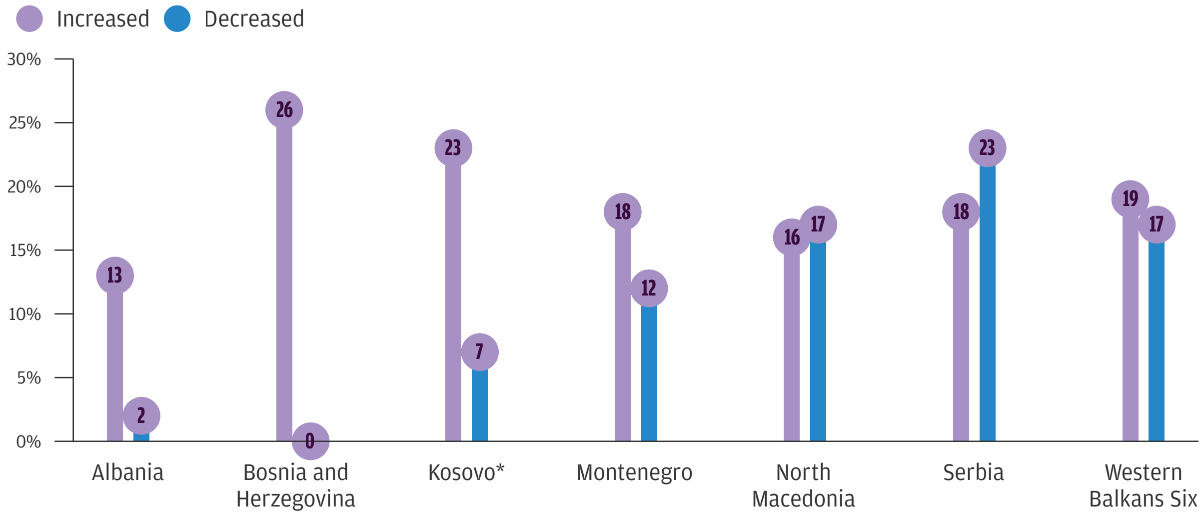
Perceptions of the Business Environment and Economic Trends

Among businesses that provided a quantitative estimate, average costs are reported to have increased by 19%. Bosnia and Herzegovina records the highest reported average increase, followed by Kosovo*.

Figure 21. Measuring Business Costs across Jurisdictions

Q04. [S] Can you estimate % change in your business costs?

(Respondents who expressed their estimation, N=815/increased and 13/decreased for WB6, mean)

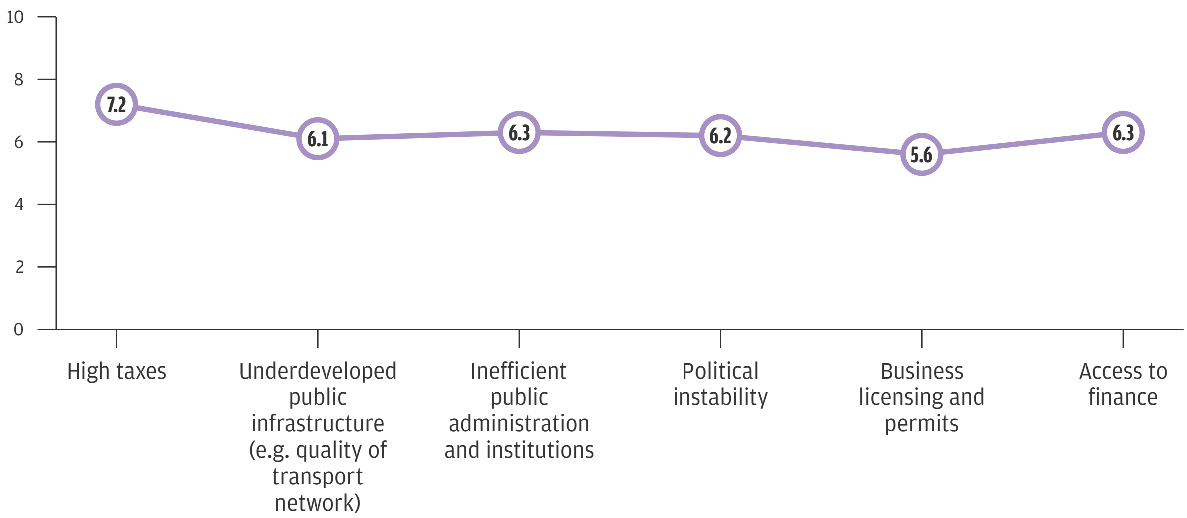


Respondents assessed a range of obstacles to business growth on a scale from 1 to 10. High taxes and the informal economy and unfair competition record the highest average scores.

Figure 22. Analysing the Impact of Various Factors on Business Growth

Q05. [S] Can you tell me whether the following pose obstacle for the growth of your business?

WB6 (1/2) (All respondents, N=1216, scale from 1 to 10, mean)

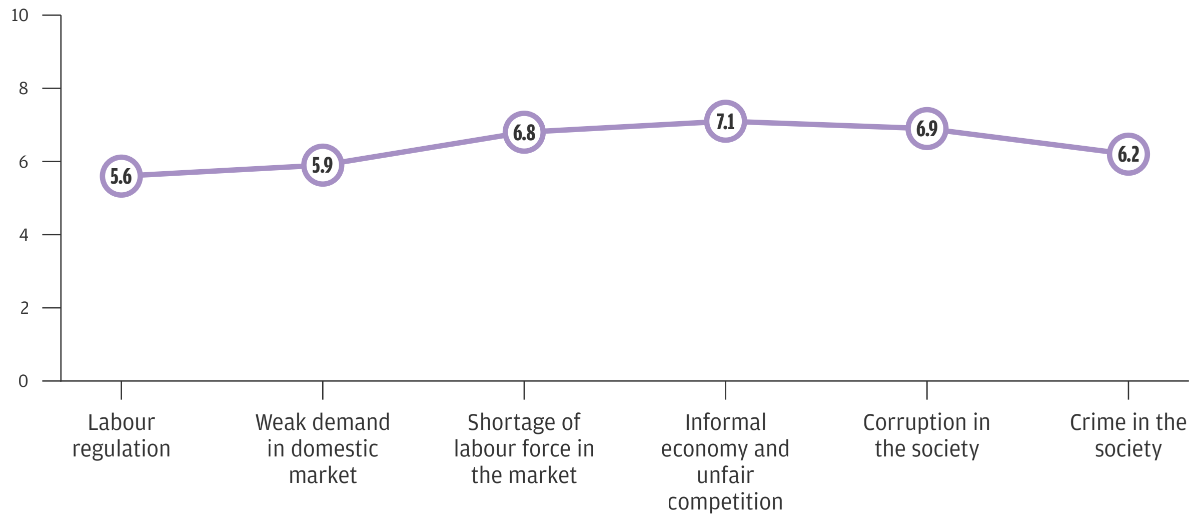


Corruption in society, shortage of labour, access to finance, inefficient public administration and institutions, political instability, crime in society, and underdeveloped public infrastructure also record relatively high values. Lower values are recorded for weak demand in the domestic market, labour regulations, and business licensing and permits.

Figure 23. Analysing the Impact of Various Factors on Business Growth

Q05. [S] Can you tell me whether the following pose obstacle for the growth of your business?

WB6 (2/2) (All respondents, N=1216, scale from 1 to 10, mean)



High taxes are the biggest obstacle to business growth in the WB6. (mean: 7.22).

Figure 24. The Impact of High Taxes on Business Growth

Q05. [S] Can you tell me how the high taxes affect the growth of your business?

High taxes (All respondents, N=1216, scale from 1 to 10, mean)

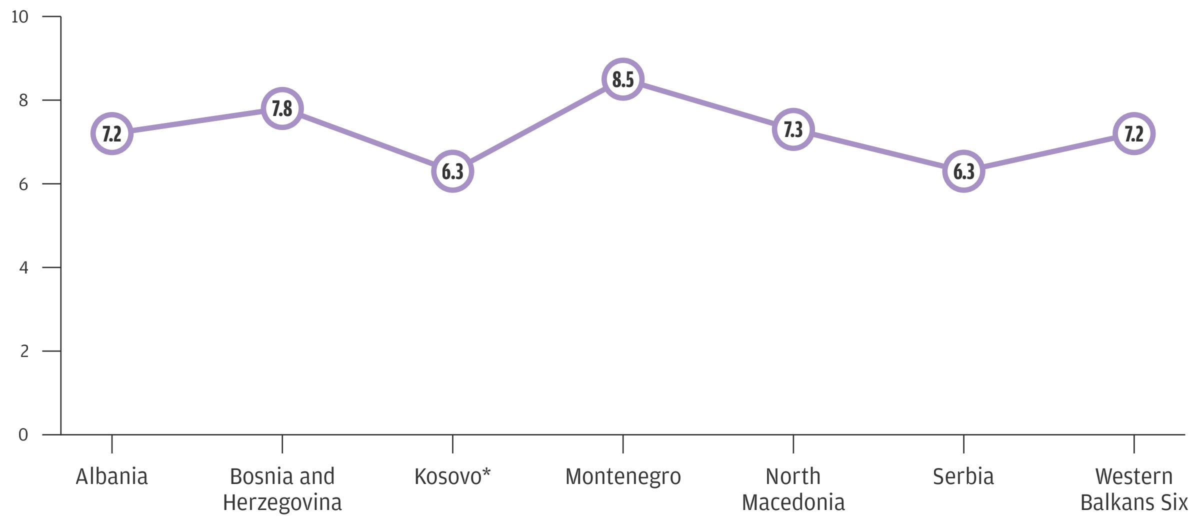
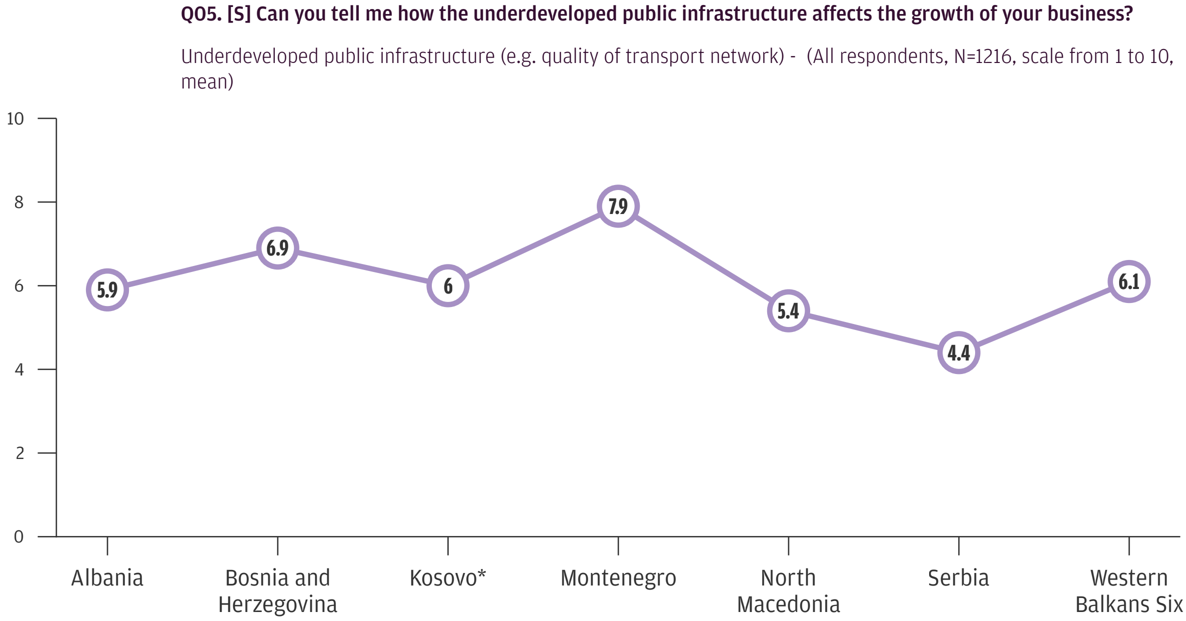


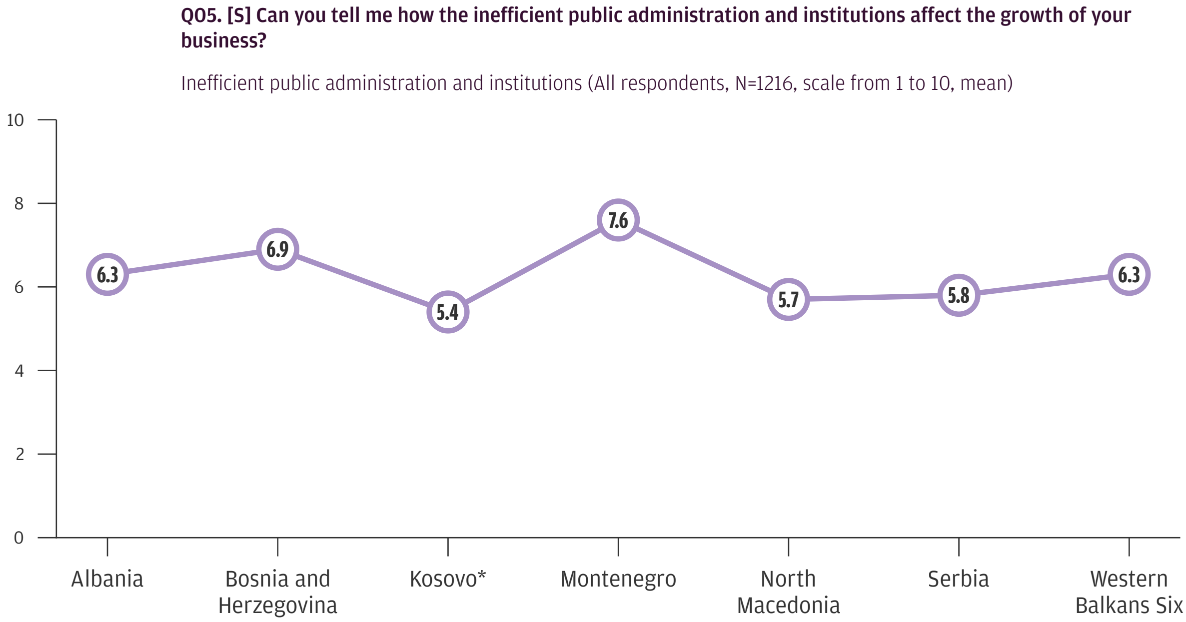
Figure 25 shows the impact of underdeveloped public infrastructure (e.g. quality of transport network) on business growth in the WB6. The highest impact of this factor is recorded in Montenegro, with a mean of 7.92, and in Bosnia and Herzegovina, with a mean of 6.91.

Figure 25. The Impact of Underdeveloped Public Infrastructure on Business Growth



Inefficient public administration and institutions record a regional average score of 6.26. Montenegro, Bosnia and Herzegovina, and Albania record scores above the regional average.

Figure 26. The Impact of Inefficient Public Administration and Institutions on Business Growth

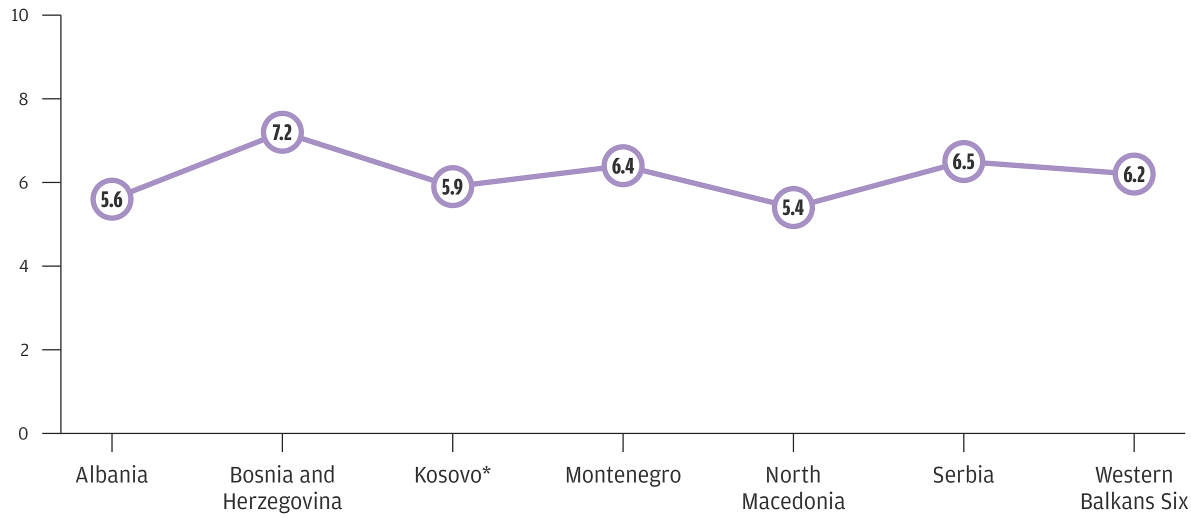


Political instability records a regional average score of 6.16. Bosnia and Herzegovina records the highest score, followed by Serbia and Montenegro.

Figure 27. The Impact of Political Instability on Business Growth

Q05. [S] Can you tell me how the political instability affects the growth of your business?

(All respondents, N=1216, scale from 1 to 10, mean)

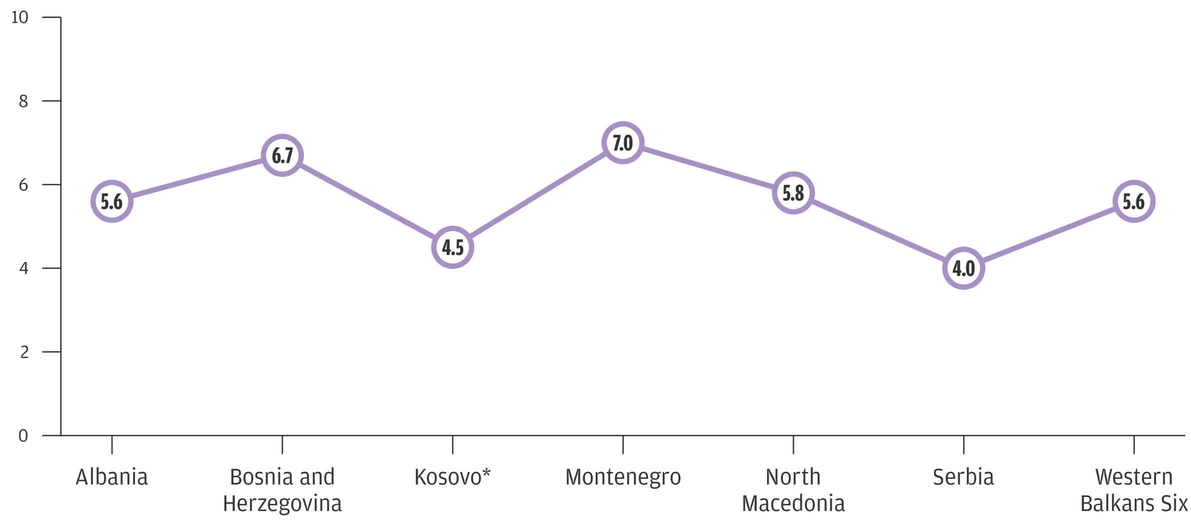


Business licensing and permits record a regional average score of 5.61. Montenegro records the highest score, followed by Bosnia and Herzegovina and North Macedonia.

Figure 28. The Impact of Business Licensing and Permits on Business Growth

Q05. [S] Can you tell me how the business licensing and permits affect the growth of your business?

Business licensing and permits (All respondents, N=1216, scale from 1 to 10, mean)

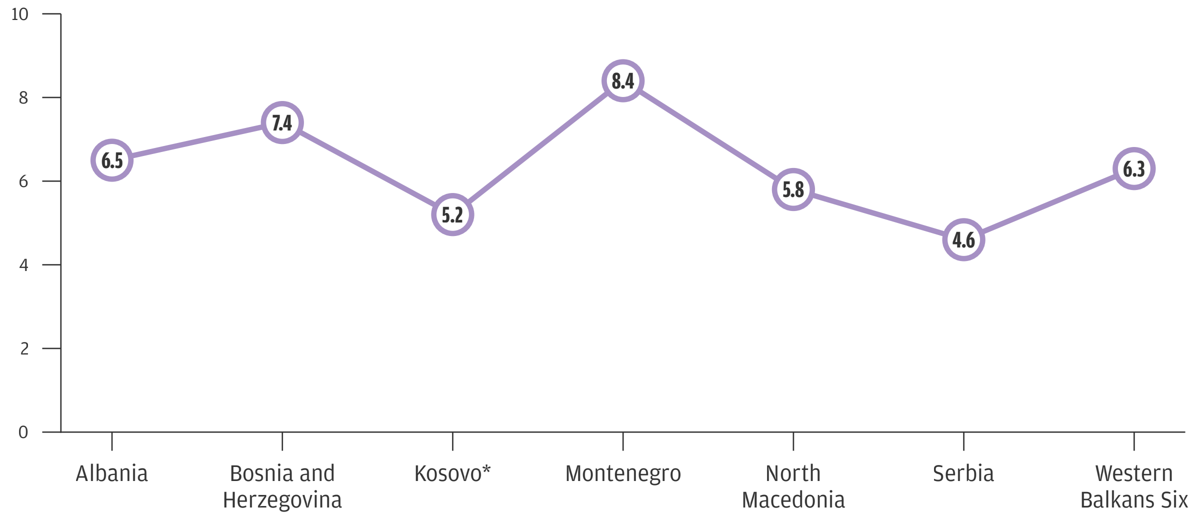


Access to finance records a regional average score of 6.30. Montenegro records the highest score, followed by Bosnia and Herzegovina and Albania.

Figure 29. The Impact of Access to Finance on Business Growth

Q05. [S] Can you tell me how the access to finance affects the growth of your business?

Access to finance (All respondents, N=1216, scale from 1 to 10, mean)

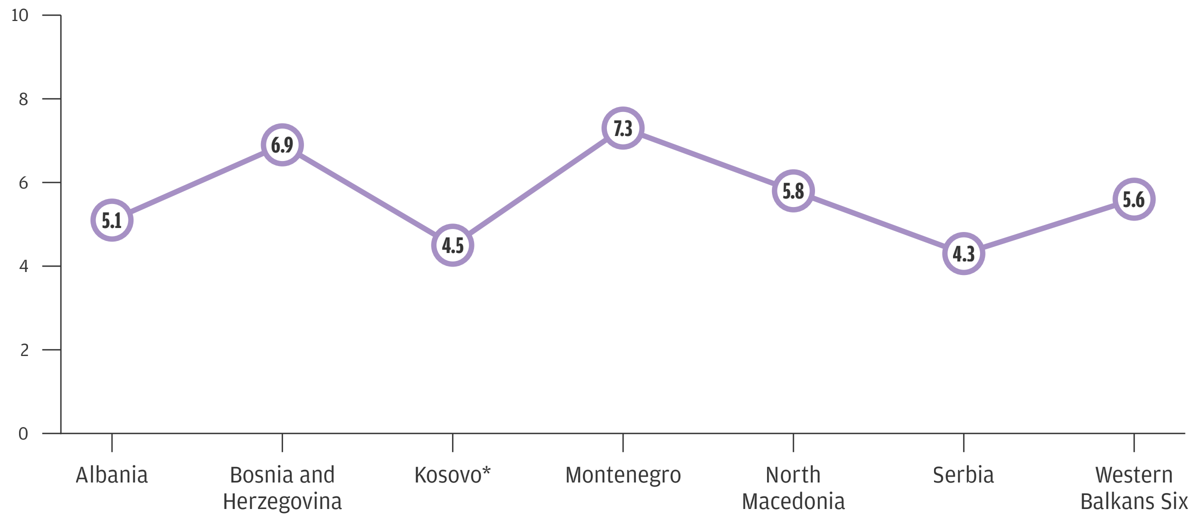


Labour regulation records a regional average score of 5.64. Montenegro, Bosnia and Herzegovina, and North Macedonia record the highest scores. Serbia and Kosovo* record the lowest.

Figure 30. The Impact of Labour Regulation on Business Growth

Q05. [S] Can you tell me how the labour regulation affects the growth of your business?

Labour regulation (All respondents, N=1216, scale from 1 to 10, mean)

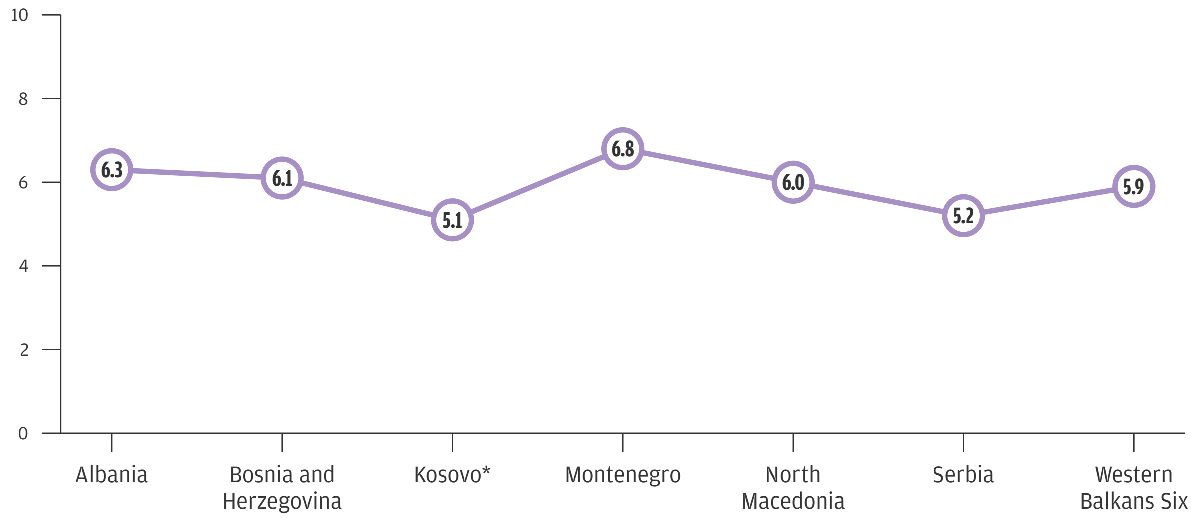


Weak demand in the domestic market records a regional average score of 5.92. Montenegro records the highest score, followed by Albania and North Macedonia.

Figure 31. The Impact of Weak Demand in Domestic Market on Business Growth

Q05. [S] Can you tell me how the weak demand in domestic market affects the growth of your business?

Weak demand in domestic market (All respondents, N=1216, scale from 1 to 10, mean)

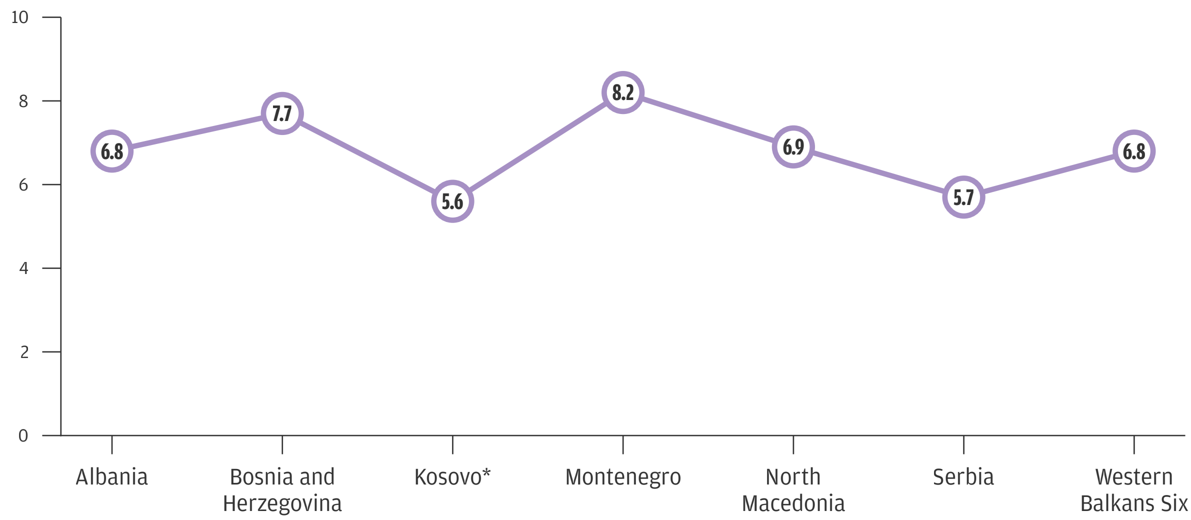


Shortage of labour in the market records a regional average score of 6.80. Montenegro, Bosnia and Herzegovina, and North Macedonia record the highest scores. Kosovo* and Serbia record the lowest.

Figure 32. The Impact of Shortage of Labour Force in the Market on Business Growth

Q05. [S] Can you tell me how the shortage of labour force in the market affects the growth of your business?

Shortage of labour force in the market (All respondents, N=1216, scale from 1 to 10, mean)

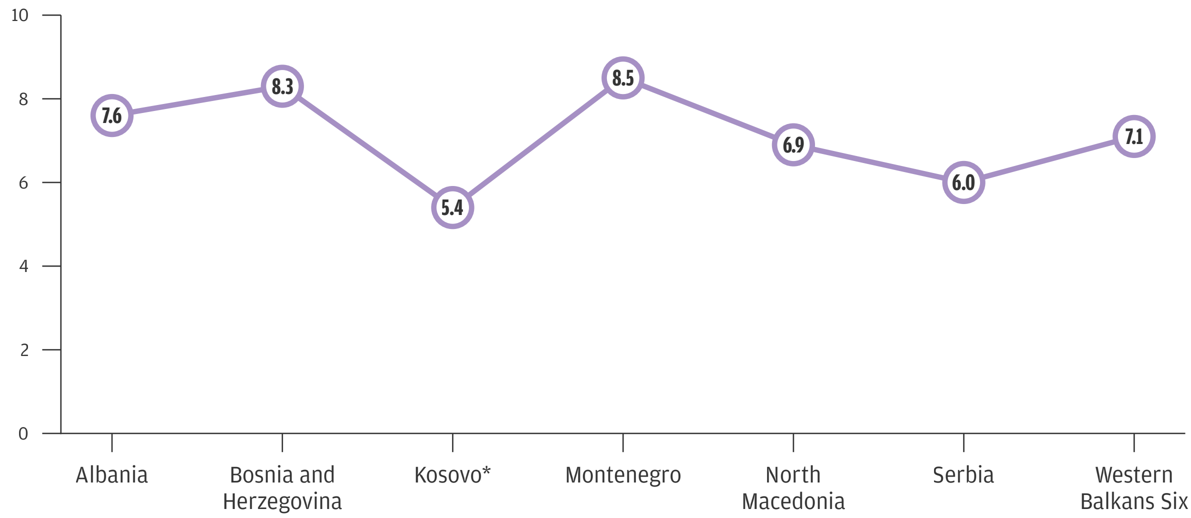


The informal economy and unfair competition record a regional average score of 7.10. Montenegro, Bosnia and Herzegovina, and Albania record the highest scores.

Figure 33. The Impact of Informal Economy and Unfair Competition on Business Growth

Q05. [S] Can you tell me how the informal economy and unfair competition affect the growth of your business?

Informal economy and unfair competition (All respondents, N=1216, scale from 1 to 10, mean)

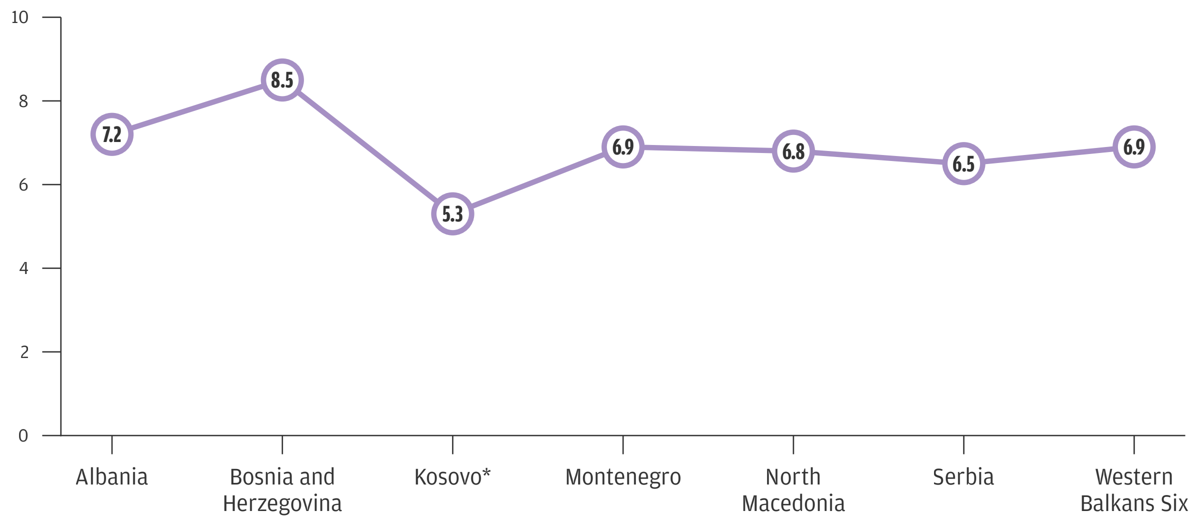


Corruption in society records a regional average score of 6.87. Bosnia and Herzegovina records the highest score, followed by Albania and Montenegro.

Figure 34. The Impact of Corruption in the Society on Business Growth

Q05. [S] Can you tell me how the corruption in the society affects the growth of your business?

Corruption in the society - (All respondents, N=1216, scale from 1 to 10, mean)

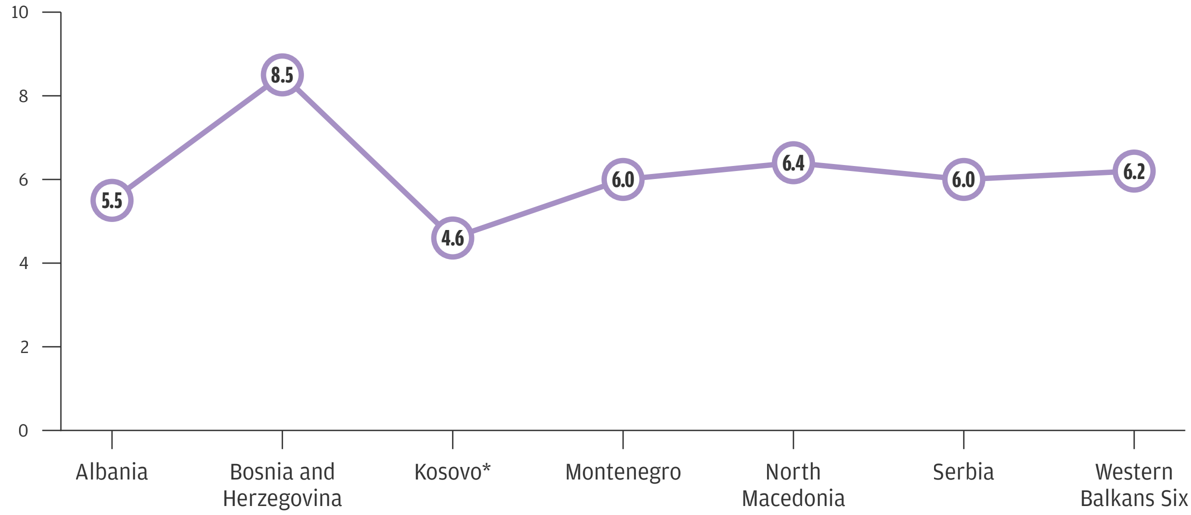


Crime in society records a regional average score of 6.16. Bosnia and Herzegovina records the highest score, followed by North Macedonia.

Figure 35. The Impact of Crime in the Society on Business Growth

Q05. [S] Can you tell me how the crime in the society affects the growth of your business?

Crime in the society (All respondents, N=1216, scale from 1 to 10, mean)



Perceptions of Regional and EU Integration/ Cooperation

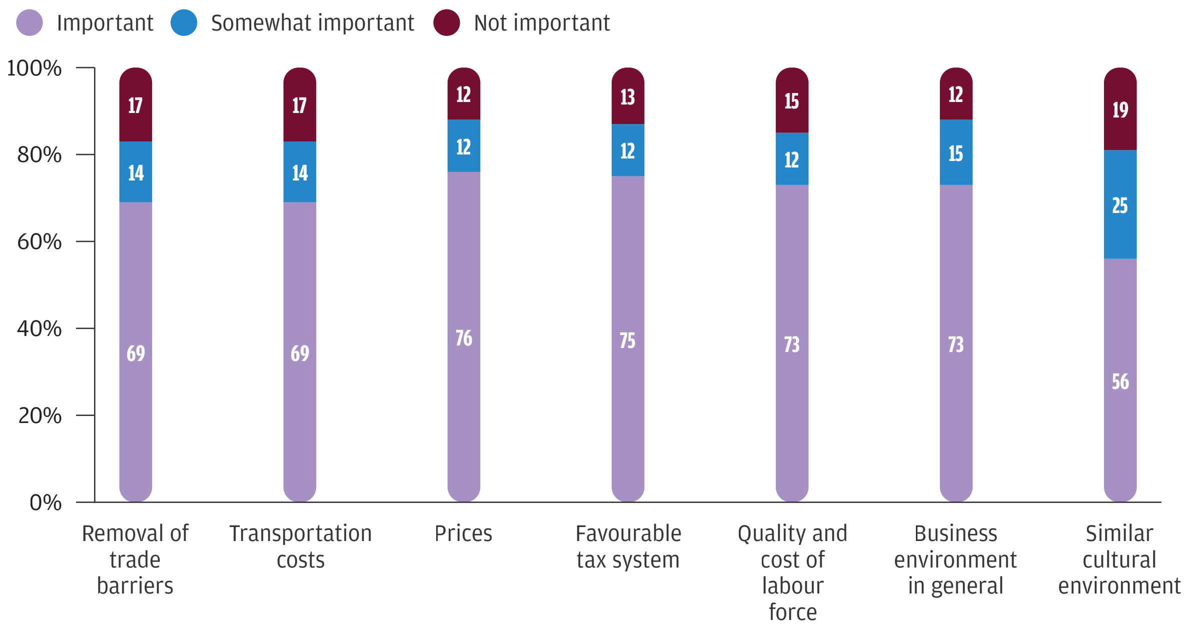
Businesses were asked to assess the importance of several factors to developing business relations with the other WB6, namely removal of trade barriers, transportation costs, prices, favourable tax system, quality and cost of labour force, business environment in general and similar cultural environment. This chapter presents business views on conditions affecting trade relations within the WB6, factors influencing regional business expansion, labour mobility, and perceived barriers across jurisdictions.

Businesses identify the removal of trade barriers, transportation costs, prices, a favourable tax system, quality and cost of labour force, the general business environment, and a similar cultural environment as important for trade within the region. Prices, taxation, labour force quality, and the general business environment record the highest shares. Compared with 2024, the share of businesses identifying each factor as important increased.

Figure 36. Fostering Business Relations in the WB6: Key Aspects of Importance

Q06. [S PER ROW] How important are the following factors for your company's trade relations with other WB6?

(All respondents, N=1216, share of total, %)

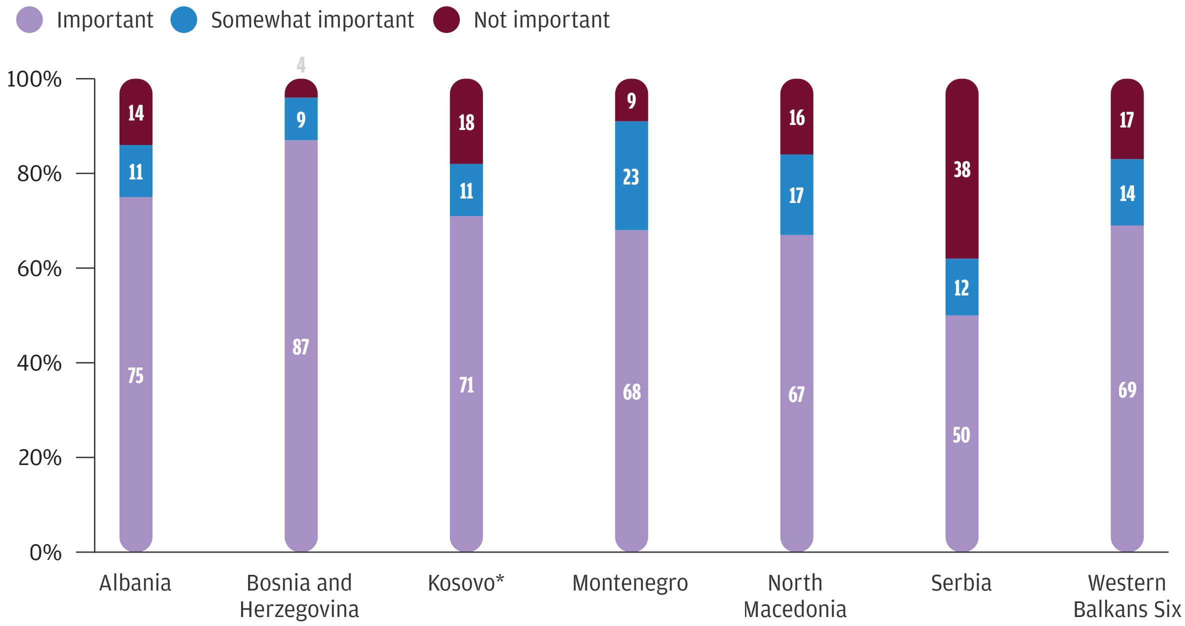


Removal of trade barriers is considered important by 69% of businesses, somewhat important by 14%, and not important by 17%. Bosnia and Herzegovina records the highest share considering it important, followed by Albania and Kosovo*.

Figure 37. The Significance of Removing Trade Barriers for Business Relations in the WB6

Q06. [S PER ROW] What is the importance of removal of trade barriers for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

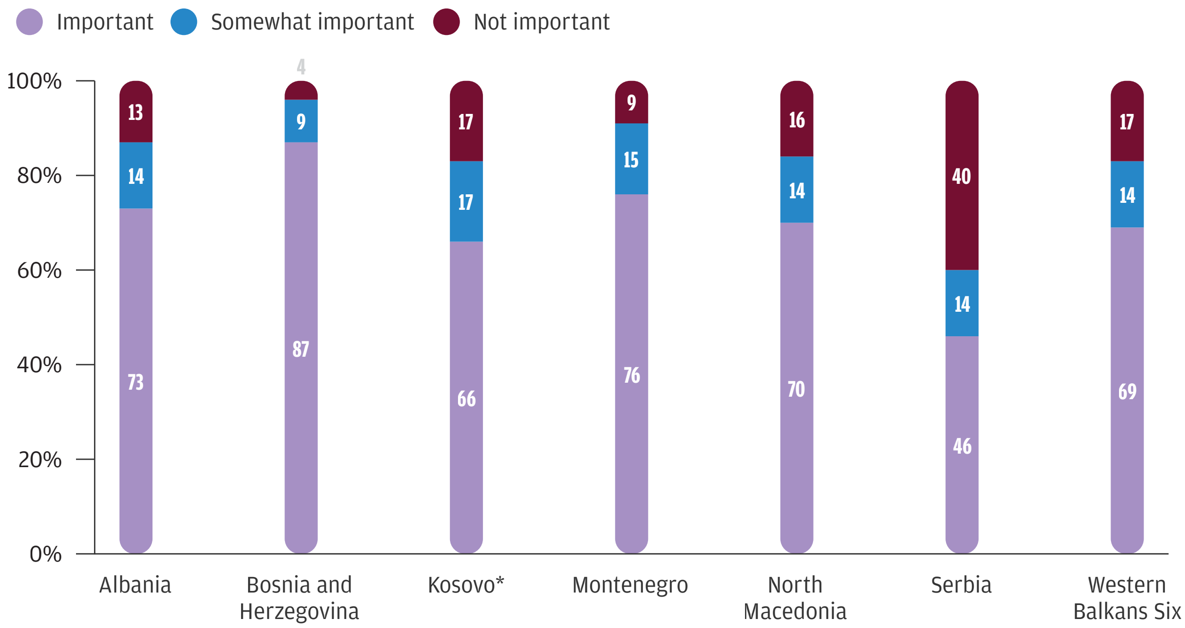


Transportation costs are considered important by 69% of businesses, somewhat important by 14%, and not important by 17%. The highest shares are recorded in Bosnia and Herzegovina, Montenegro, Albania, and North Macedonia.

Figure 38. The Importance of Transportation Costs in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of transportation costs for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

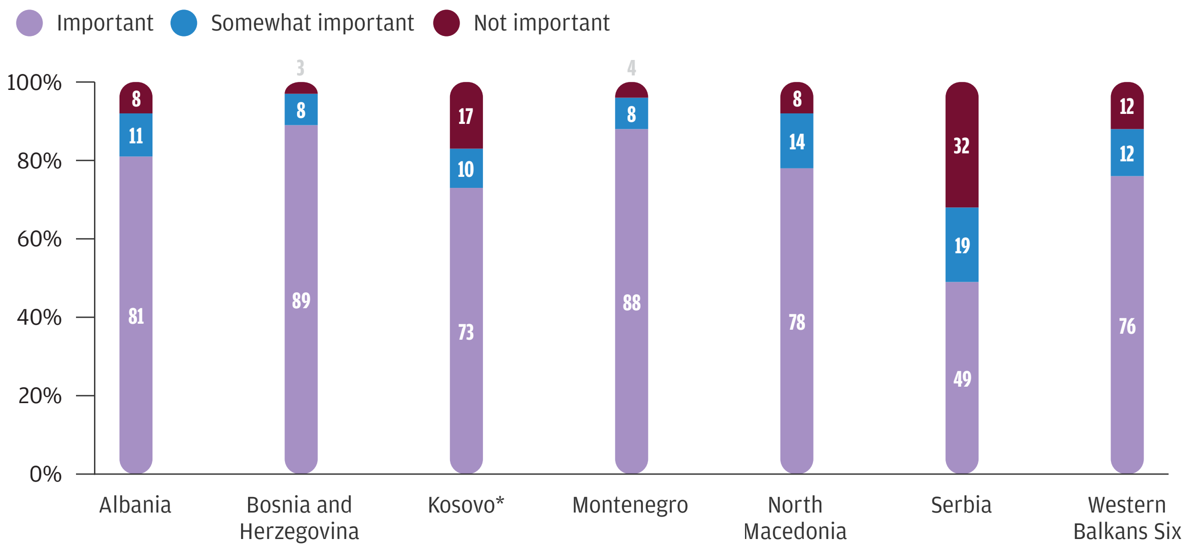


Prices are considered important or somewhat important by 88% of businesses. The highest shares are recorded in Bosnia and Herzegovina, Kosovo*, and Albania.

Figure 39. The Significance of Prices in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of prices for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

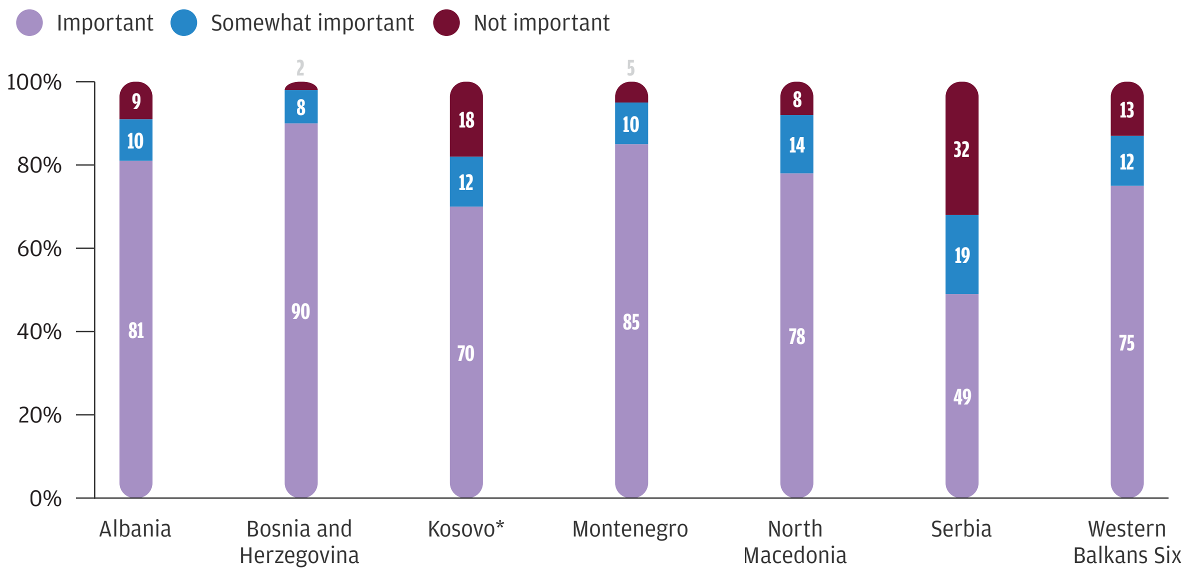


A favourable tax system is considered important by 75% of businesses, somewhat important by 12%, and not important by 13%. Bosnia and Herzegovina records the highest share considering it important. Serbia records the highest share considering it not important.

Figure 40. The Role of a Favourable Tax System in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of a favourable tax system for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

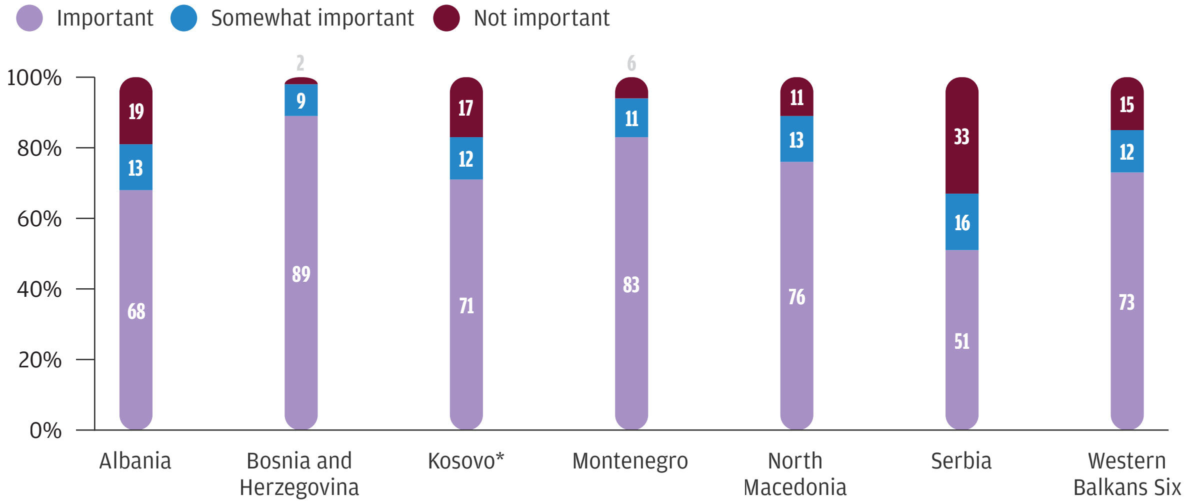


Quality and cost of labour force are considered important by 73% of businesses, somewhat important by 12%, and not important by 15%. Bosnia and Herzegovina, Montenegro, North Macedonia, and Kosovo* record the highest shares.

Figure 41. The Importance of Quality and Cost of Labour Force in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of quality and cost of labour force for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

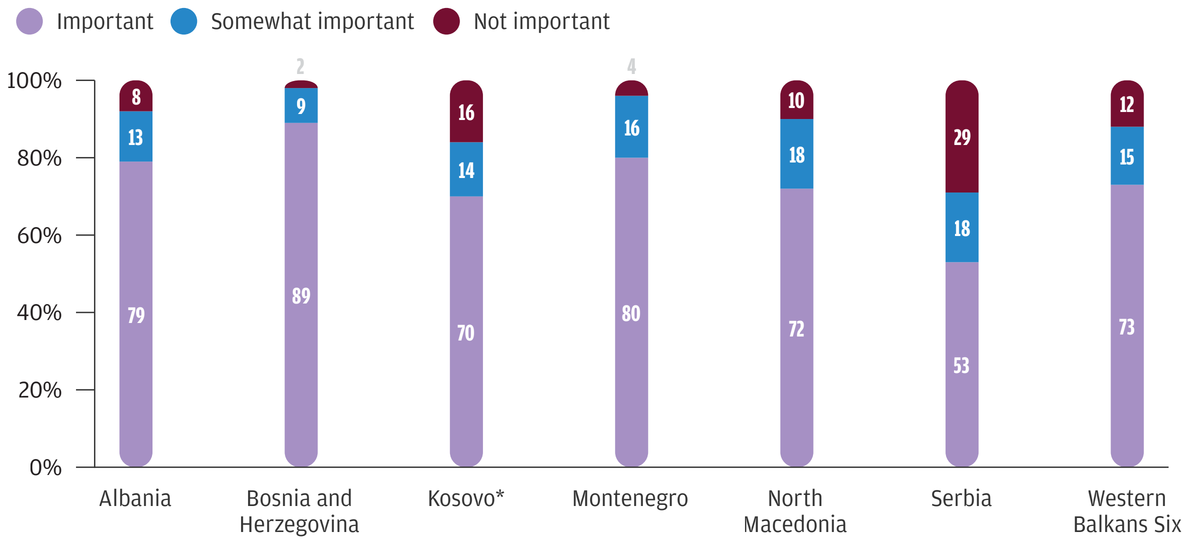


The general business environment is considered important or somewhat important by 88% of businesses. Bosnia and Herzegovina, Montenegro, and Albania record the highest shares.

Figure 42. The Significance of the Business Environment in General in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of the business environment in general for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)



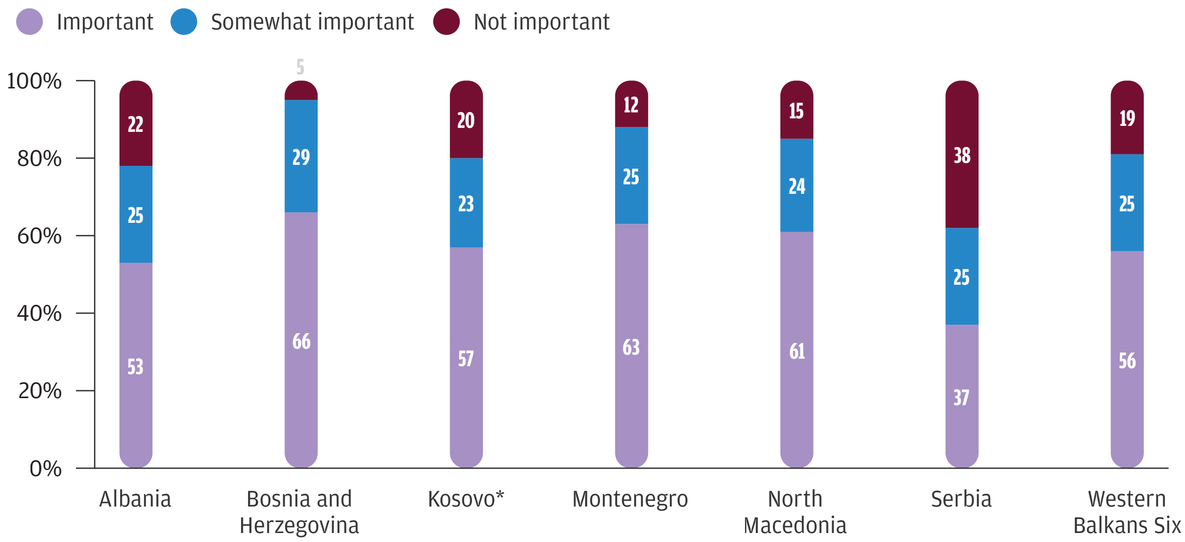
Perceptions of Regional and EU Integration/Cooperation

A similar cultural environment is considered important by 56% of businesses, somewhat important by 25%, and not important by 19%. Bosnia and Herzegovina records the highest combined share considering this factor important or somewhat important.

Figure 43. The Role of a Similar Cultural Environment in Developing Business Relations with Other WB6

Q06. [S PER ROW] What is the importance of similar cultural environment for developing business relations with the other WB6?

(All respondents, N=1216, share of total, %)

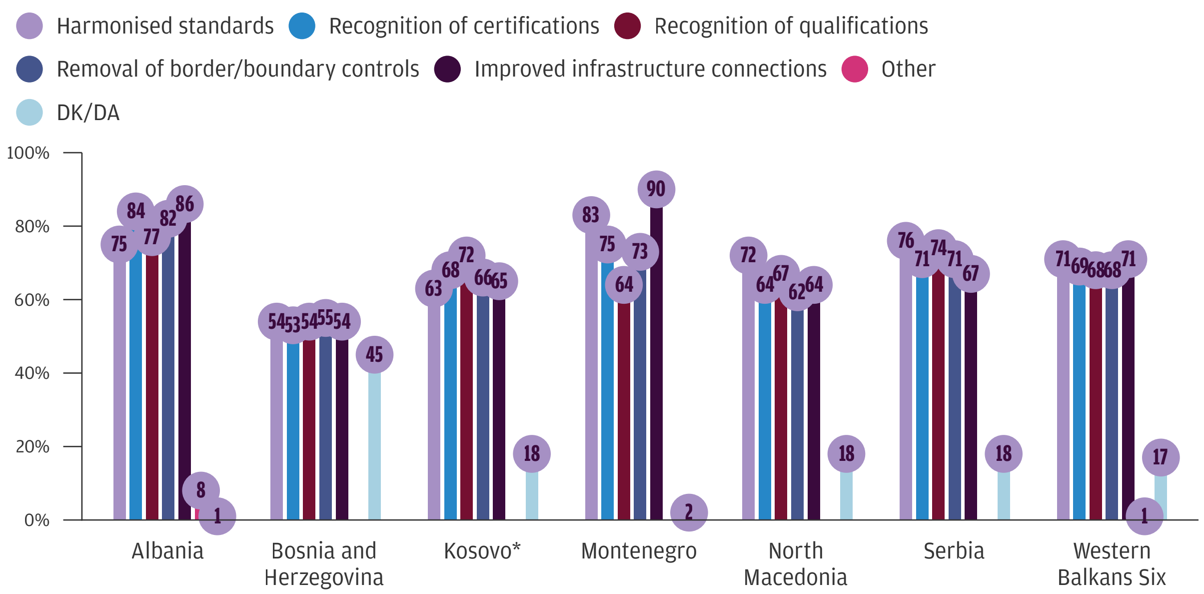


Businesses identify harmonised standards, improved infrastructure connections, recognition of certifications, recognition of qualifications, and removal of border/boundary controls as the main factors that would increase interest in expanding activity to other WB6.

Figure 44. Factors Influencing Expansion into Other WB6

Q07. [M] Which future improvements do you think would generate/increase your company's interest to expand activity to other WB6?

(All respondents, N=1216, share of total, %)

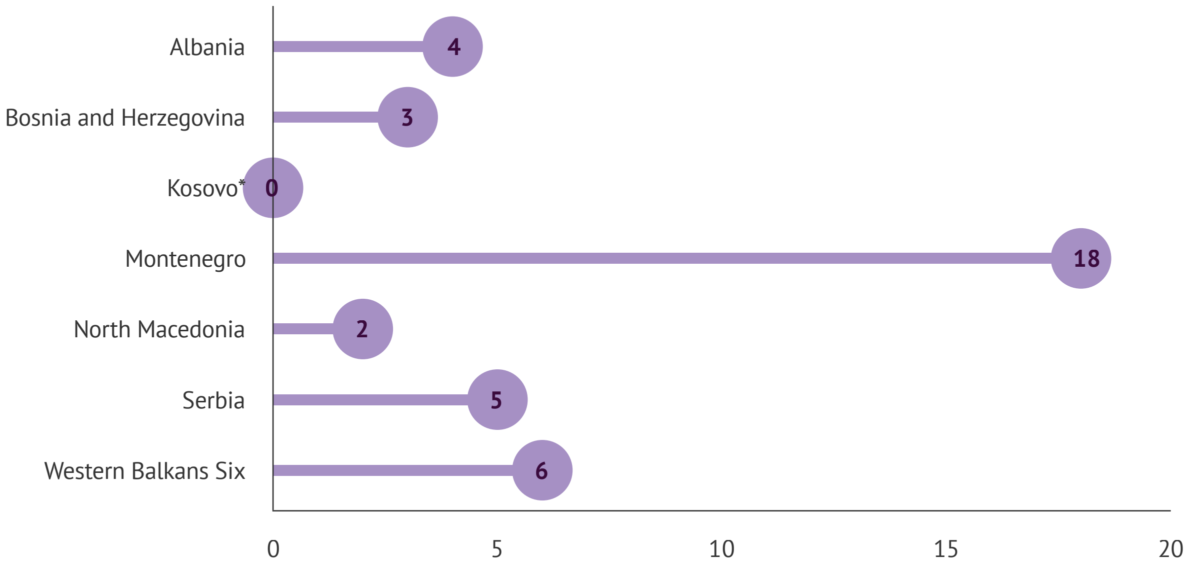


Across the WB6, 6% of businesses report having hired employees from another WB6. Montenegro records the highest share, followed by Serbia and Albania.

Figure 45. Assessment of Labour Force from other WB6?

Q12. Have you hired employees for your company from any WB6?

(All respondents, N=1216, share of total, %)

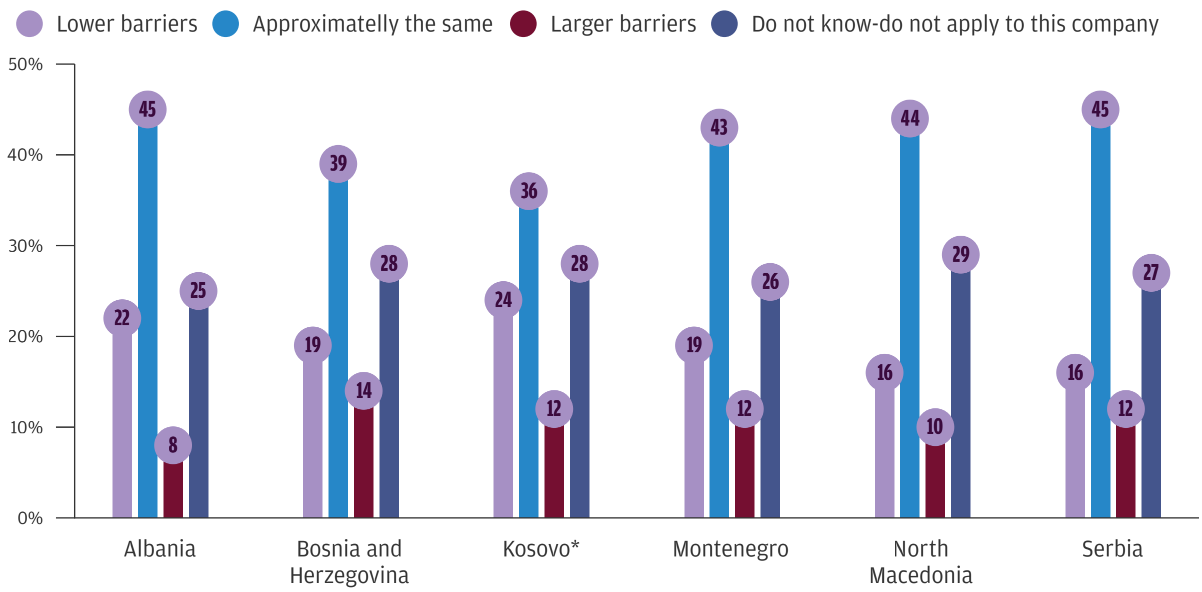


The largest share of businesses report that barriers across the WB6 are approximately the same. Kosovo* and Albania are more frequently assessed as having lower barriers. Bosnia and Herzegovina records the highest share assessed as having higher barriers.

Figure 46. Assessment of the General Level of Business Barriers in Each of the Following WB6?

Q13. Compared to your home market, how would you assess the general level of business barriers in each of the following WB6?

(All respondents, N=1216, share of total, %) * each jurisdiction is assessed by other



Perceptions of the Green Agenda

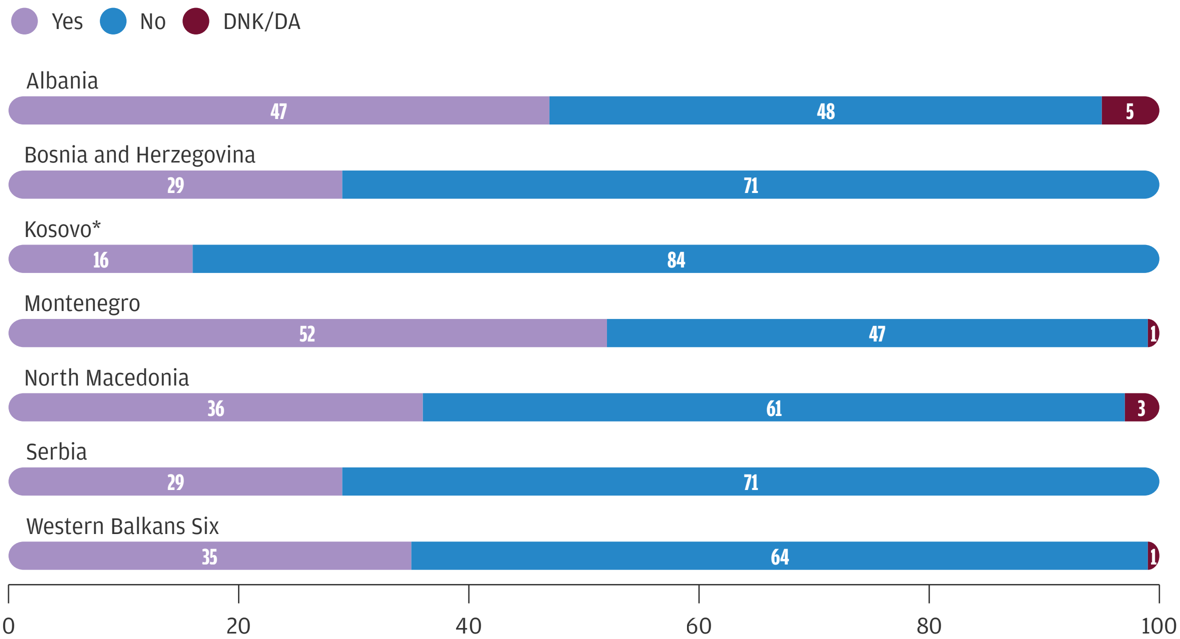
This chapter presents business views on circular economy awareness, access to sustainable finance, barriers to circular economy adoption, environmental action, expected effects of the green transition, government incentives, and factors influencing business decisions.

Across the WB6, 35% of businesses report being familiar with the circular economy and its principles, while 64% report that they are not familiar. Montenegro records the highest share, followed by Albania.

Figure 47. Awareness of Circular Economy and Its Principles

Q18. [S] Are you familiar with the concept of Circular Economy and its principles?

(All respondents, N=1216, share of total, %)



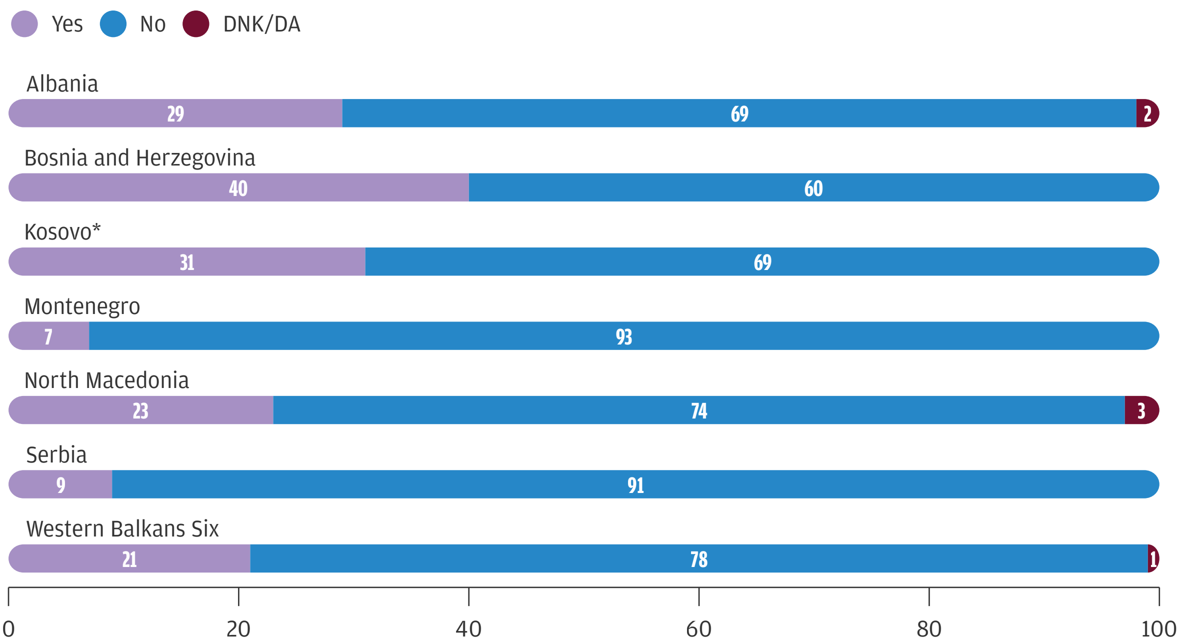
Comparing the 2025 data on circular economy awareness in the Western Balkans with 2024 reveals mixed trends across the region. **While the overall average awareness remains relatively stable (35% in 2025 vs. 36% in 2024), significant shifts have occurred within individual jurisdictions.** Montenegro has experienced a substantial rise in awareness, jumping from 26% in 2024 to 52% in 2025, now leading the region. Albania also shows an increase from 43% to 47%. Kosovo* continues to exhibit the lowest awareness, with a slight decrease from 20% to 16%.

Among businesses familiar with the circular economy, 21% report having accessed sustainable finance products during the previous year, while 78% report that they have not. Bosnia and Herzegovina records the highest share, followed by Kosovo* and Albania. Montenegro and Serbia record the lowest.

Figure 48. Access to Sustainable Finance

Q19. [S] Has your business accessed sustainable finance products during the past year (e.g. green loans, green bonds)?

(Those aware of the Circular Economy, N=422, share of total, %)

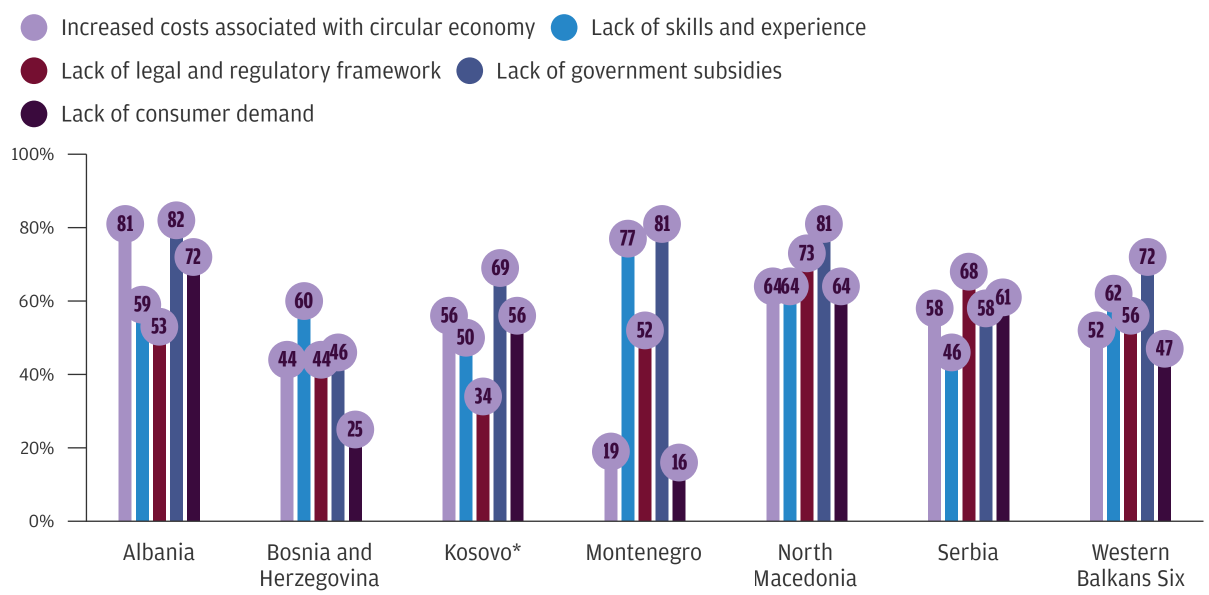


Businesses most frequently cite lack of government subsidies, lack of skills and experience, deficiencies in the legal and regulatory framework, increased costs, and lack of consumer demand as barriers to shifting towards a circular economy. The relative weight of these barriers differs across WB6.

Figure 49. Barriers to Shifting towards Circular (Waste Free) Economy

Q20. [M=2] Can you tell us whether the main barriers to shifting towards a circular (waste free) economy in your line of business are the following?

(Those aware of the Circular Economy, N=422, multiple answers, share of total, %)

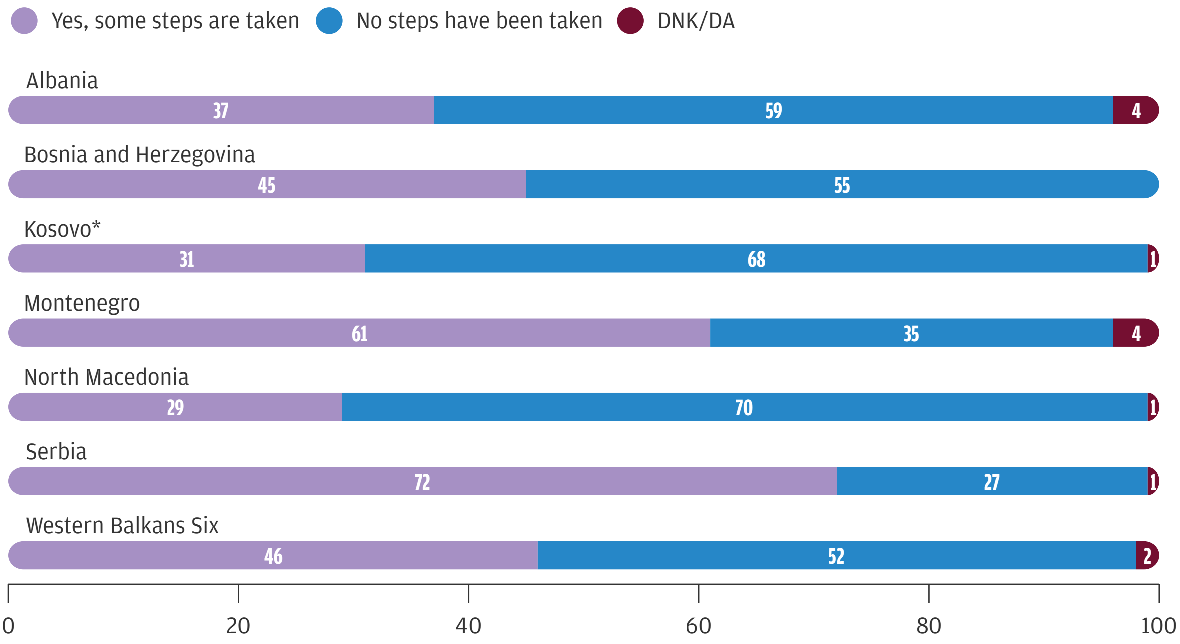


Across the WB6, 46% of businesses report having taken steps over the previous 12 months to reduce their environmental impact, while 52% report taking no action. Serbia records the highest share reporting action, followed by Montenegro.

Figure 50. Steps Taken by the Businesses to Reduce Environmental Impact (Last 12 Months)

Q21. [S] Has your business taken steps over the last 12 months to reduce its environmental impact?

(All respondents, N=1216, share of total, %)

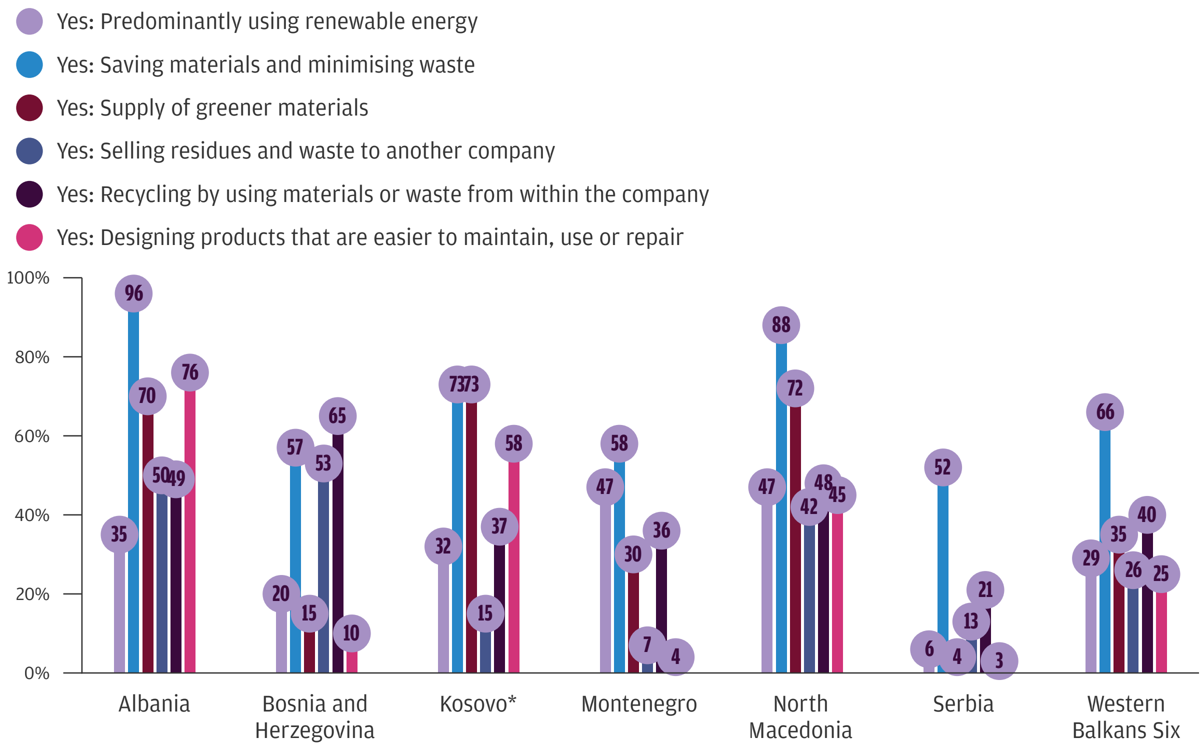


Among businesses that report taking action, saving materials and minimising waste records the highest shares. Supply of greener materials also records notable shares in several jurisdictions. Renewable energy, sale of residues and waste, and design of products for durability or repair record lower shares.

Figure 51. Steps Taken by the Businesses to Reduce Environmental Impact (Last 12 Months)

Q21. [M=2] What steps has your business taken over the last 12 months to reduce its environmental impact?

(Only respondents that have taken steps, N=557, multiple answers, share of total, %)

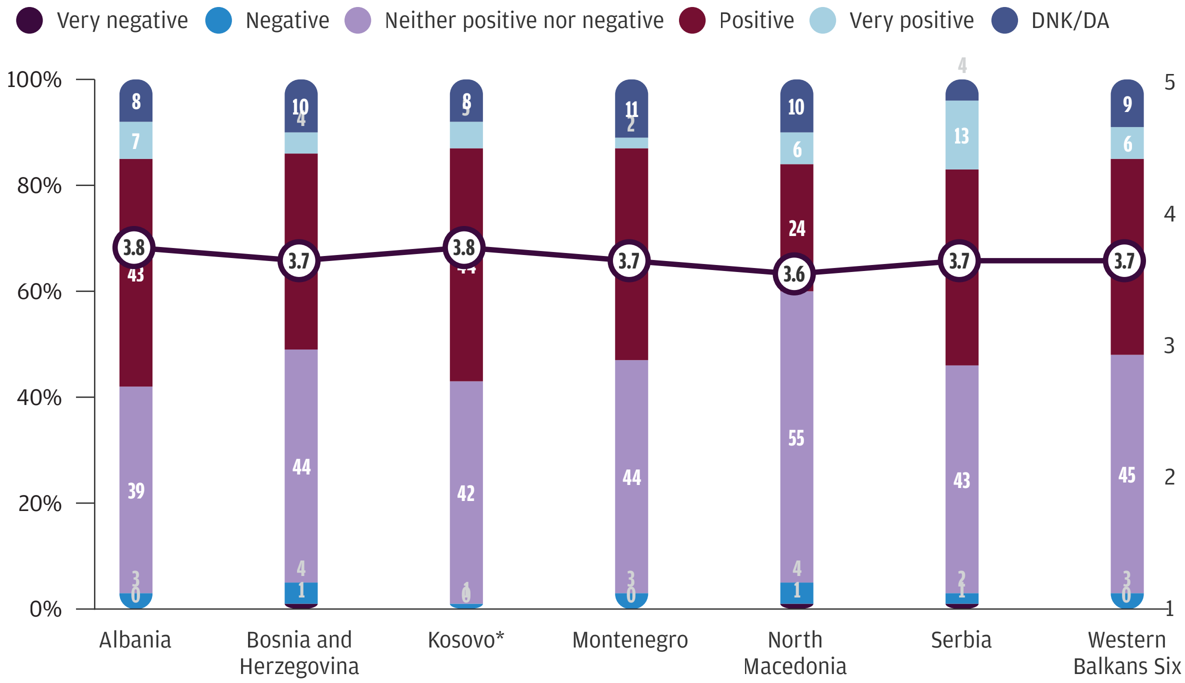


Across the WB6, 43% of businesses report expecting a positive impact of the green transition on their operations, 45% report a neutral impact, and 3% report a negative impact. Mean values are similar across WB6.

Figure 52. Perceptions on Green Transitions Impact on Businesses

Q22. [S] Do you believe that the green transition will have an impact on your business?

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

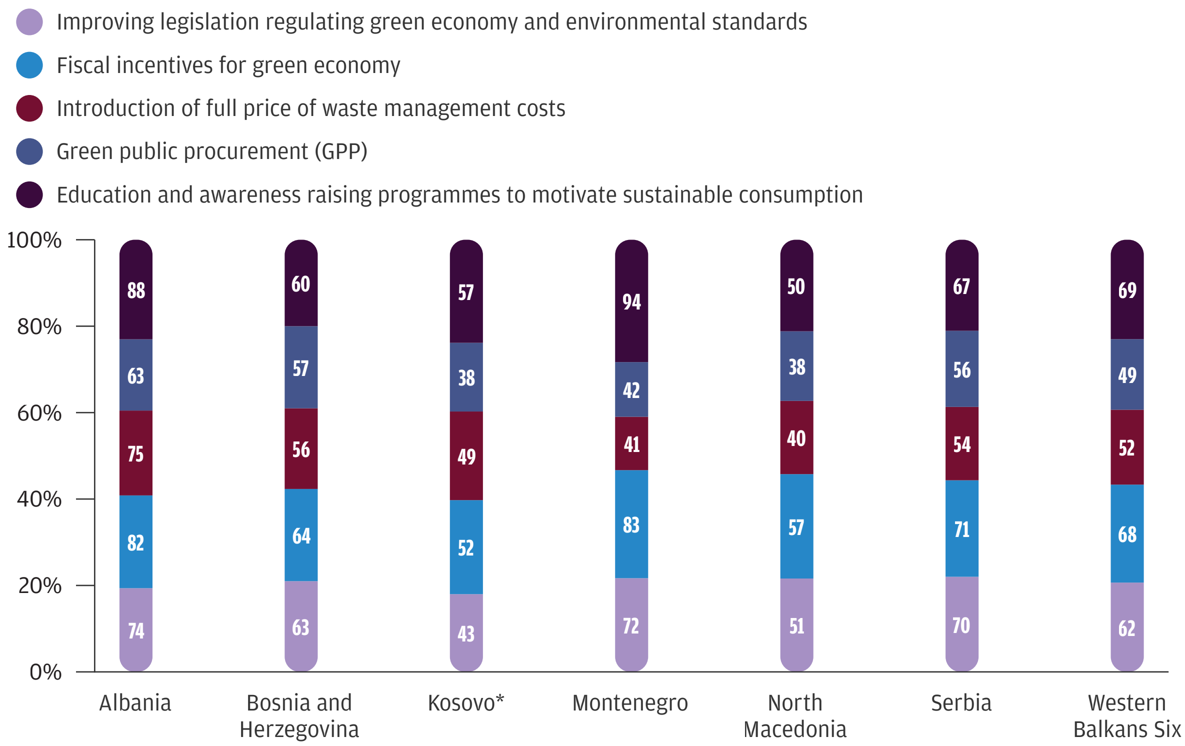


Businesses most frequently cite education and awareness programmes and financial incentives as government measures that would make green investment more accessible. Improved legislation also records a relatively high share.

Figure 53. Government Incentives for Greening the Business Sector

Q23. [M] Which types of government incentives would make green investments more accessible for your business?

(All respondents, N=1216, multiple answers, share of total, %)

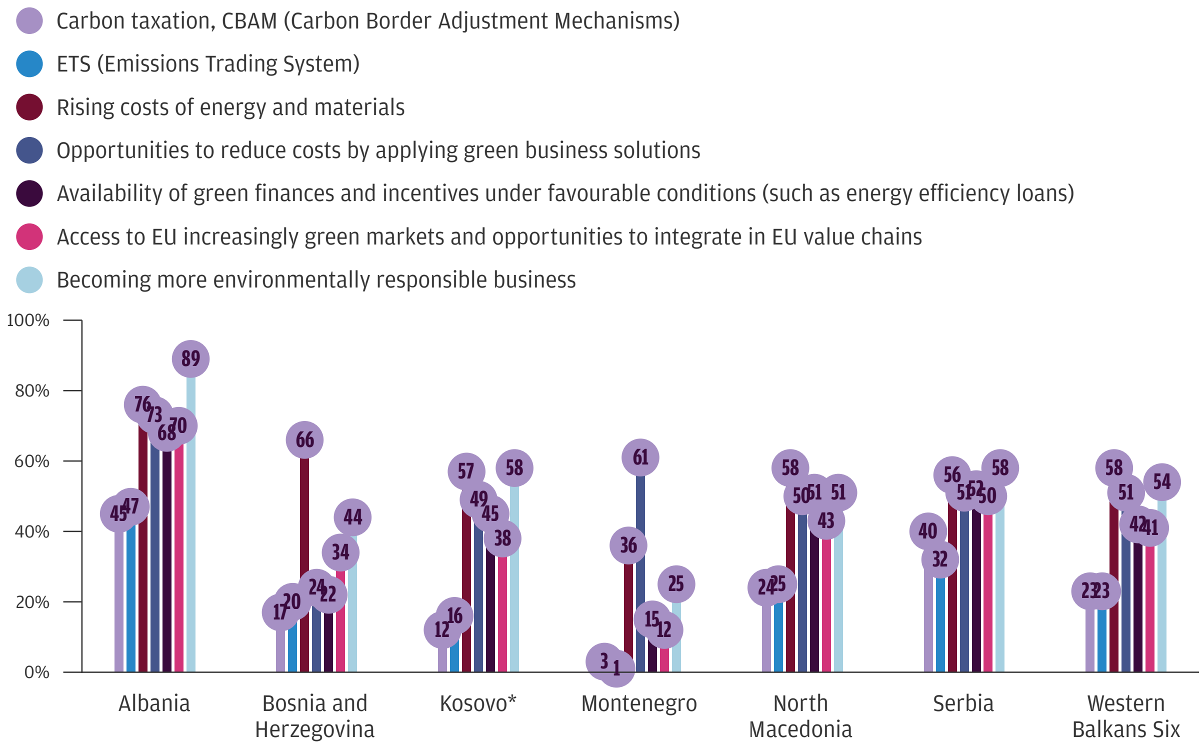


Rising energy and material costs record the highest shares among factors expected to influence business decisions over the next 12 months. The desire to become more environmentally responsible also records high shares. Other factors are cited less frequently.

Figure 54. Factors Influencing Business Decisions in the Next 12 Months

Q24. [S PER ROW] Do you expect that the following factors will influence your business decisions in the next 12 months?

(All respondents, N=1216, multiple answers, share of total, %)



Perceptions of Corruption

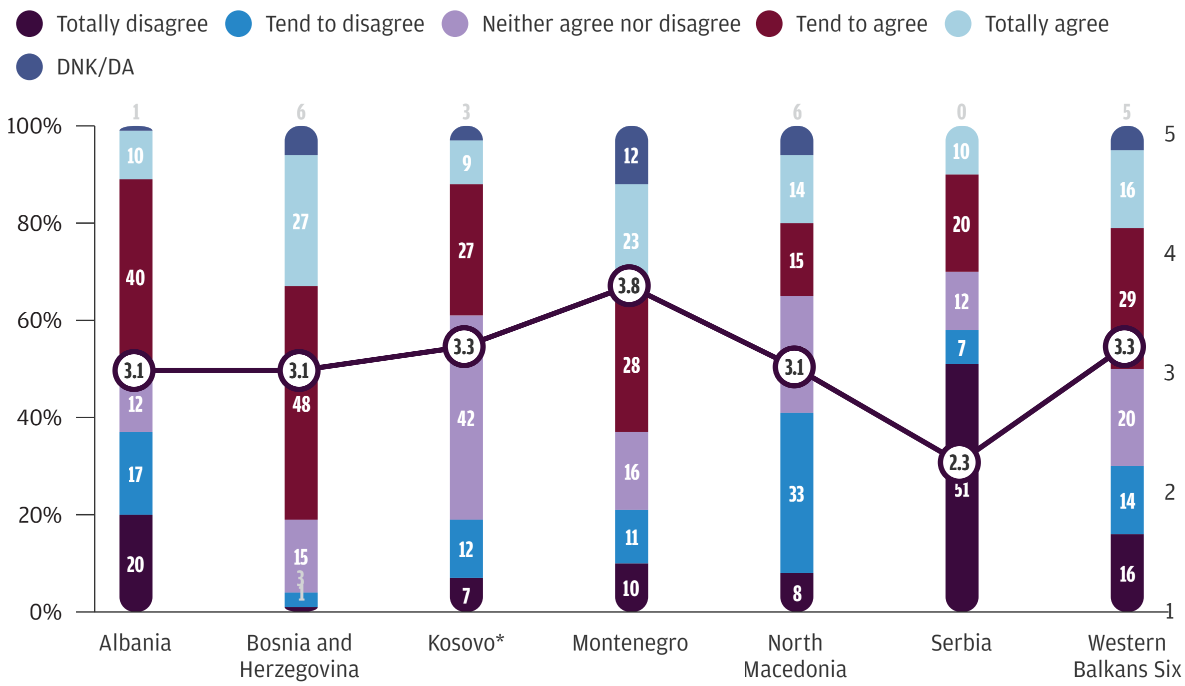
This chapter presents business views on corruption, anti-corruption effectiveness, and the prevalence of unofficial payments in interactions with public institutions.

Businesses report differing perceptions of corruption across the WB6. Montenegro records the highest mean value.

Figure 55. Perception of Corruption 1

Q25. [S] Would you say that you totally agree, tend to agree, neither agree nor disagree, tend to disagree or totally disagree with the following statements: A) It is a common practice for companies in my line of business to have to pay some irregular additional payments/gifts to get things done.

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

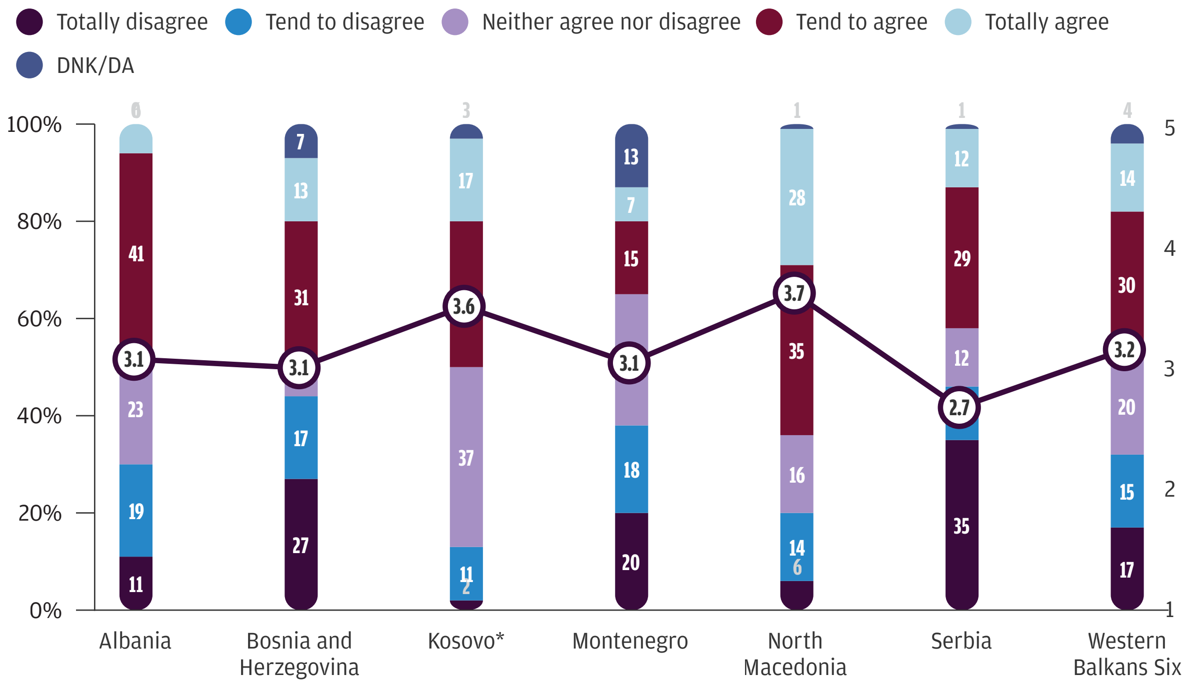


Businesses also report differing views on the perceived effectiveness of anti-corruption efforts. North Macedonia records the highest mean value.

Figure 56. Perception of Corruption 2

Q26. [S] To what extent do you agree or disagree with the following statement: Fight against corruption is effective in my jurisdiction.

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

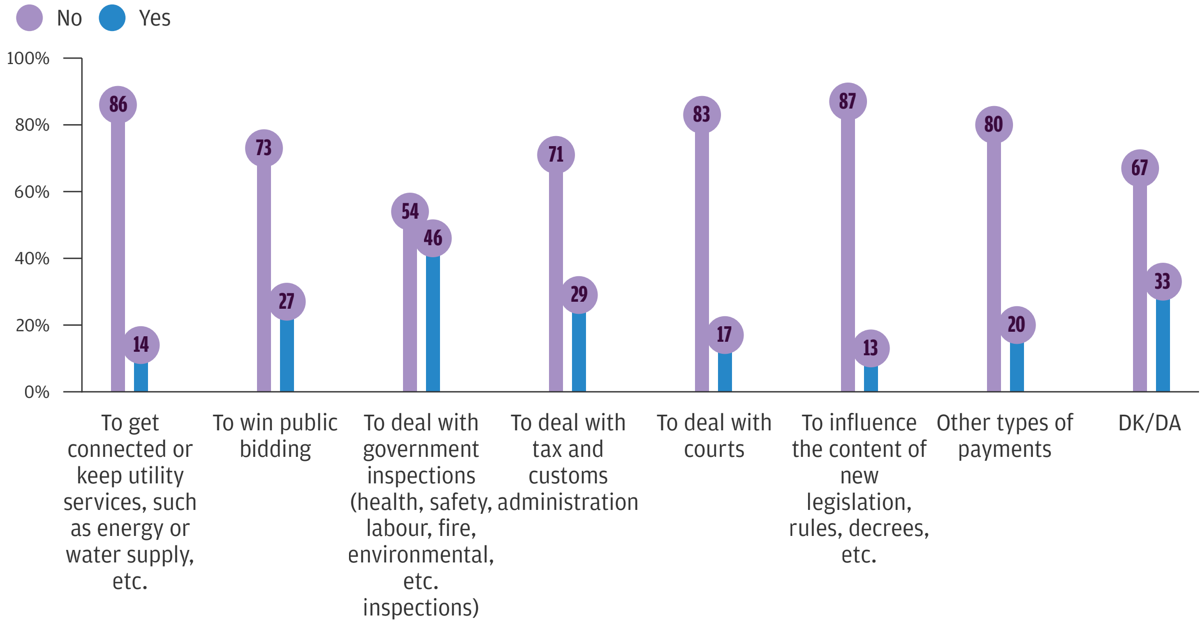


Unofficial payments are reported most frequently in relation to government inspections. Public bidding and tax and customs administration also record notable shares. A substantial share of respondents report that they are unable to assess the prevalence of such practices.

Figure 57. Common Unofficial Business Payments: Annual Occurrences

Q27. [S] Thinking of unofficial payments/gifts, would your business engage in any of these practices dealing with the following?

(All respondents in WB6, N=1216, share of total, %)

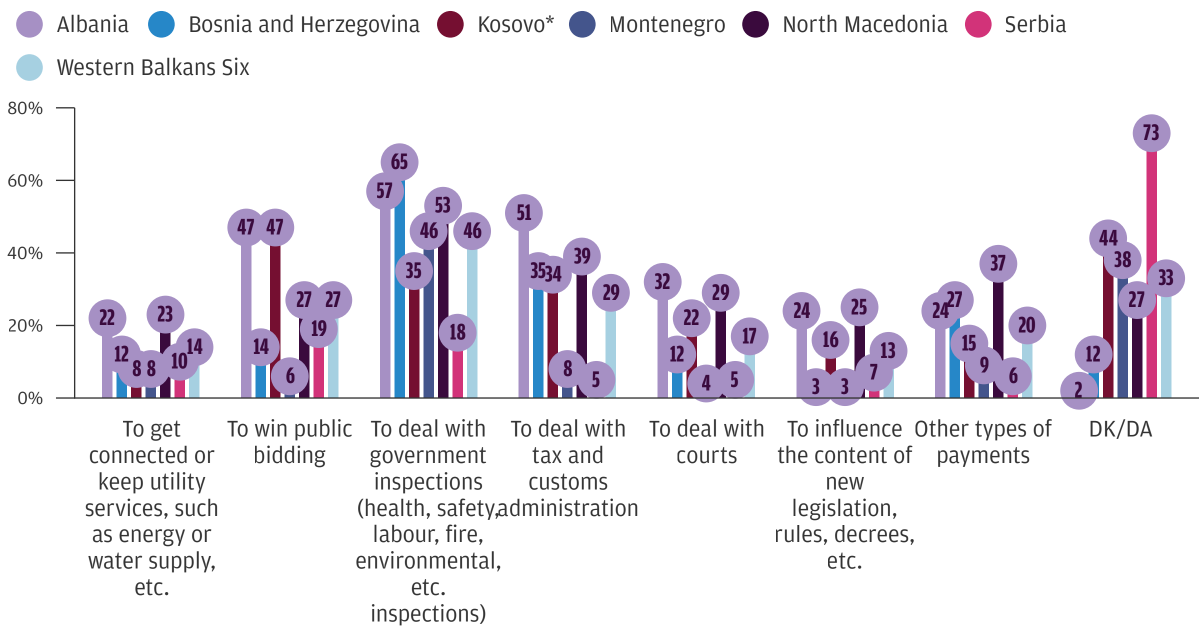


Government inspections record the highest share of reported unofficial payments, followed by tax and customs administration and public bidding. Shares differ across WB6.

Figure 58. Common Unofficial Business Payments: Annual Occurrences

Q27. [M] Thinking of unofficial payments/gifts, which of the following payments you believe a business like yours would usually make at least once a year?

(All respondents, N=1216, multiple answer, share of total, %)



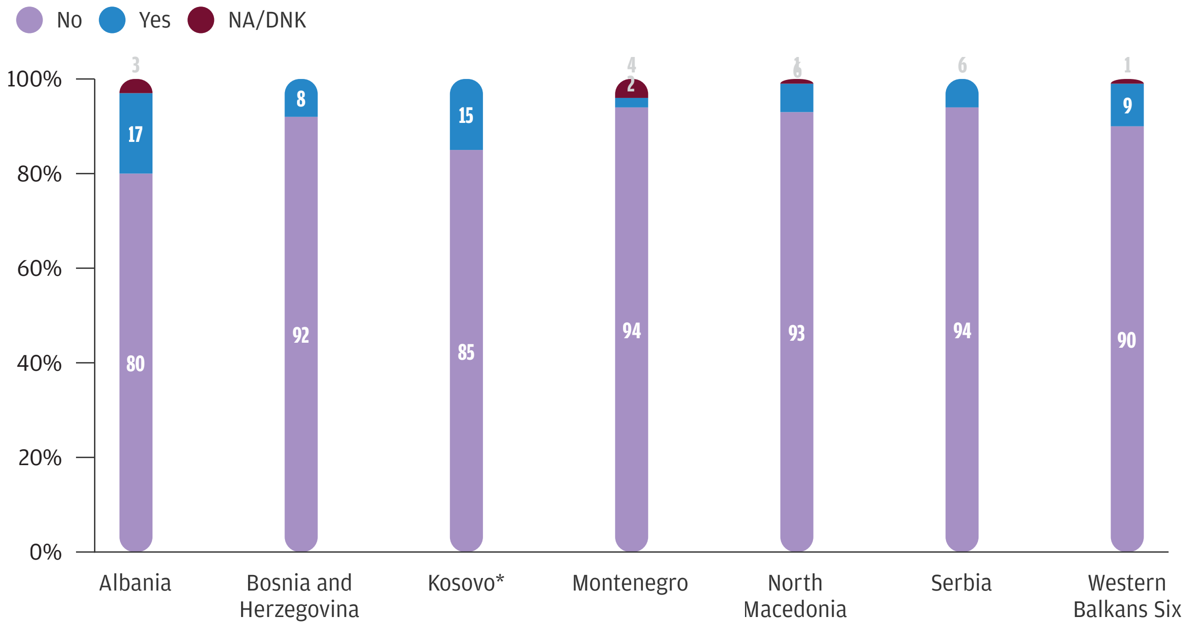
Trade and Investment

Across the WB6, 9% of businesses report investment abroad during the previous 12 months. The highest shares are recorded in Albania and Kosovo*; the lowest in Montenegro.

Figure 59. Company Investment Trends

Q8. [S] Did your company invest abroad?

(All respondents, N=1216, multiple answers, share of total, %)

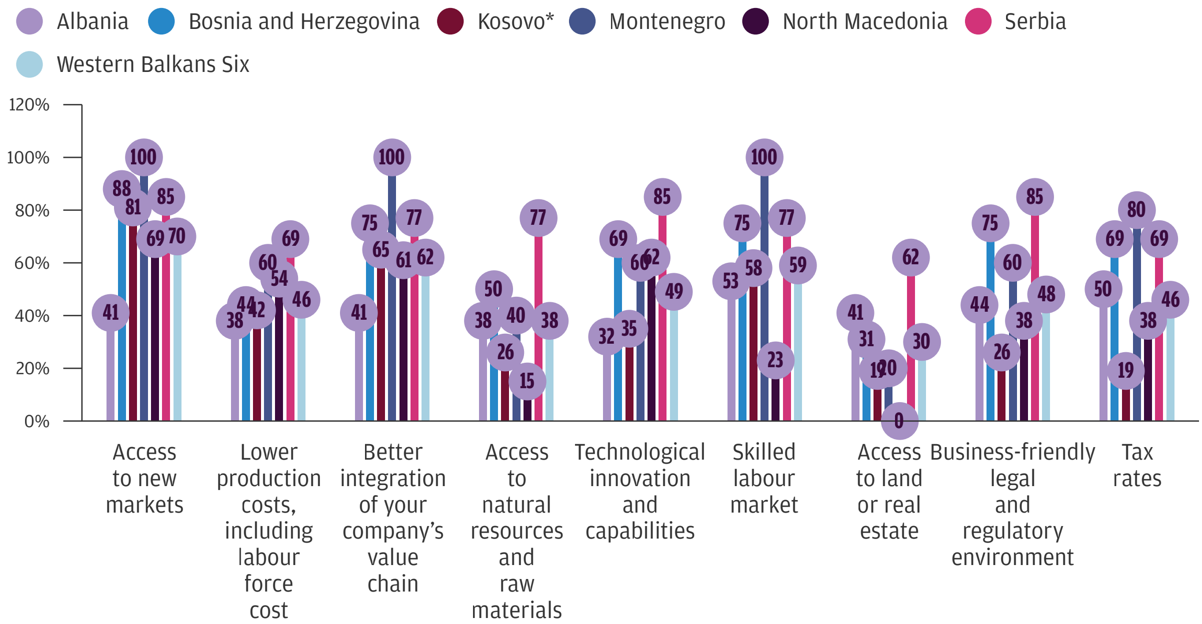


Among businesses that invested abroad, access to new markets is the most frequently reported motivation. Better integration of the company's value chain and access to skilled labour also record high shares. Lower production costs, access to technological innovation, favourable tax rates, and the legal environment record lower shares.

Figure 60. Motivations for Foreign Investment: Key Factors Driving Company Decisions

Q9. [M MAX=3] What are the main reasons that describe your company's motivation to invest abroad?

(Those that have invested abroad, N=112, multiple answers, share of total, %)

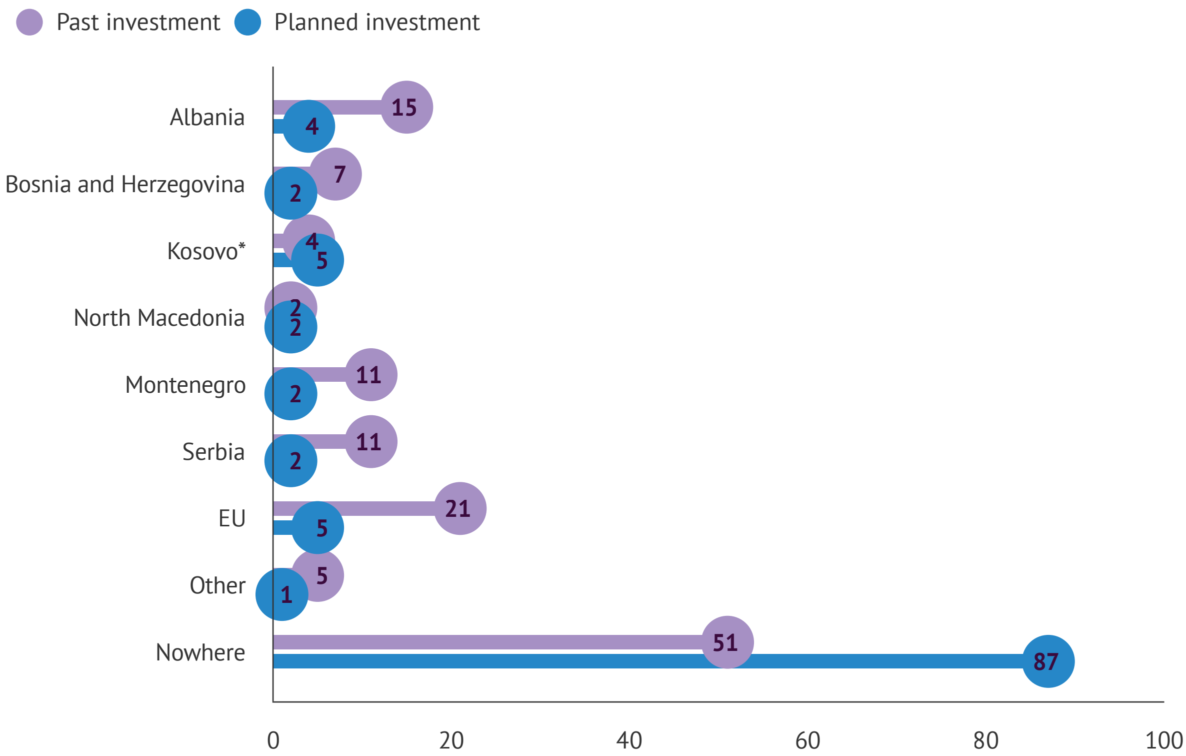


Among businesses that invested abroad, reported past investment is more common than planned investment. The European Union records a notable share as a past investment destination, while planned investment in the EU is markedly lower. Albania records a higher share of past than planned investment; the same pattern is visible in Serbia and Montenegro.

Figure 61. Company Investment Trends: Past 12 Months and Future Plans

Q10. and Q11. [M MAX=3] Where has your company invested in the past 12 months or plans to do so in the next 12 months?

(Those that have invested abroad, N=112, multiple answers, share of total, %)

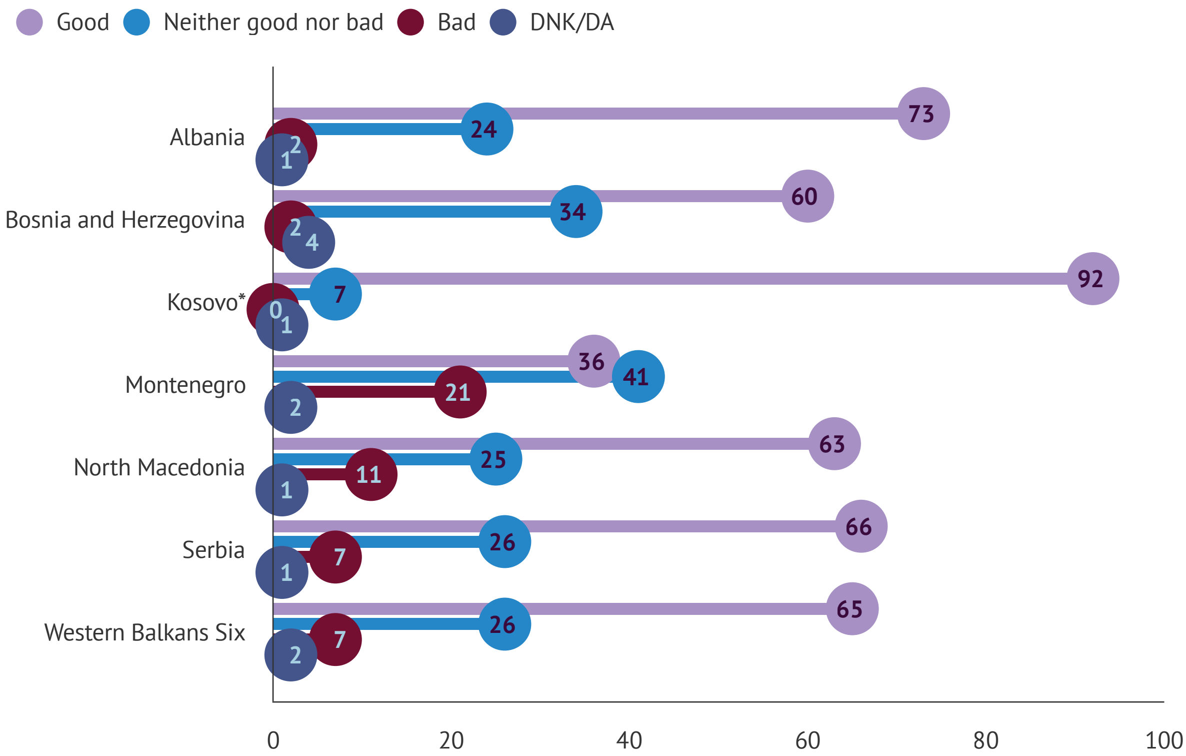


Across the WB6, 65% of businesses report that EU membership would be beneficial for their business, 26% report a neutral view, and 7% expect negative effects. Kosovo* records the highest positive share, followed by Albania. Montenegro records the lowest positive share and the highest negative share.

Figure 62. Business Perspectives on Potential EU Membership for your jurisdiction

Q14. [S] Do you believe that the membership of your jurisdiction in the EU would be good, neither good nor bad, or bad for your business?

(All respondents, N=1216, share of total, %)

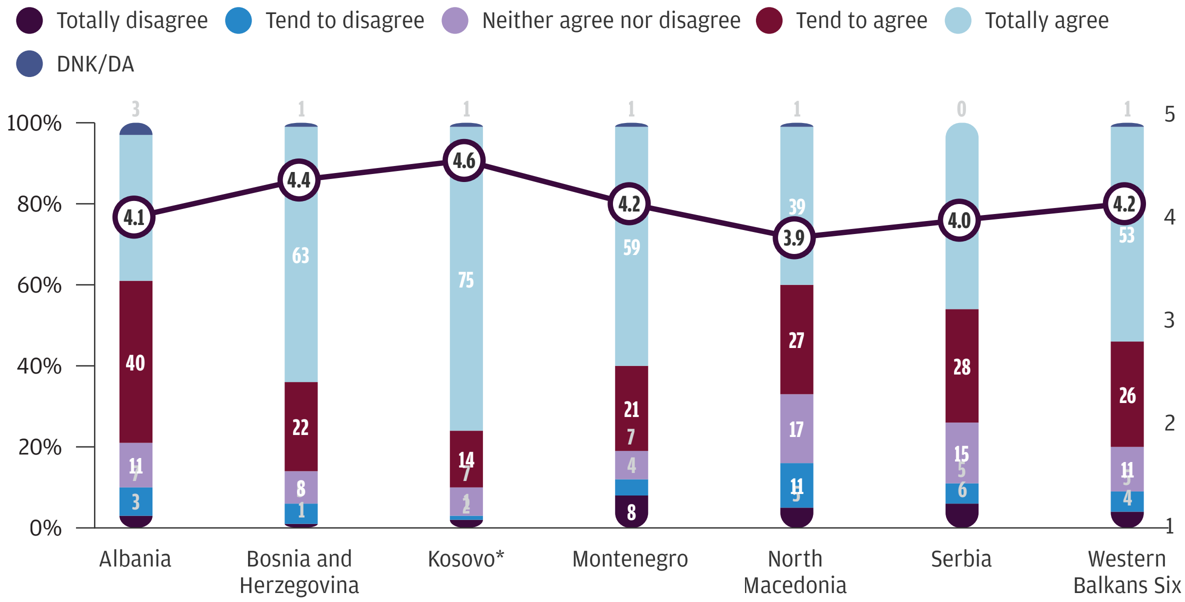


Businesses report a generally positive assessment of the competitiveness of their goods and services within the WB6 market. The regional mean score is 4.2. Kosovo* records the highest mean value, followed by Bosnia and Herzegovina.

Figure 63. Perceived Competitiveness of Domestic Goods and Services Within the Western Balkans Market

Q 15.1. [S PER ROW] Would you say that you totally agree, tend to agree, neither agree nor disagree, tend to disagree or totally disagree with the following statements … My company's goods and services can compete well with goods and services from other WB6.

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

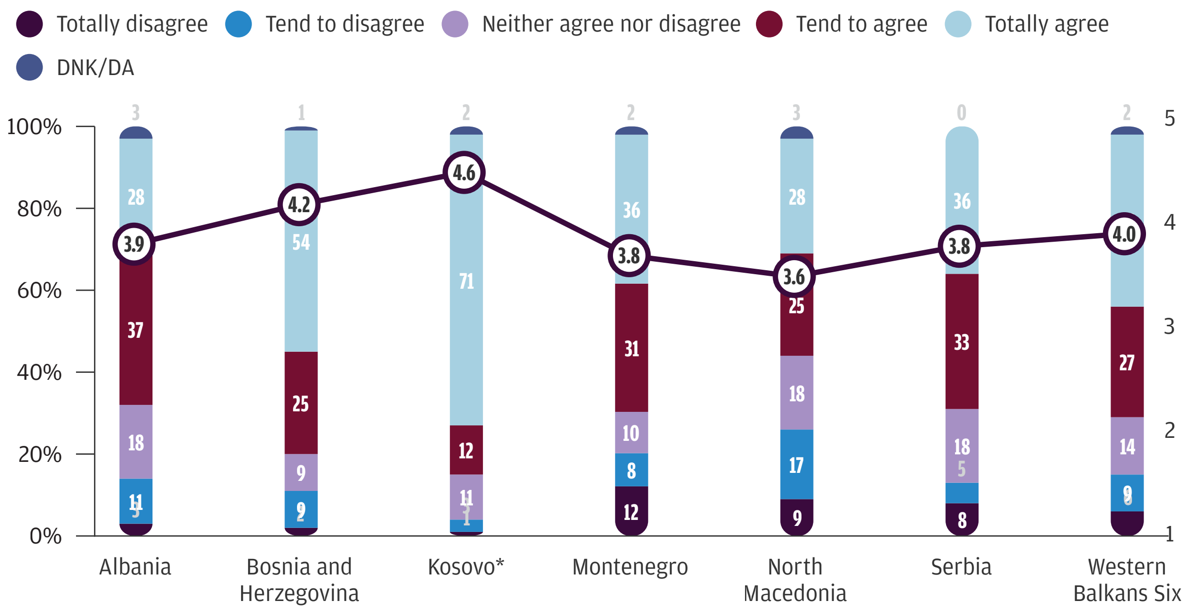


Businesses report a less positive assessment of the competitiveness of their goods and services within the EU market than within the regional market. Kosovo* records the highest mean value. Bosnia and Herzegovina also records a relatively positive assessment, while Albania and North Macedonia are closer to the midpoint.

Figure 64. Perceived Competitiveness of Domestic Goods and Services Within the EU Market

Q15.2. [S PER ROW] Would you say that you totally agree, tend to agree, neither agree nor disagree, tend to disagree or totally disagree with the following statements … My company's goods and services can compete well with goods and services from European Union Member States.

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

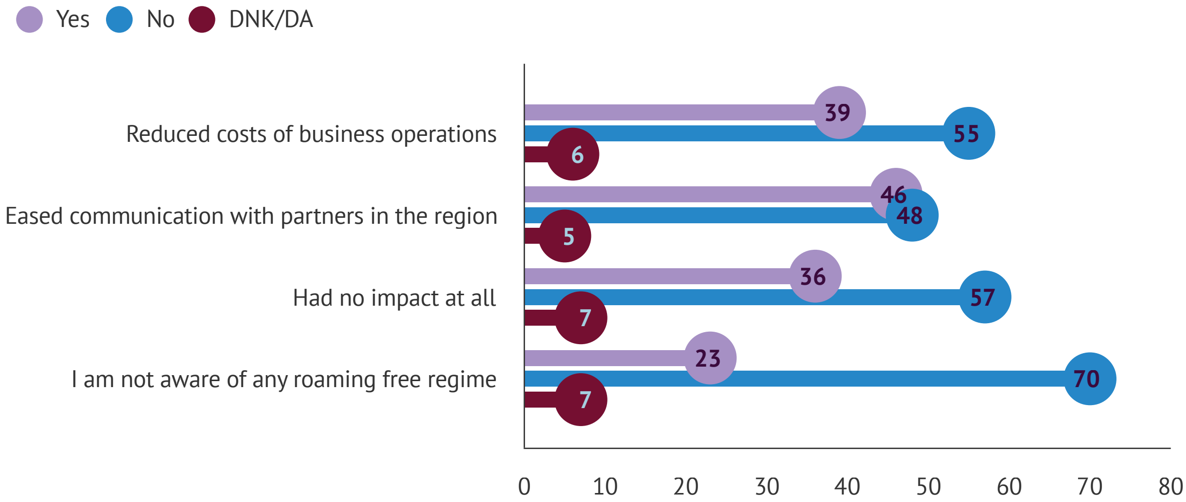


Across the WB6, 46% of businesses report that the roaming-free regime eased communication with regional partners, 39% report reduced business operating costs, and 36% report no impact on their business. A further 23% report that they are not aware of the regime.

Figure 65. Impact of Roaming Free Regime on Business Operations in the WB6

Q16. [M] How did the roaming free regime impact your business operations within the WB6?

(All respondents, N=1216, share of total, %)

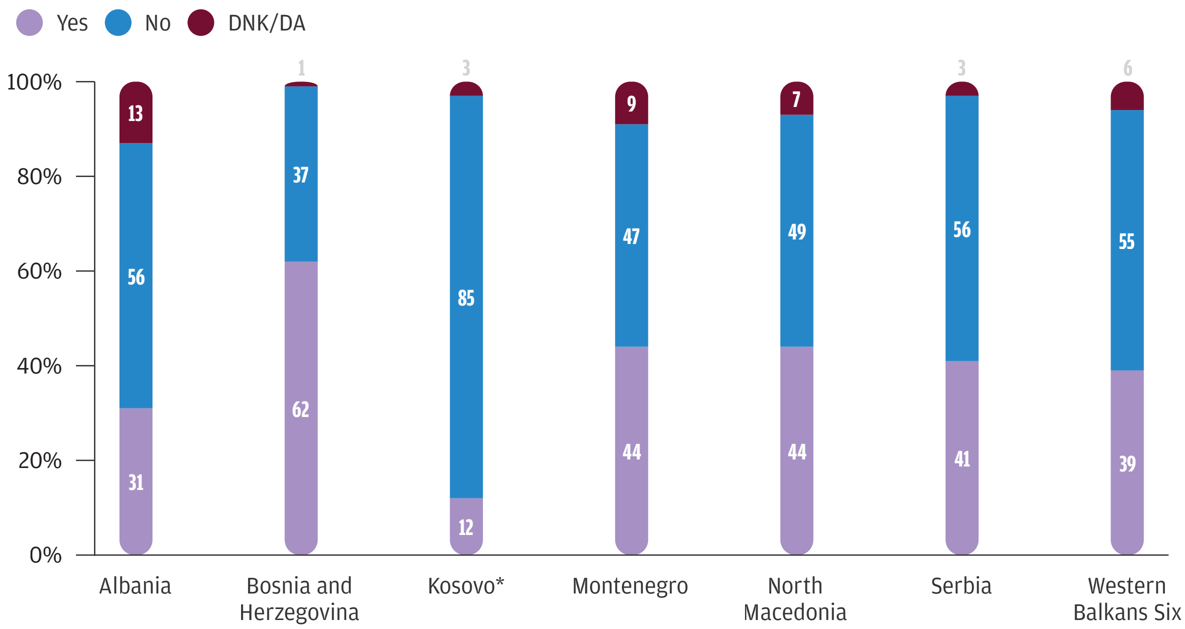


Across the WB6, 39% of businesses report reduced business operating costs as a result of the roaming-free regime, while 55% report no reduction. Bosnia and Herzegovina records the highest share reporting reduced costs; Kosovo* records the lowest.

Figure 66. Impact of Roaming Free Regime on Business Operations in the WB6

16. [M] How did the roaming free regime impact your business operations within the Western Balkans – Reduced costs of business operations?

(All respondents, N=1216, share of total, %)

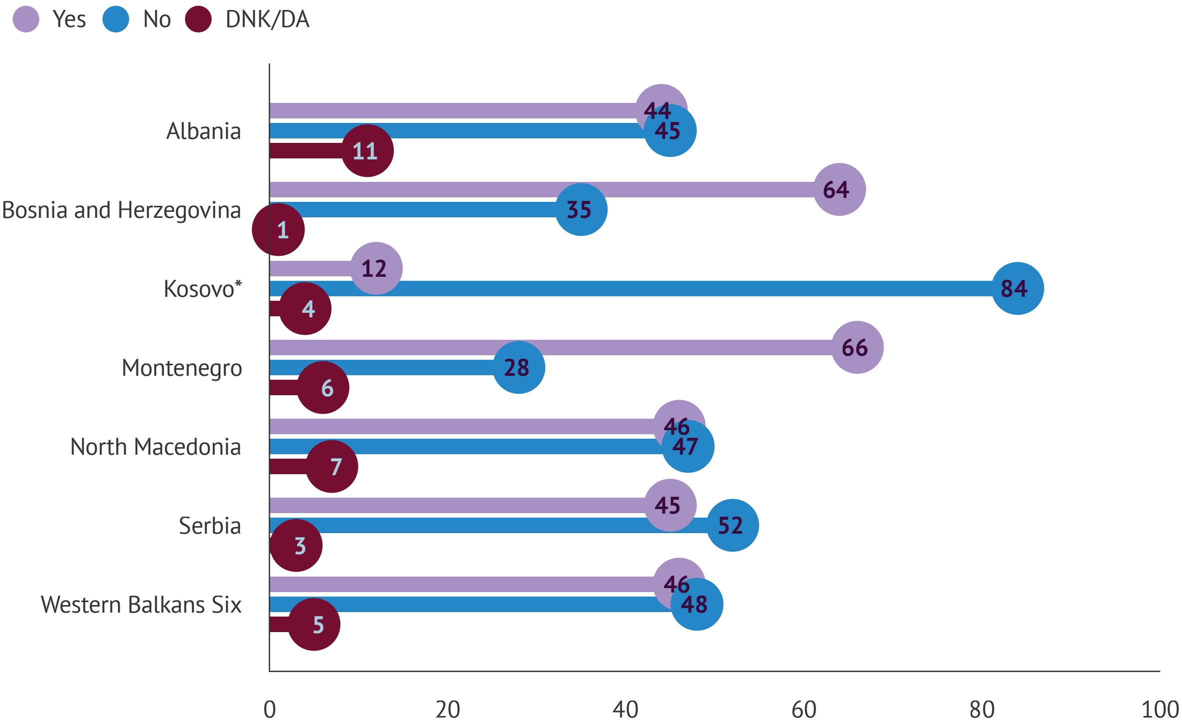


Across the WB6, 46% of businesses report that the roaming-free regime eased communication with partners in the region, while 48% report no effect. Montenegro and Bosnia and Herzegovina record the highest positive shares; Kosovo* records the lowest.

Figure 67. Impact of Roaming Free Regime on Business Operations in the WB6

16. [M] How did the roaming free regime impact your business operations within the WB6- Eased communication with partners in the region?

(All respondents, N=1216, share of total, %)

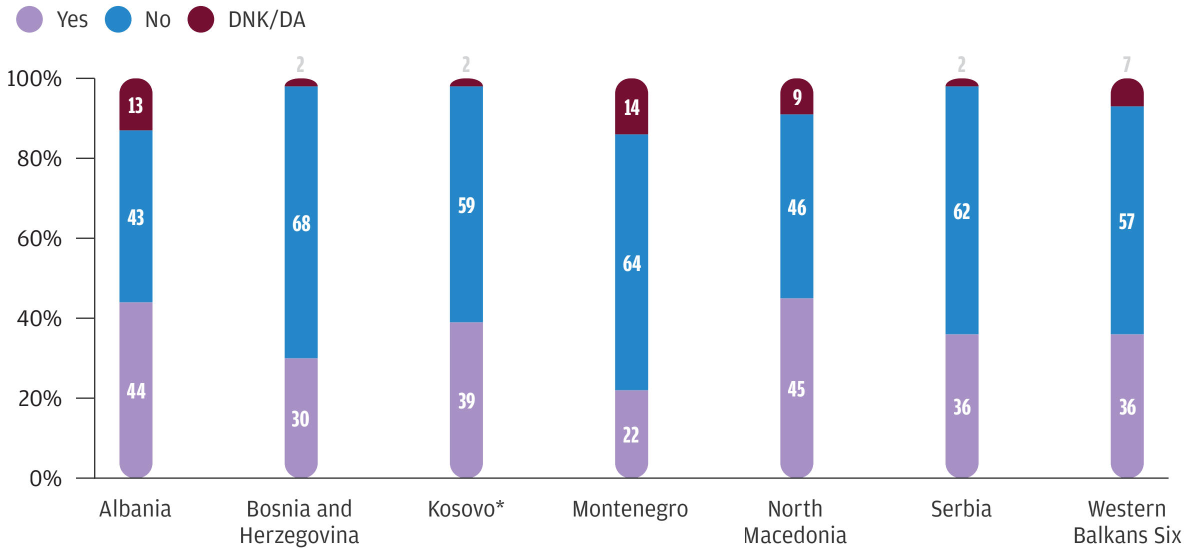


Across the WB6, 57% of businesses report that the roaming-free regime had some impact on their operations, while 36% report no impact. Bosnia and Herzegovina records the highest share reporting an effect, followed by Montenegro and Serbia.

Figure 68. Impact of Roaming Free Regime on Business Operations in the WB6

Q16. [M] How did the roaming free regime impact your business operations within the WB6 – Had no impact at all?

(All respondents, N=1216, share of total, %)

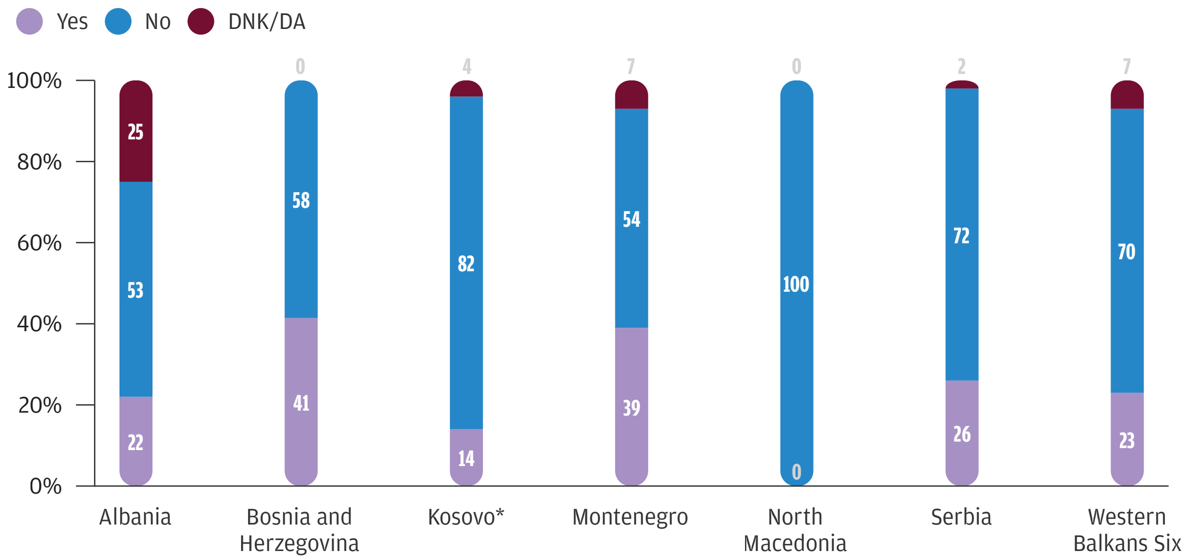


Across the WB6, 70% of businesses report awareness of the roaming-free regime, while 23% report that they are not aware of it. North Macedonia records full awareness, followed by Kosovo* and Serbia. Awareness is lower in Bosnia and Herzegovina and Montenegro.

Figure 69. Impact of Roaming Free Regime on Business Operations in the WB6

Q16. [M] How did the roaming free regime impact your business operations within the WB6– I am not aware of any roaming free regime?

(All respondents, N=1216, share of total, %)

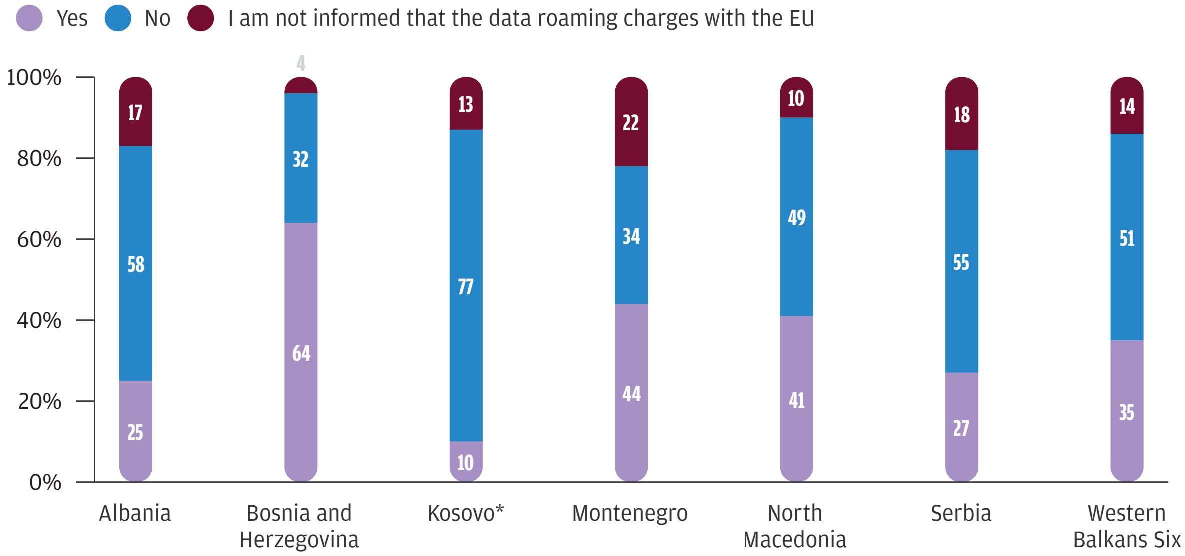


Across the WB6, 35% of businesses report having benefited from data roaming charge reductions with the EU, while 51% report no benefit and 14% report that they are not informed. Bosnia and Herzegovina records the highest reported benefit, followed by Montenegro and North Macedonia. Kosovo* records the lowest.

Figure 70. Impact of Roaming Free Regime between WB6 and the EU on Business Operations

Q17. [S] Has your organisation benefited from the data roaming charges reduction with the EU?

(All respondents, N=1216, share of total, %)

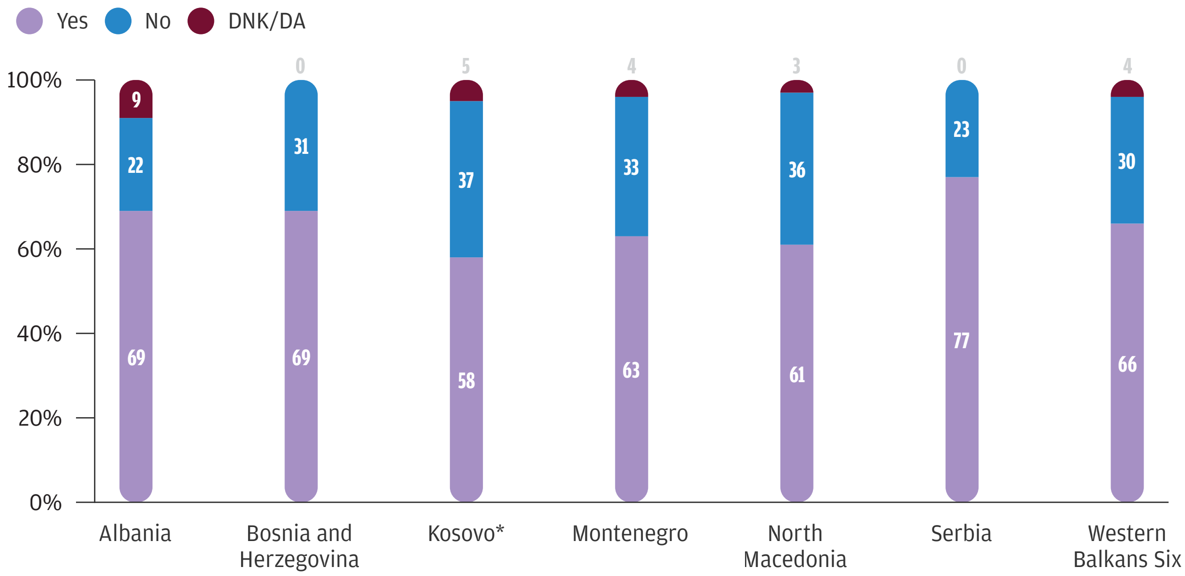


Across the WB6, 66% of businesses report that travelling within the region with a valid ID card only would benefit their business, while 30% report that it would not. Serbia records the highest support, followed by Albania and Bosnia and Herzegovina. Compared with 2024, the regional share reporting benefit increased.

Figure 71. Benefit of Traveling with Valid ID Only across WB6 for Business

Q18. [S] Will it benefit your business to travel across the WB6 region with a valid ID card only?

(All respondents, N=1216, share of total, %)



Trade and Investment

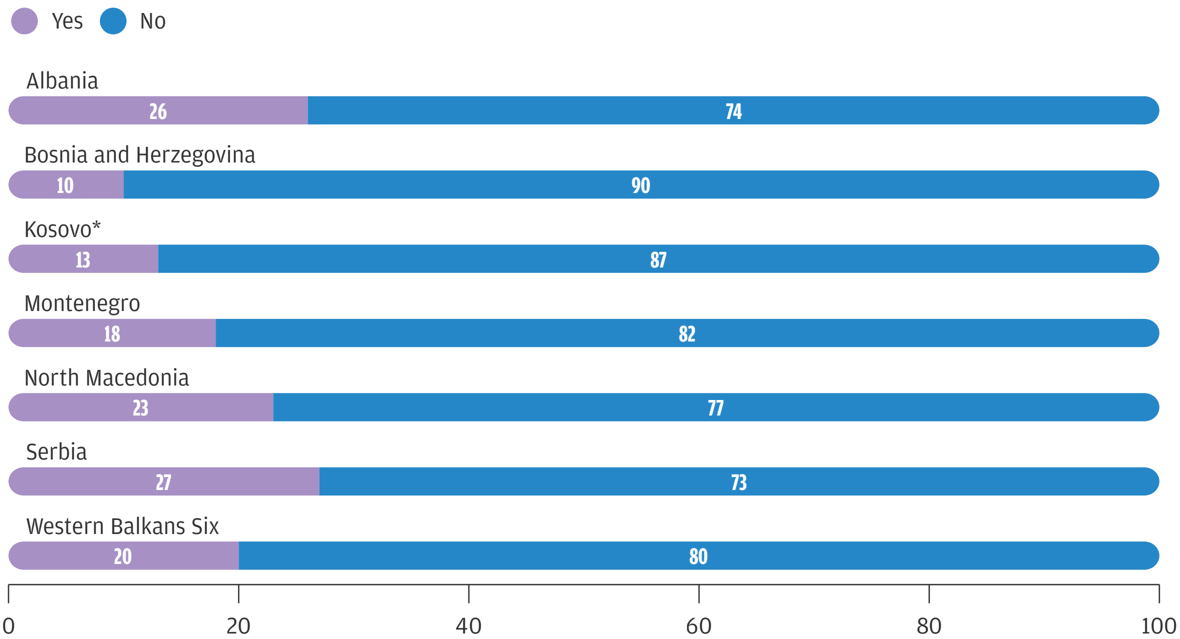
Innovation and Technology

Across WB6, one-fifth of surveyed businesses sell their goods or services online (Figure 72), seven percentage points lower compared to the data from 2024. Businesses in Serbia (27%) and Albania (26%) sell online the most, and both jurisdictions show strong growth compared to 2024. North Macedonia is also above the regional average, with 23% of businesses selling goods or services online.

Figure 72. Online Sales Percentage of Total Revenue

Q28. [S] Does your company sell its goods or services online?

(All respondents, N=1216, share of total, %)

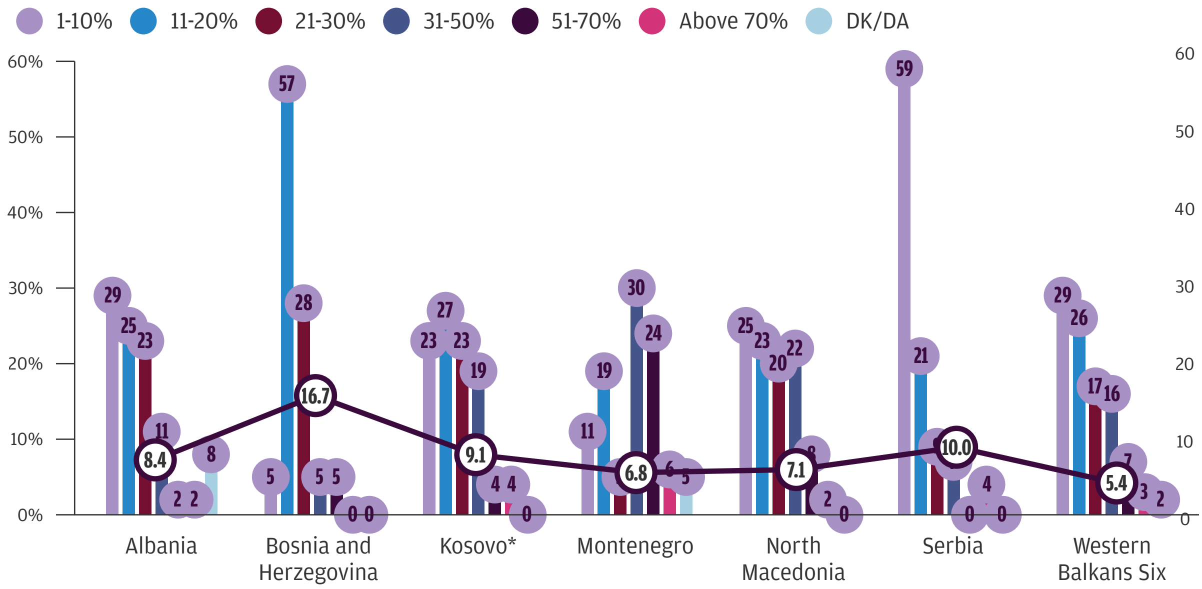


Among businesses that sell online, the average share of revenue generated online is lower than in 2024 (regional average about 11.5%) At WB6 level, 29% of businesses derive 1-10% of total revenue from online sales, 26% derive 11-20%, and 33% derive 21-50%. Bosnia and Herzegovina records the highest average share of revenue generated online.

Figure 73. Does Your Company Sell Online?

Q29. [Q] What percentage of your total revenue comes from online sales?

(All respondents, N=1216, share of total, %)

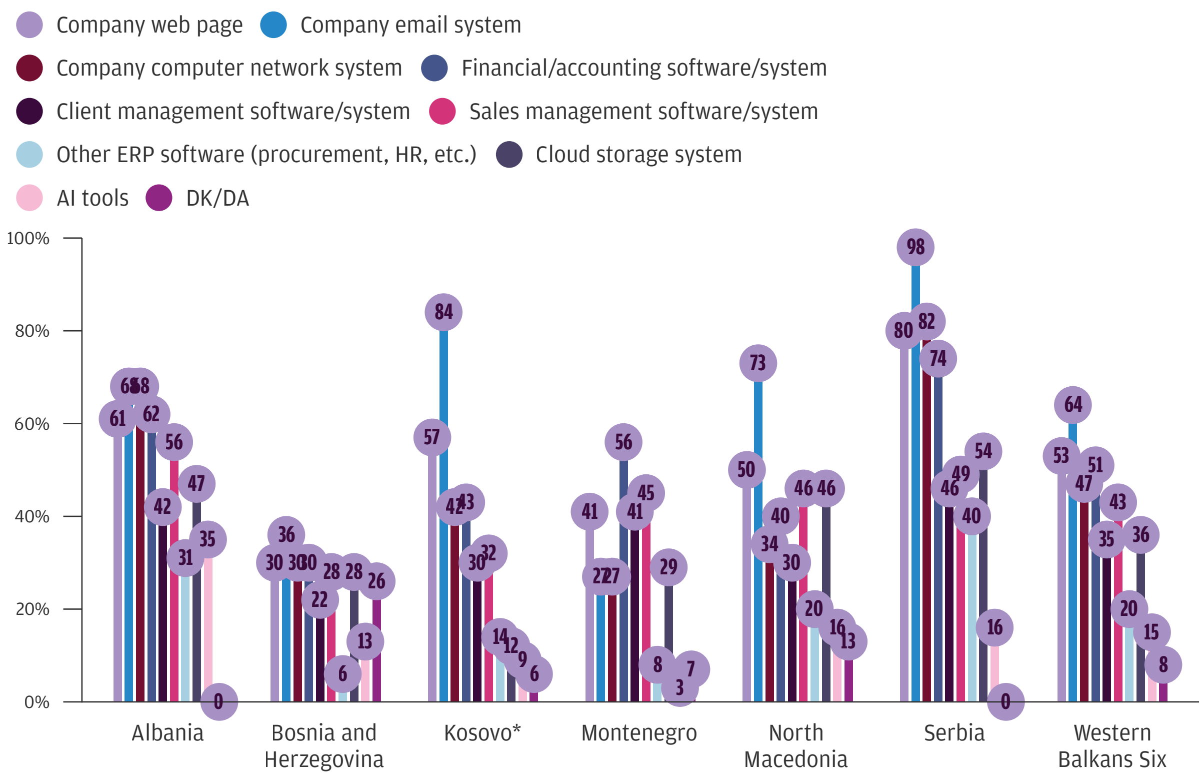


The use and availability of company resources differ across the WB6. The figure below presents the distribution across the resource categories covered in the survey.

Figure 74. Company Resources: Usage and Availability

Q30. [M] Which of the following does your company use/have?

(All respondents, N=1216, share of total, %)

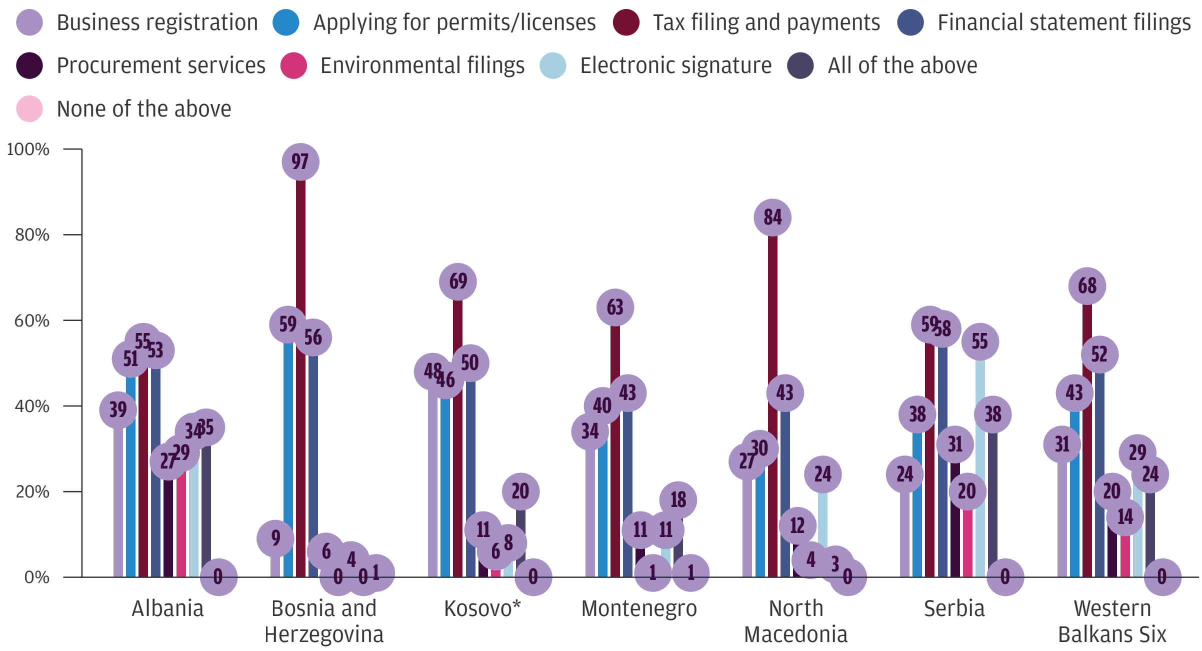


Among e-government services, tax filing and payments record the highest usage at 68%, followed by financial filings (52%), permit and licence applications (43%), and business registration (31%). Environmental filings, procurement services, and electronic signature record lower shares. Bosnia and Herzegovina and North Macedonia record the highest use of e-government services for tax filing and payments.

Figure 75. E-Government Service Usage in Your Company

Q31. Does your company use any of the following e-government services?

(All respondents, N=1216, share of total, %)

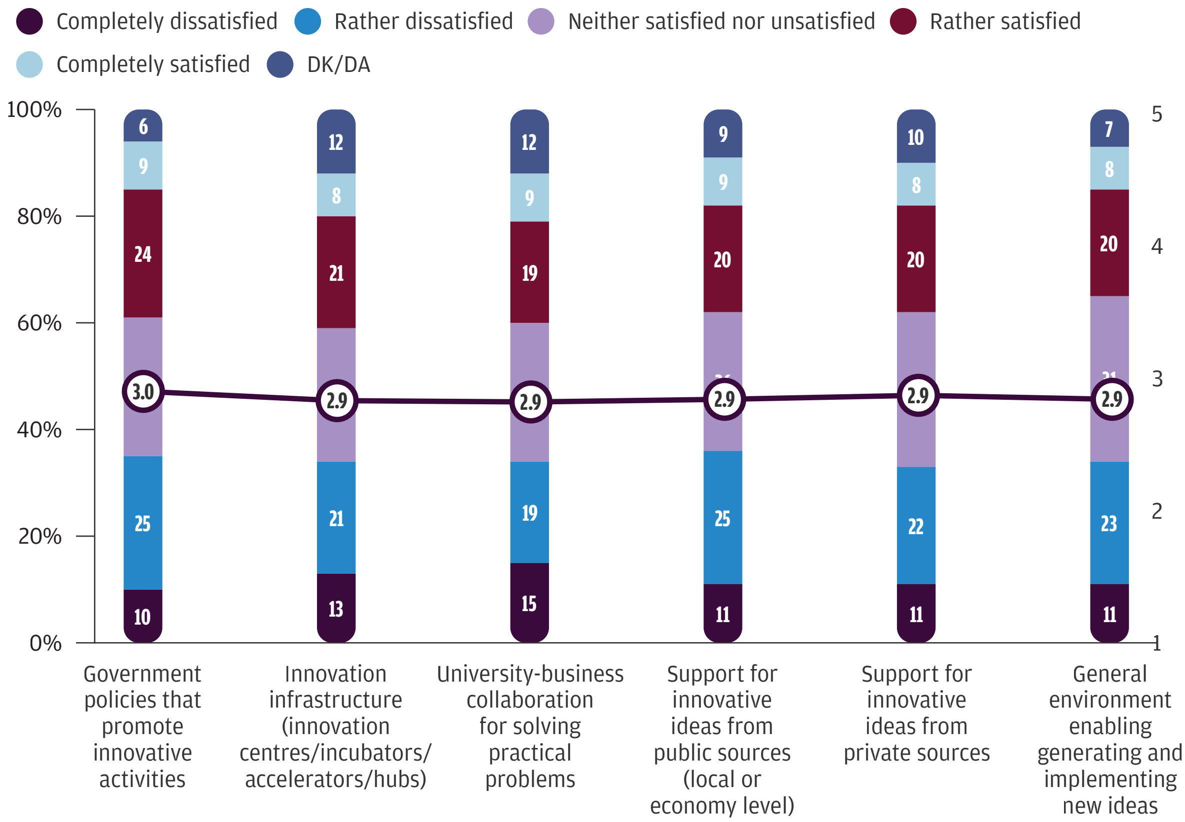


Across the six innovation-environment dimensions covered, mean scores range from 2.88 to 2.96. Dissatisfaction exceeds satisfaction across several dimensions, including support for innovative ideas and the general environment for generating and implementing new ideas.

Figure 76. Levels of Satisfaction: Assessing Various Aspects

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

(All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

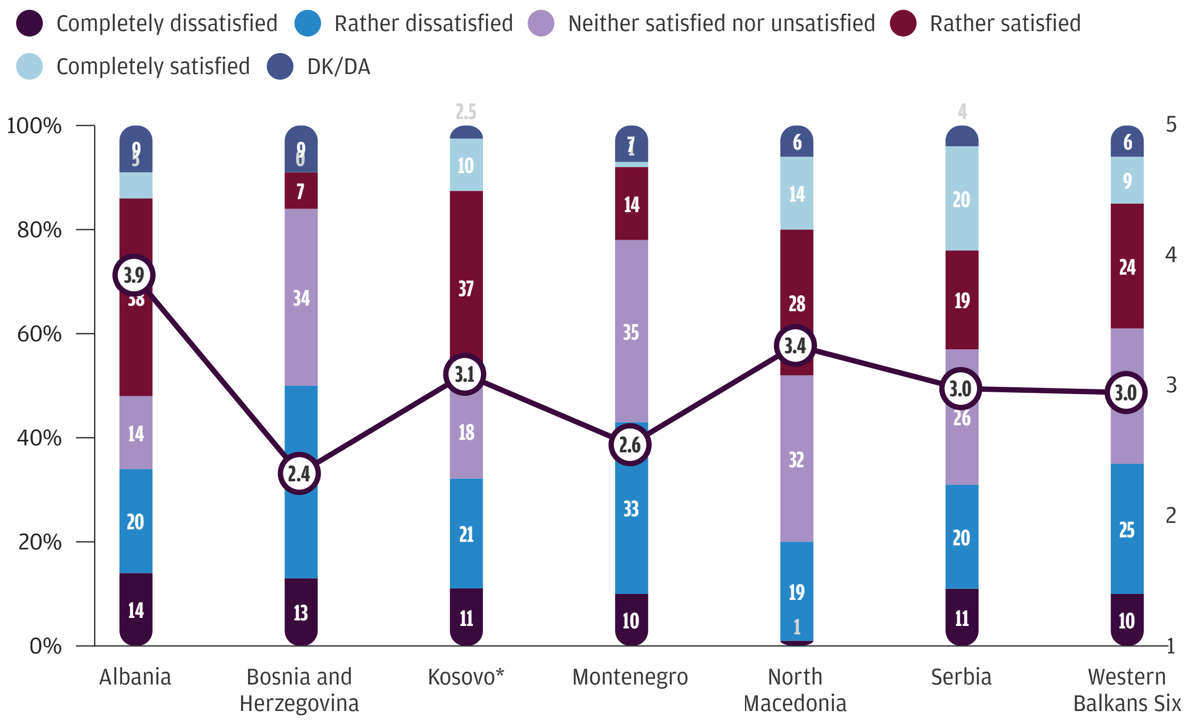


Government policies that promote innovative activities receive mixed assessments across the WB6. Bosnia and Herzegovina records the highest satisfaction share, followed by Montenegro. Compared with 2024, both satisfaction and dissatisfaction increased, while the share of neutral responses declined.

Figure 77. Level of Satisfaction with Government Policies that Promote Innovative Activities

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

Government policies that promote innovative activities (All respondents, N=1216, scale from 1 to 5, share of total, %, mean)



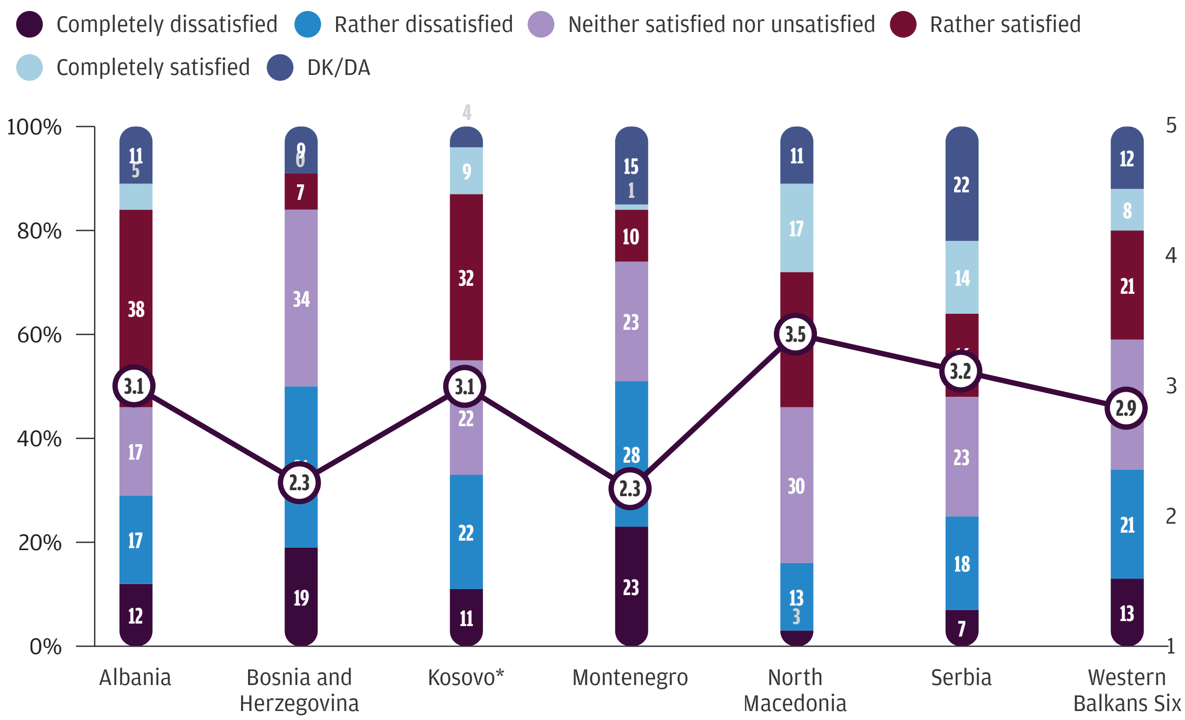
Innovation and Technology

Satisfaction with innovation infrastructure is highest in Albania and North Macedonia, followed by Kosovo* and Serbia. Montenegro and Bosnia and Herzegovina record the highest dissatisfaction shares.

Figure 78. Level of Satisfaction with the Innovation Infrastructure

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

Innovation infrastructure (innovation centres/incubators/accelerators/hubs) (All respondents, N=1216, scale from 1 to 5, share f total, %, mean)

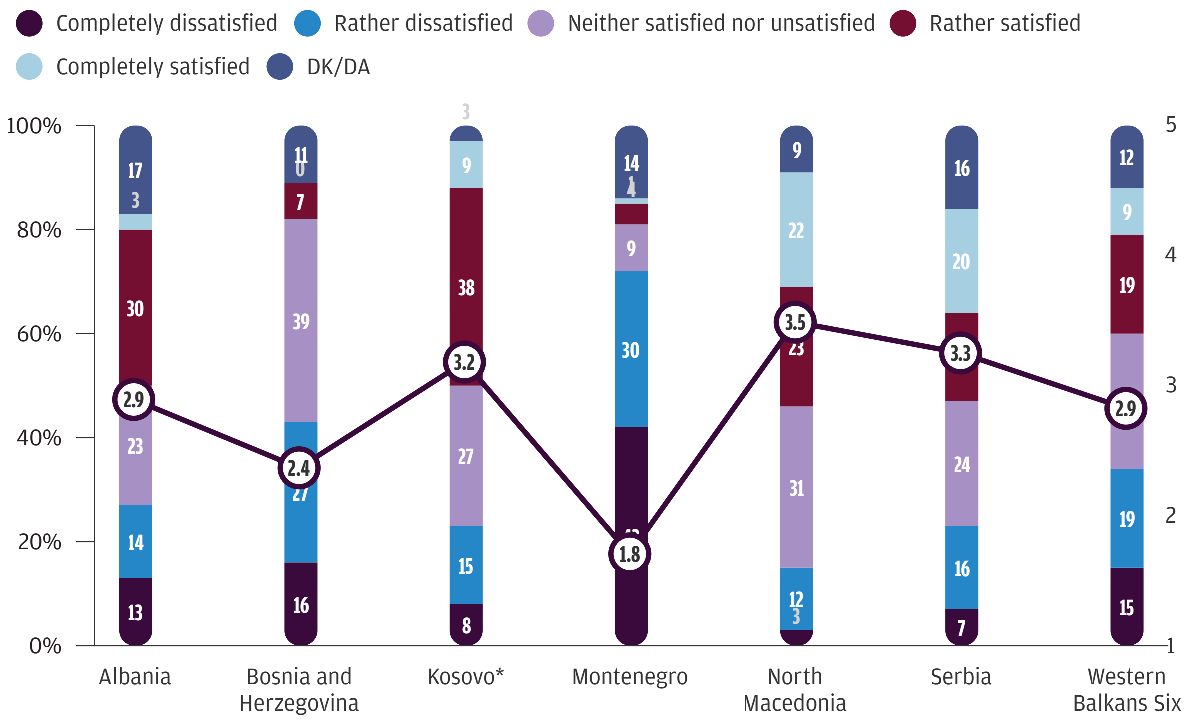


Satisfaction with university-business collaboration for solving practical problems is highest in Kosovo* and North Macedonia. Serbia and Albania also record above-average satisfaction shares. Montenegro and Bosnia and Herzegovina record the highest dissatisfaction shares.

Figure 79. Level of Satisfaction with the University-Business Collaboration for Solving Practical Problems

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

University-business collaboration for solving practical problems (All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

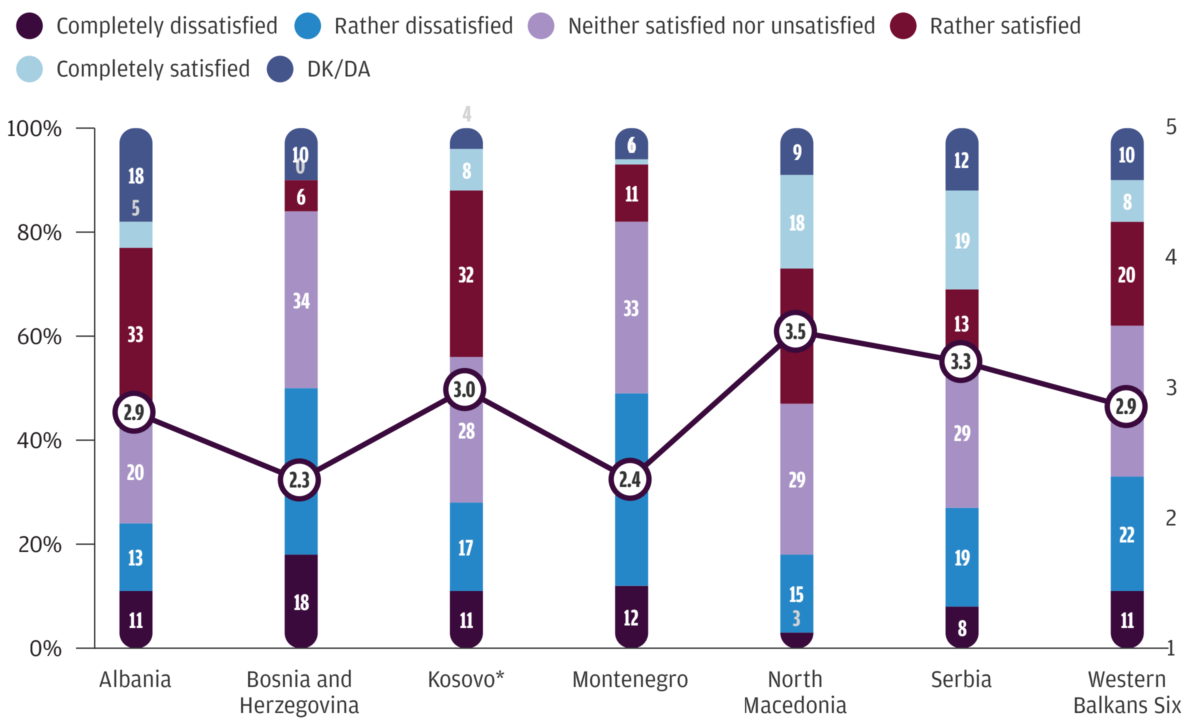


Support for innovative ideas from public sources records the highest satisfaction in North Macedonia, followed by Kosovo*, Serbia, and Albania. Montenegro records the highest dissatisfaction share.

Figure 80. Level of Satisfaction with the Support for Innovative Ideas from Public Sources (Local or Jurisdiction Level)

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

Support for innovative ideas from public sources (local or jurisdiction level) (All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

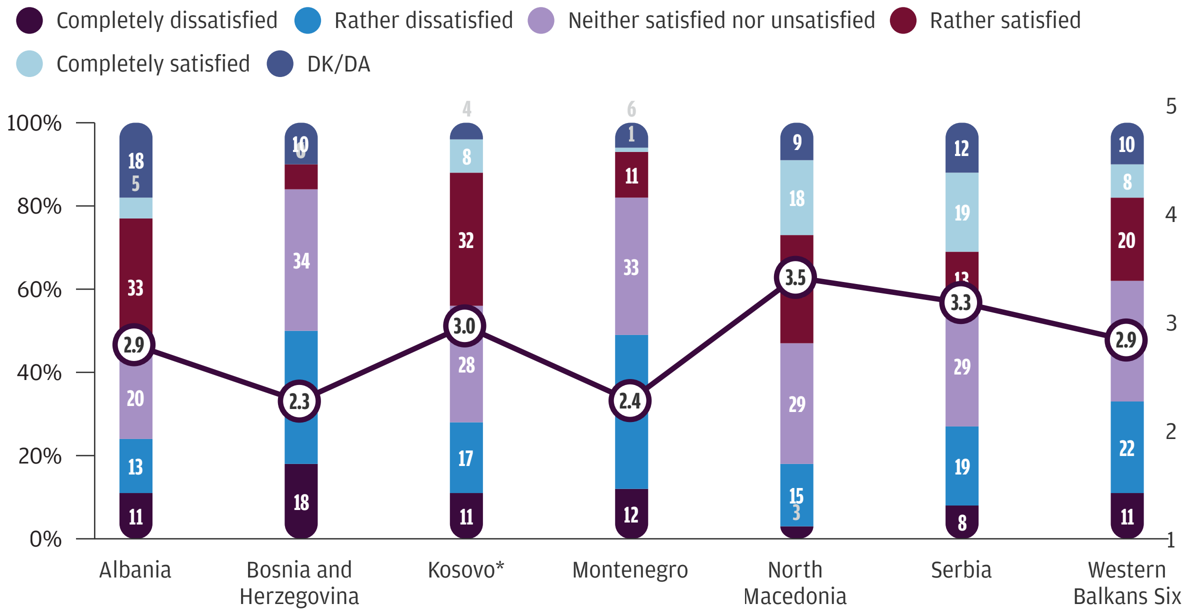


Support for innovative ideas from private sources records mixed assessments across the WB6. Satisfaction is highest in North Macedonia, followed by Kosovo* and Albania. Dissatisfaction is highest in Bosnia and Herzegovina and Montenegro.

Figure 81. Level of Satisfaction with the Support for Innovative Ideas from Private Sources

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

Support for innovative ideas from private sources - (All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

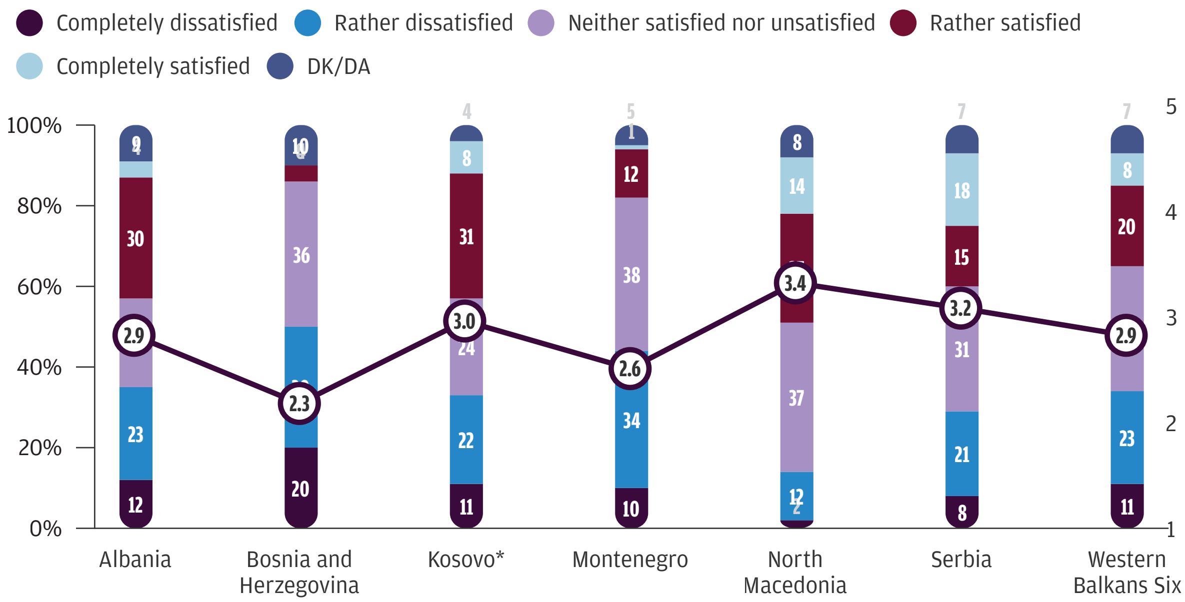


At regional level, dissatisfaction with the general environment for generating and implementing new ideas exceeds satisfaction, at 34% compared with 28%. Dissatisfaction is highest in Bosnia and Herzegovina and Montenegro. Satisfaction is highest in North Macedonia and Kosovo*.

Figure 82. Level of Satisfaction with the General Environment Enabling Generating and Implementing New Ideas

Q32. [S PER ROW] Would you say that you are completely satisfied, rather satisfied, neither satisfied nor dissatisfied, rather dissatisfied or completely dissatisfied with the following...?

General environment enabling generating and implementing new ideas - (All respondents, N=1216, scale from 1 to 5, share of total, %, mean)

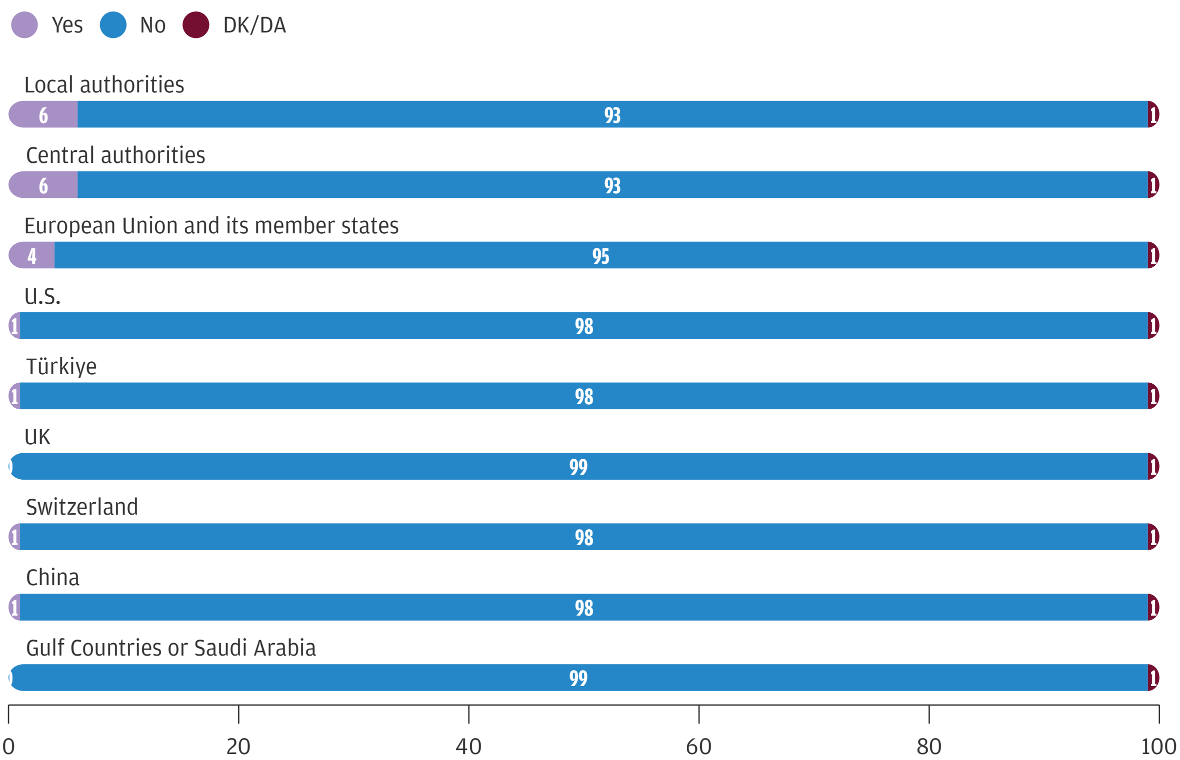


Most businesses report that they have not received financial support for innovation activities during the previous three years. The share of businesses without support ranges from 93% in the case of central and local authorities, to 95% for the EU and its member states, and between 98% and 99% for interDomestic actors. The notable sources of financial support for businesses in terms of innovation activities (tax facilities, grants, subsidised loans, loan guarantees, etc.) are central and local authorities (6%), as well as the EU and its member states (4%).

Figure 83. Financial Support for Innovation: Last 3 Years

Q33. [S PER ROW] Did your business receive financial support (tax facilities, grants, subsidised loans, loan guarantees, etc.) for innovation activities from the following sources in the past three years?

(All respondents, N=1216, share of total, %)

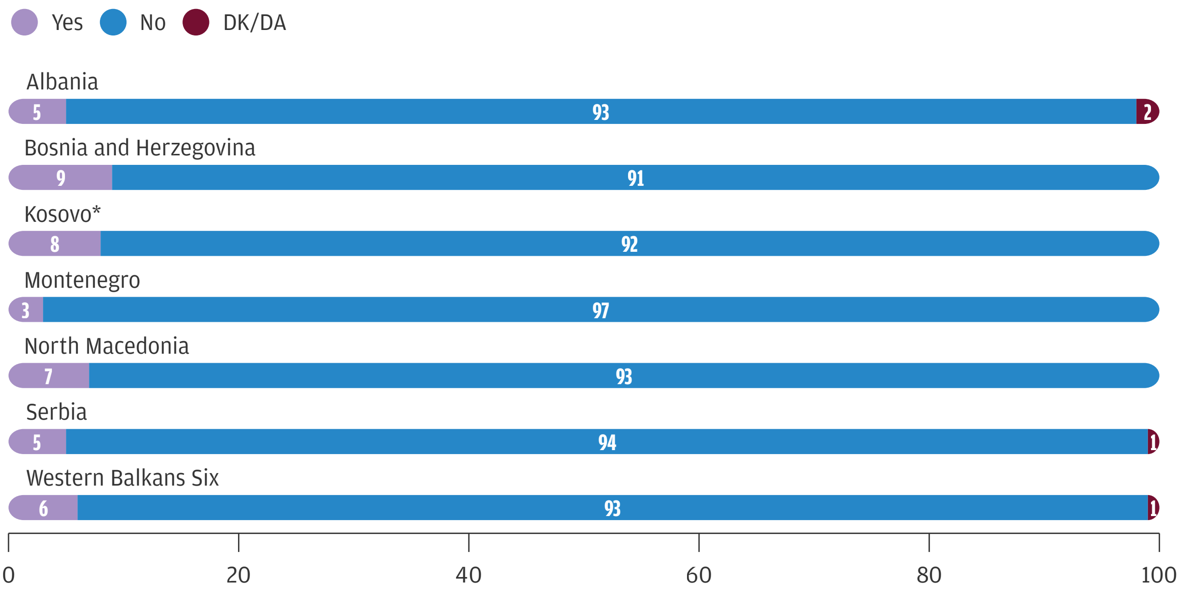


Financial support for innovation from local authorities is reported by 6% of businesses at regional level. Bosnia and Herzegovina and Kosovo* record the highest shares, followed by North Macedonia.

Figure 84. Recent Financial Support for Innovation Activities by Local Authorities

Q33. [S PER ROW] Did your business receive financial support (tax facilities, grants, subsidised loans, loan guarantees, etc.) for innovation activities from the following sources in the past three years?

Local authorities - (All respondents, N=1216, share of total, %)

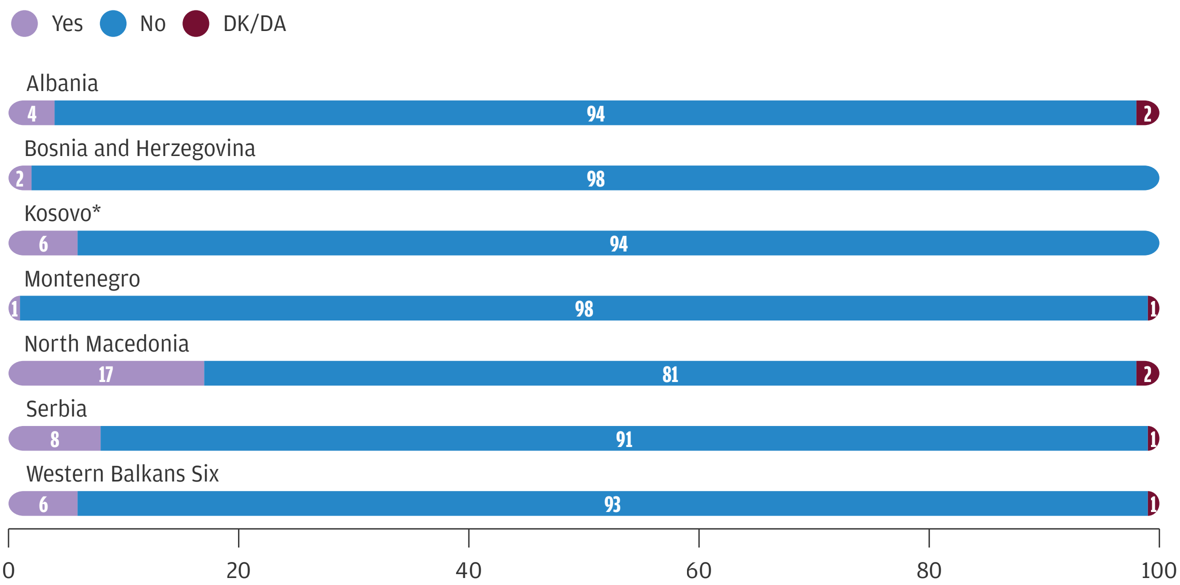


Financial support for innovation from central authorities is reported by a small share of businesses. Figure 85 presents the distribution across WB6.

Figure 85. Recent Financial Support for Innovation Activities by Central Authorities

Q33. [S PER ROW] Did your business receive financial support (tax facilities, grants, subsidised loans, loan guarantees, etc.) for innovation activities from the following sources in the past three years?

Central authorities -(All respondents, N=1216, share of total, %)

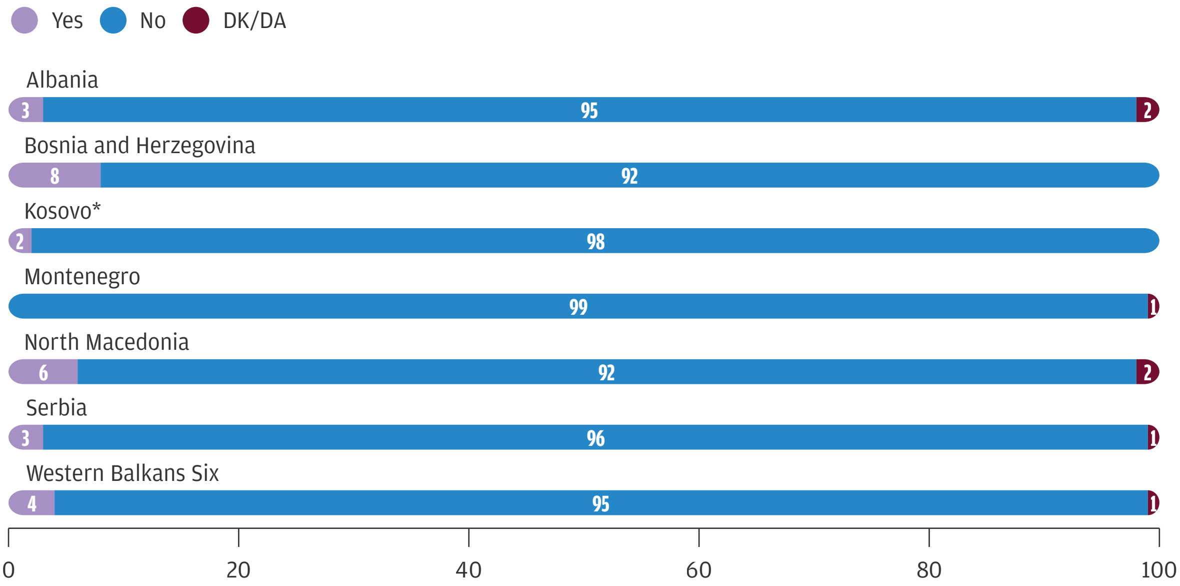


Across the WB6, 4% of businesses report financial support for innovation from the European Union and its member states during the previous three years. Bosnia and Herzegovina and North Macedonia record shares above the regional average.

Figure 86. RECENT FINANCIAL SUPPORT FOR INNOVATION ACTIVITIES BY THE EUROPEAN UNION AND ITS MEMBER STATES

Q33. [S PER ROW] Did your business receive financial support (tax facilities, grants, subsidised loans, loan guarantees, etc.) for innovation activities from the following sources in the past three years?

European Union and its member states - (All respondents, N=1216, share of total, %)

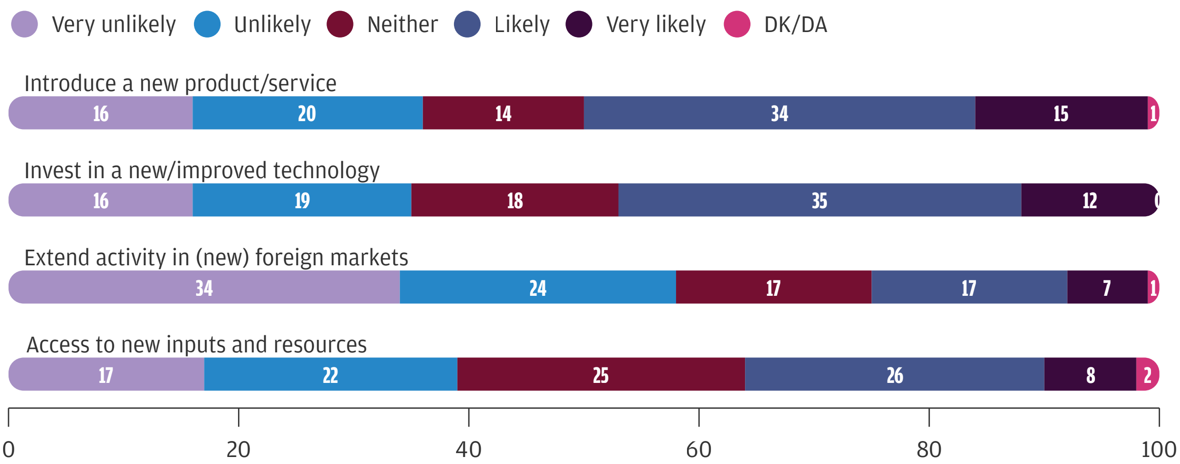


Among future business actions, introducing a new product or service and investing in new or improved technology record the highest shares. Expanding activity into foreign markets records the lowest.

Figure 87. Future Business Actions

Q34. [S PER ROW] How likely is your business to do the following actions in the next 12 months?

(All respondents, N=1216, share of total, %)



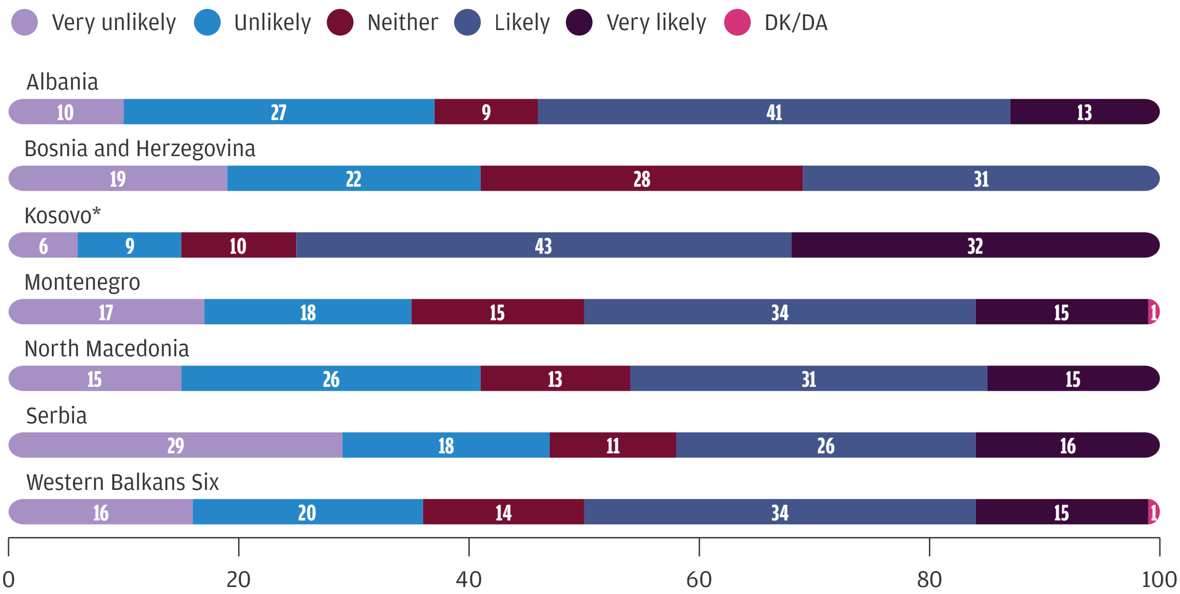
Innovation and Technology

Introducing a new product or service records the highest share among the future actions covered. Kosovo* records the highest share, followed by Albania and Montenegro.

Figure 88. Future Business Actions: Introducing a New Product/Service

Q34. [S PER ROW] How likely is your business to do the following actions in the next 12 months?

(All respondents, N=1216, share of total, %)

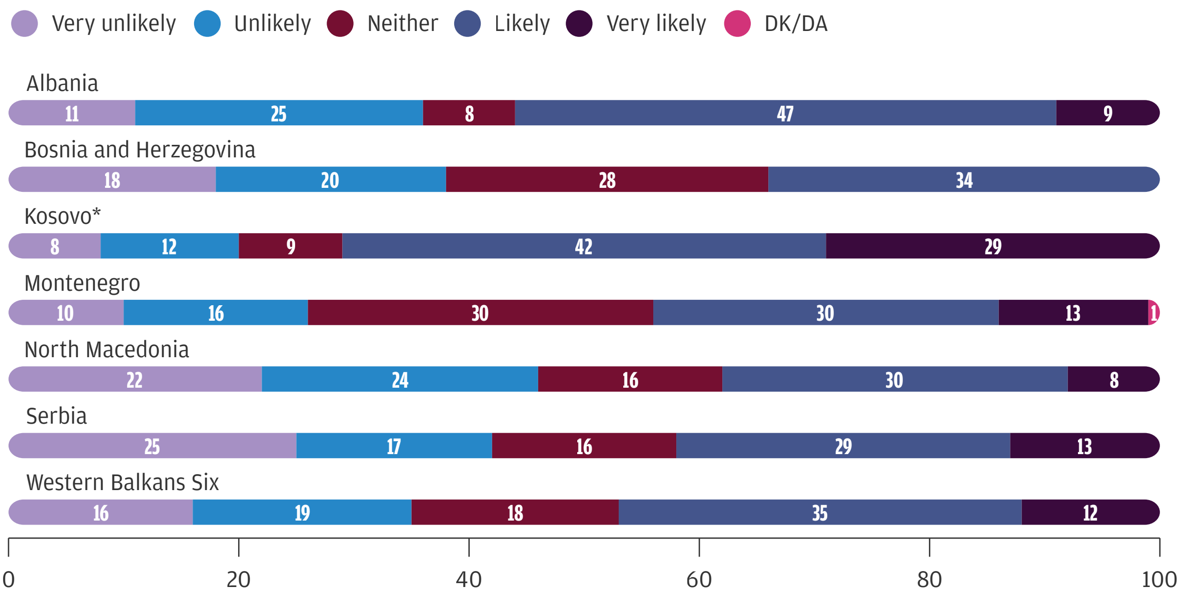


Investment in new or improved technology records a relatively high share at regional level. Kosovo* and Albania record shares above the regional average. North Macedonia and Serbia record lower reported likelihood.

Figure 89. Future Business Actions: Investment in a New/Improved Technology

Q34. [S PER ROW] How likely is your business to do the following actions in the next 12 months?

(All respondents, N=1216, share of total, %)

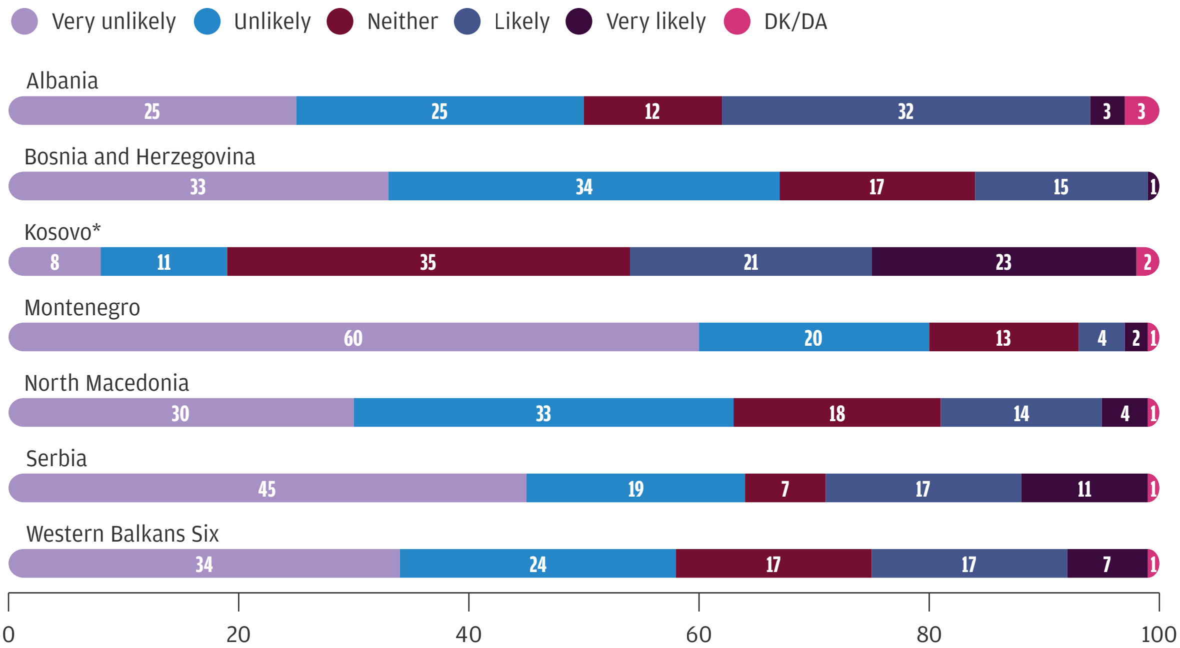


Expanding activity into foreign markets records the lowest reported likelihood. Businesses in Kosovo* (44%), Albania (35%), and Serbia (29%) reported above-average likelihood of expanding into foreign markets. In Montenegro, however, as many as 80% of businesses indicated that they are unlikely or very unlikely to pursue this action in the future.

Figure 90. Future Business Actions: Extending Activity in (New) Foreign Markets

Q34. [S PER ROW] How likely is your business to do the following actions in the next 12 months?

(All respondents, N=1216, share of total, %)



Across the WB6, 34% of businesses report that they are likely or very likely to seek access to new inputs and resources over the next 12 months, while 39% report that they are unlikely or very unlikely to do so. Kosovo* records the highest reported likelihood, followed by North Macedonia and Albania. Serbia records the highest reported unlikelihood.

Figure 91. Future Business Actions: Accessing New Inputs and Resources

Q34. [S PER ROW] How likely is your business to do the following actions in the next 12 months?

(All respondents, N=1216, share of total, %)

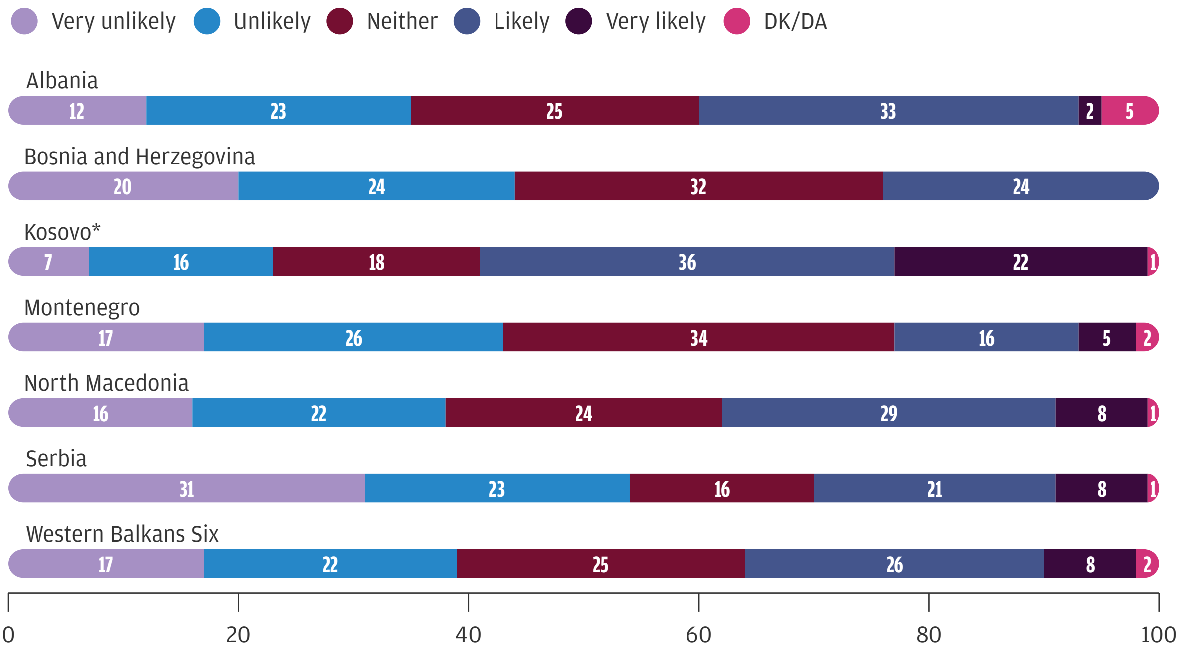


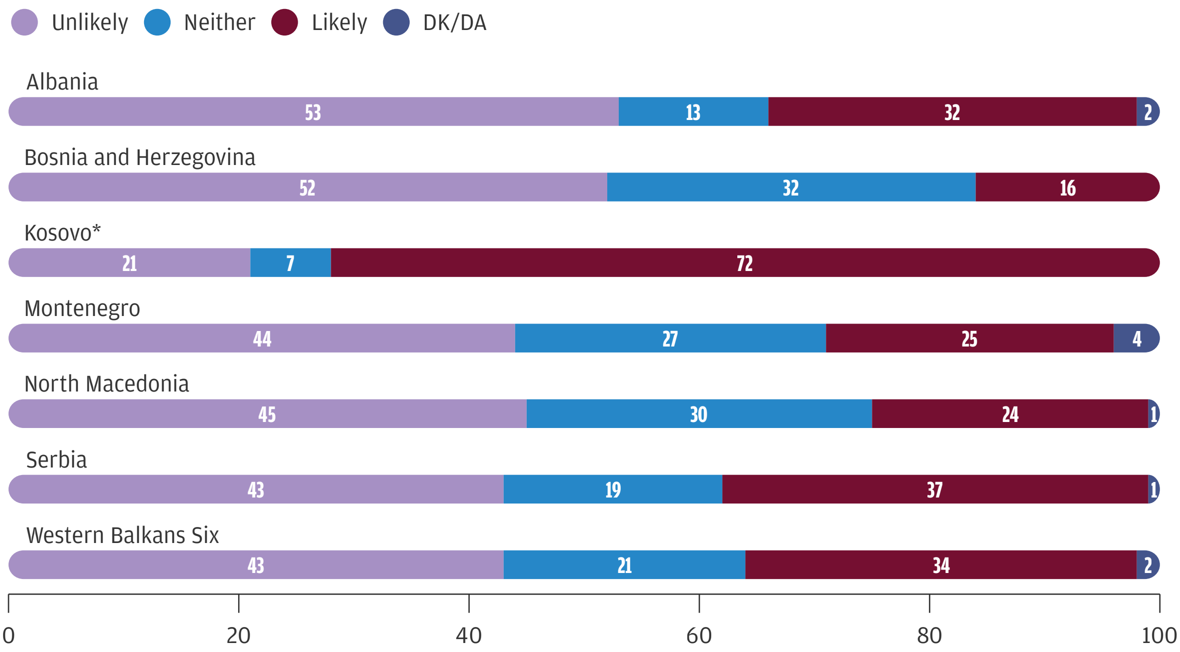
Figure 92 shows the likelihood of businesses investing their own funds in research and development to innovate and enhance products or services over the next three years. On average, about one-third of businesses (34%) reported that it is likely their company will invest its own funds in research and development to develop new or significantly improved products or services within the next three years.

Within WB6, Kosovo* stands out with 72% of businesses confirming their intention to invest, followed by Serbia (37%).

Figure 92. Future R&D Investment Likelihood

Q35. [S] How likely is it that your business will invest its own funds in research and development in order to come up with new or significantly improved products/services in the next three years?

(All respondents, N=1216, share of total, %)



Innovation and Technology

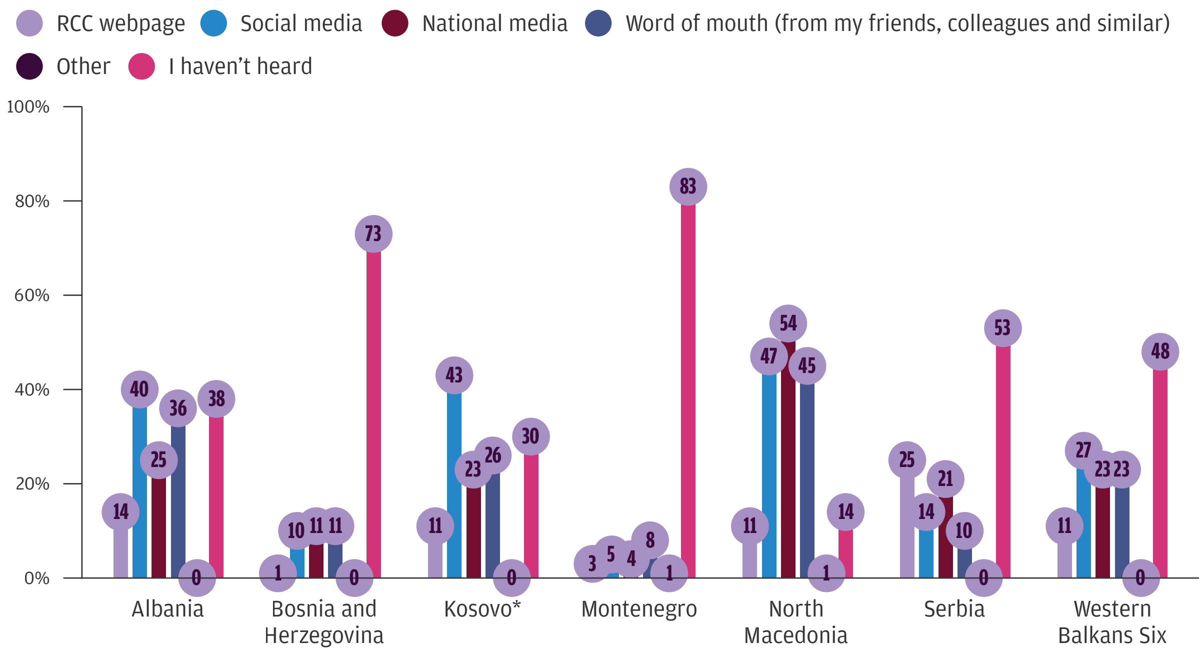
Sources of Information about RCC by Jurisdiction

At regional level, social media is the main reported source of information about the RCC, followed by traditional media and word of mouth. In Albania and Kosovo*, social media records the highest shares. In North Macedonia, domestic media and social media are the main sources. In Montenegro and Bosnia and Herzegovina, a large share of businesses report that they had not heard of the RCC. In Serbia, the RCC webpage records the highest share.

Figure 93. Sources of Information about RCC by Jurisdiction

Q36. [M] How did you hear about the Regional Cooperation Council (RCC)?

(All respondents, N=1216, share of total, %)



Methodology Note

This section of the report outlines the methodology employed for the Balkan Barometer 2025 survey, a comprehensive study of business opinion across the WB6: Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia as implemented by CeSID Ltd and IDRA Research & Consulting.

Survey performed by	CeSID Ltd and IDRA Research & Consulting with support from Regional Cooperation Council (RCC) team of experts.
Fieldwork	From 21st May until 30th June 2025
Sample type and size	Random, representative sample of 1,216 micro, small, medium and large enterprises in the region of WB6
Sample type and size per jurisdiction	Random, representative sample of 200 micro, small, medium and large enterprises in each of the WB6
Sample frame	Official business registries of each WB6– micro, small, medium and large enterprises
Selection of the enterprises	**Indicators used for the sample design included:** ▶ Number of registered business entities per official statistical region in each of the jurisdictions ▶ Size of enterprise (micro, small, medium, large) ▶ Sector of operation (based on predominant activity): manufacturing and processing industry, including the construction industry, services and trade
Selection of respondents inside the enterprise	**Potential respondents were limited to one of the following groups:** ▶ Owner, Head of the Company, Director, or General Manager ▶ High-Level Manager ▶ Head of Finance/Chief Financial Officer
Survey method	Face-to-face fieldwork, Computer Assisted Personal Interviewing (CAPI) technique
Survey instrument	Quantitative survey instrument consisted of 36 study questions and 15 screening and demography questions. The questionnaire was originally written in English and subsequently translated into related local languages. In Kosovo*, both Albanian and Serbian language versions of the questionnaire were used, and in North Macedonia, the questionnaire was translated and used in Macedonian and Albanian languages. RCC reviewed and approved all the translations of the questionnaires. Since CAPI methodology was used in this research, all questionnaires were scripted to a digital form and installed on interviewers' tablets. The programmed questionnaires were reviewed by a responsible person in each jurisdiction.
Length of the interview	App. 30 minutes

The annual BB survey was conducted on a sample of 1,216 enterprises from the Western Balkans region. In each of the WB6, CeSID and IDRA selected 200 enterprises that reflect their respective markets in a representative manner.

When selecting the enterprises, emphasis was placed on the following criteria:

- the region in which the company operates;
- the number of enterprises from each region of the individual jurisdictions;
- the dominant activity of the company; and the size of the company according to the number of employees.

The survey was conducted through direct communication with businesses that met the set criteria, using the CAPI research technique.

The research instrument was harmonised with the RCC research team and finalised based on a pilot survey involving 10 businesses from each of the six jurisdictions. Average length of the interview was app. 30 minutes. Questionnaire was prepared in English, but also translated and adapted to the respective languages in all WB6.

The survey was conducted by experienced interviewers in all WB6. All interviewers were trained for the specific project and were given written and verbal instructions containing general description of the questionnaire, the method of selecting the companies and of the respondent selection method. In addition to the instructions, all interviewers were trained to understand research goals, interviewing method and eligible respondent selection (a member of a company's management board/team). In addition, project coordinators reviewed the entire digital questionnaire jointly with the interviewers and emphasised some important elements.

A pre-test of up to 30 interviews (5 per jurisdiction) with businesses was conducted, which is not included in the final sample. Respondents come from different business sectors and types.

According to the established rules, within each selected company, the respondent could only be a person belonging to one of the following categories:

- Owner, Head of the Company, Director, or General Manager;
- High-Level Manager;
- Head of Finance/Chief Financial Officer.

Regarding the demographic structure of respondents, on average 60% of those interviewed have completed higher education (bachelor's, master's, or doctoral degree). The highest share of highly educated respondents is in Albania (71%), followed closely by Serbia with 68%.

Interestingly, in Kosovo*, we find as much as 3% of respondents running a business with only a primary school education, a phenomenon also observed among 1% of respondents in Serbia.

The questionnaire was predominantly answered by men (61%), with the only two jurisdictions where the number of female respondents exceeded male respondents being Serbia and North Macedonia.

The average respondent included in this survey is 46 years old and has 15 years of work experience. In these two jurisdictions, the questionnaire was answered by 53% women and 47% men. The oldest respondents, as well as those with the most work experience, come from Serbia (average age 50, average work experience 19 years).

Table 4 Sample description – demography of the respondents in the survey

JURISDICTION	EDUCATION			
	PRIMARY SCHOOL	HIGH SCHOOL	COLLEGE or UNIVERSITY	MASTER'S DEGREE or DOCTORATE
Albania	0	29	40	31
Bosnia and Herzegovina	0	47	47	6
Kosovo*	3	37	47	13
Montenegro	0	36	59	5
North Macedonia	0	51	43	6
Serbia	1	31	51	17
Western Balkans Six	1	39	47	13

JURISDICTION	GENDER	
	FEMALE	MALE
Albania	41	60
Bosnia and Herzegovina	26	75
Kosovo*	23	78
Montenegro	41	59
North Macedonia	53	47
Serbia	53	47
Western Balkans Six	39	61

JURISDICTION	AGE average
Albania	43
Bosnia and Herzegovina	46
Kosovo*	46
Montenegro	44
North Macedonia	48
Serbia	50
Western Balkans Six	46

JURISDICTION	AVERAGE YEARS SPENT IN THE BUSINESS average
Albania	12
Bosnia and Herzegovina	15
Kosovo*	16
Montenegro	13
North Macedonia	18
Serbia	19
Western Balkans Six	15

Descriptive Interpretations of Sample Structures

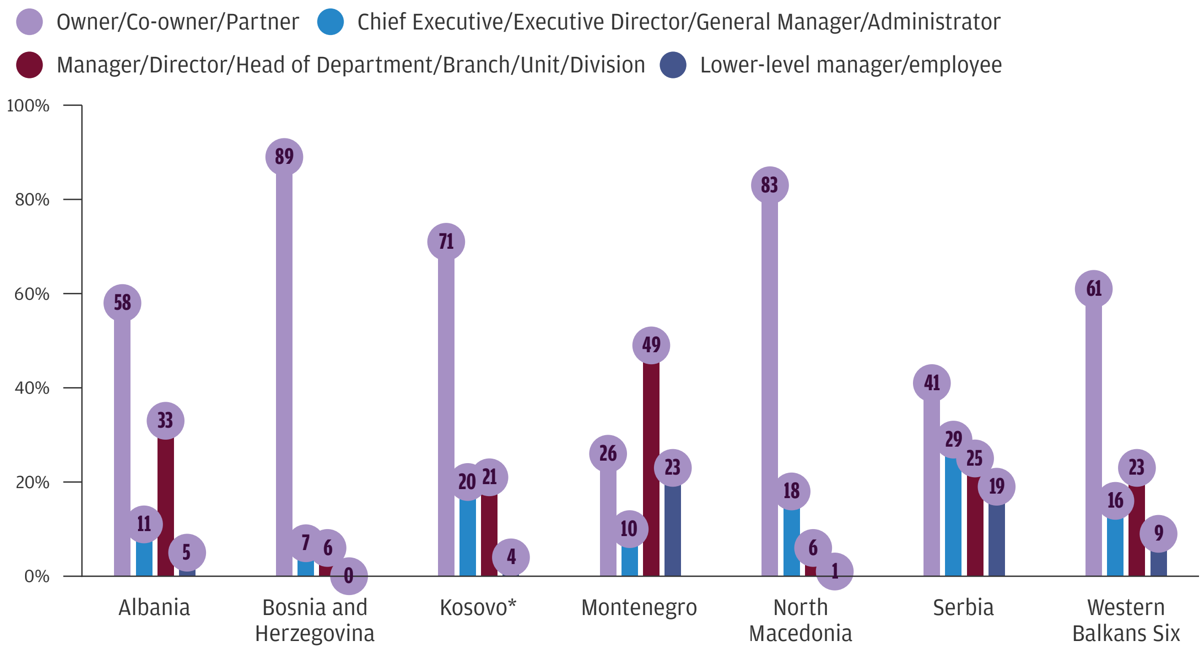
The distribution of survey respondents by their business role across WB6 shows that Owners/Co-owners/Partners dominate in every jurisdiction, with especially high representation in Bosnia and Herzegovina (89%), North Macedonia (83%), and Kosovo* (71%). The regional average (WB6) is 61% - Figure 94.

Chief Executives/General Managers/Administrators make up a smaller proportion overall, most visible in Serbia (29%) and Kosovo* (20%), while being least represented in Bosnia and Herzegovina (7%).

Managers/Directors/Heads of Department are notably present in Montenegro (49%) and Albania (33%), but negligible in Bosnia and Herzegovina (6%) and North Macedonia (6%).

Lower-level managers/employees are a minority everywhere, peaking in Montenegro (23%) and present to some degree in Serbia (19%), while nearly absent in North Macedonia (1%) and Bosnia and Herzegovina (0%).

Figure 94. Sample Structure by Respondent's Position

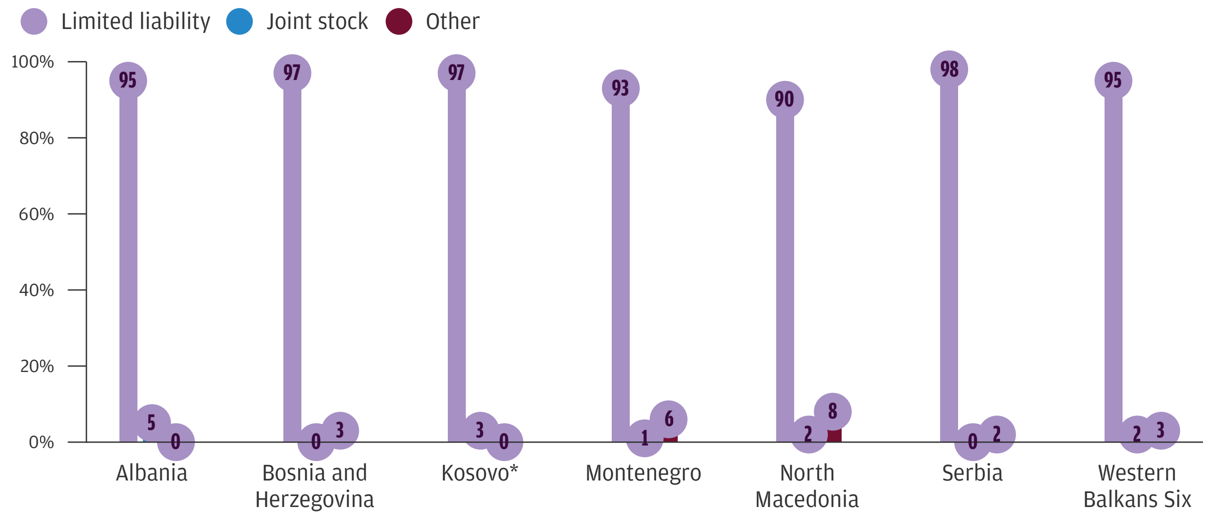


Most respondents in the survey are business owners, underscoring a strong entrepreneurial base. However, the structure varies by jurisdiction— for example, Bosnia and Herzegovina has a near-total dominance of owners, while Montenegro shows the most balanced spread across different managerial levels.

The sample is dominated by companies organised as limited liability companies. In all WB6, this legal form accounts for more than 90% of surveyed businesses.

The highest share is observed in Serbia (98%), followed by Kosovo* and Bosnia and Herzegovina (97% each). North Macedonia, on the other hand, records the largest share of businesses operating under alternative legal structures.

Figure 95. Sample Structure by Legal Form of Businesses

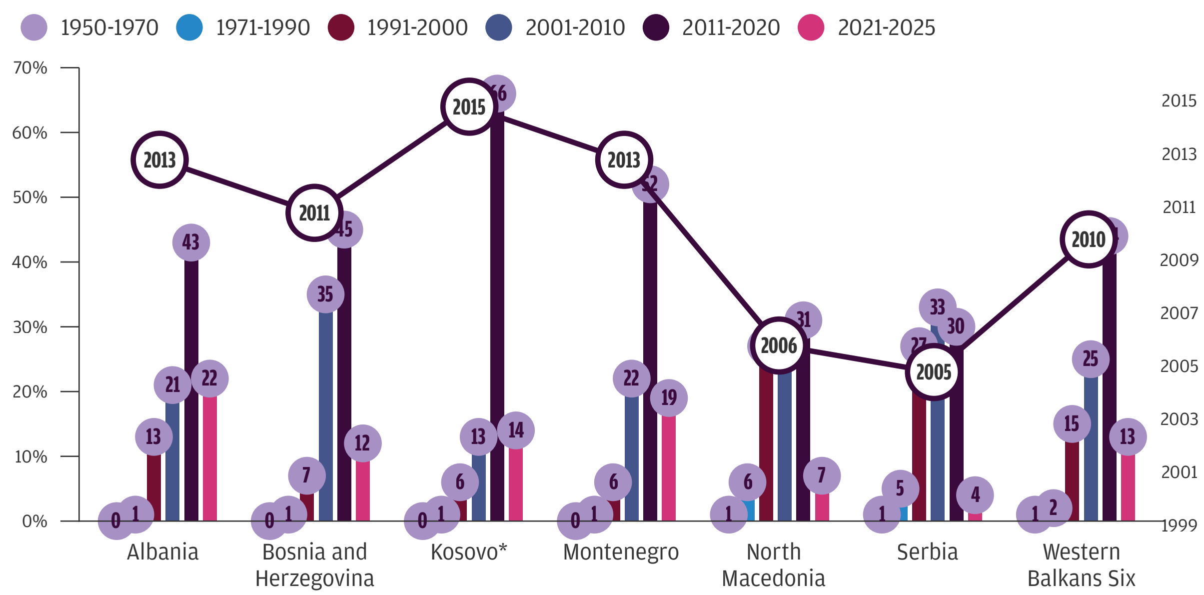


Most businesses were established in the last decade (2011–2020). Their number is particularly high in Kosovo* (66%), Montenegro (52%), and Albania (43%) – see Figure 96.

The regional average is 44%, making this period the dominant wave of company creation.

The 2001–2010 decade also saw substantial activity, with peaks in Bosnia and Herzegovina (35%) and Serbia (33%). Businesses from the 1990s (1991–2000) are more visible in Serbia (27%) and North Macedonia (27%), but limited elsewhere (e.g. Albania 13%, Kosovo* 13%).

Figure 96. Sample Structure by Year of Enterprise Establishment



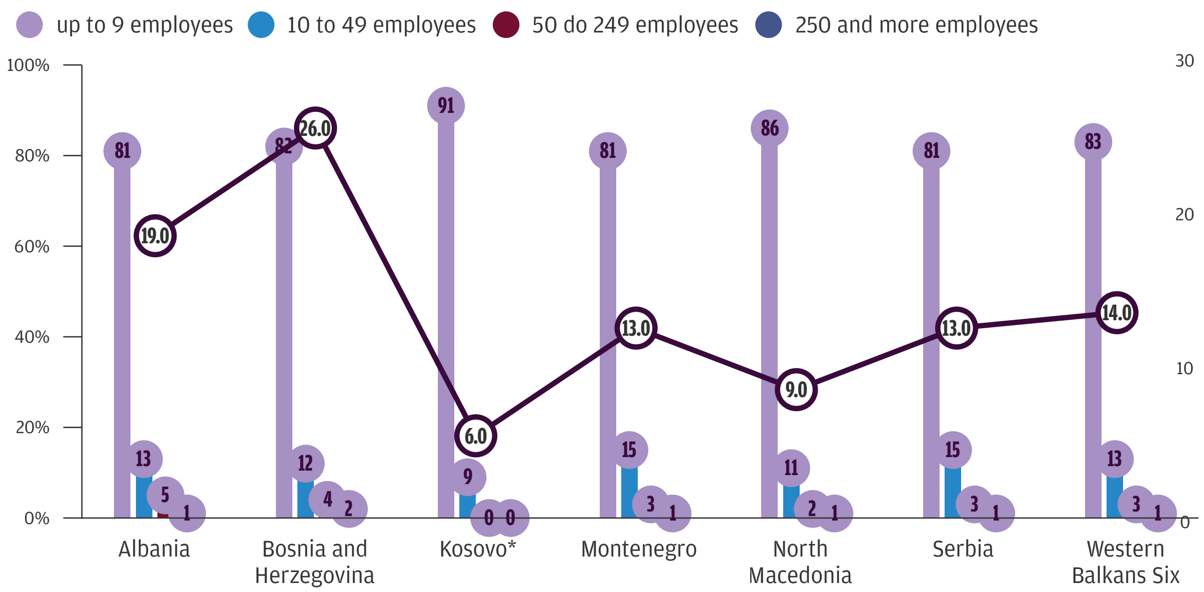
Very few businesses date back to before 1990, with negligible shares in all jurisdictions.

Newly established firms (2021–2025) make up a smaller but relevant share, particularly in Albania (22%) and Montenegro (19%), reflecting recent entrepreneurial activity.

Average year of establishment varies: Kosovo*'s businesses are the youngest (2015), followed by Albania and Montenegro (2013 each). Bosnia and Herzegovina (2011) is also relatively young. Serbia (2005) and North Macedonia (2006) have the oldest businesses, reflecting more mature company structures.

The Western Balkans business landscape is largely shaped by firms founded in the last 10–20 years, especially after 2010. Kosovo* stands out with the youngest companies, while Serbia and North Macedonia retain a more established and older business base.

Figure 97. Sample Structure by Number of Employees



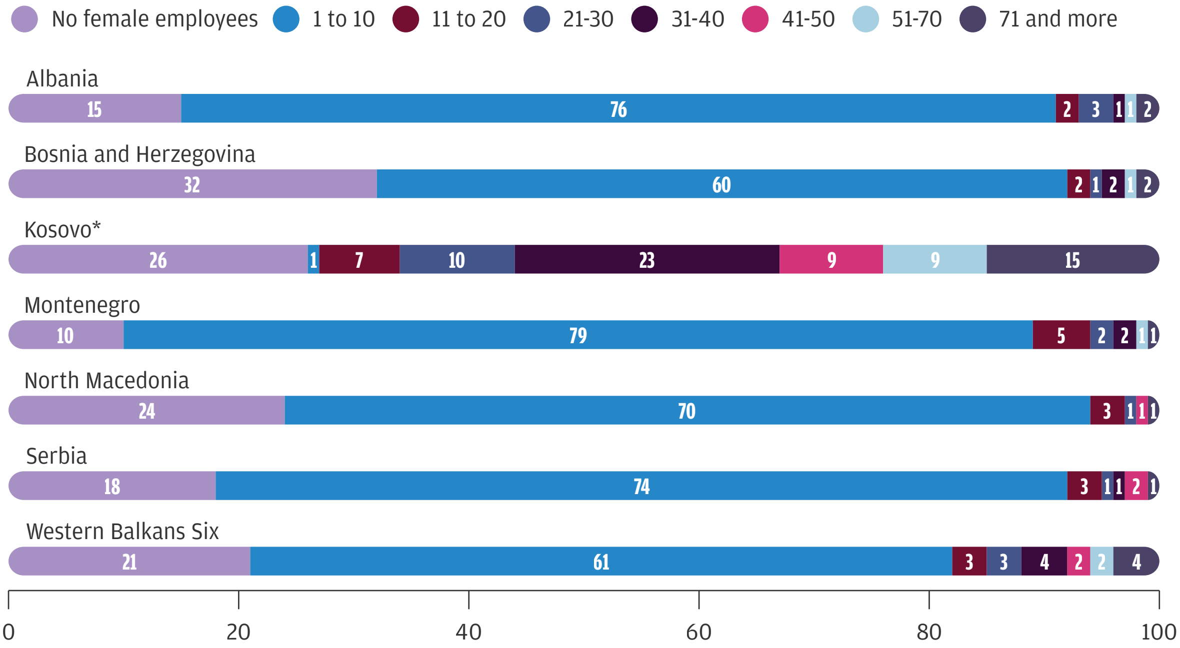
Across the WB6, the private sector is overwhelmingly defined by micro-enterprises. In every jurisdiction, at least four out of five firms employ no more than nine people, and in Kosovo* that share rises to more than nine out of ten (Figure 97). Larger companies, with more than 50 employees, are almost absent from the business landscape, and those with over 250 employees make up only around one percent of the total.

This dominance of very small firms has a strong influence on the average company size in each jurisdiction. On the regional level, the typical firm employs only about 14 people. Kosovo* sits at the bottom with an average of just six employees per company, underlining the fragmented nature of its business sector. North Macedonia and Montenegro follow with modest averages of nine and thirteen employees respectively, while Serbia reaches a similar level. Albania stands out somewhat with an average of 19, while Bosnia and Herzegovina pushes the regional average upward with a mean company size of 26 employees. This higher figure is not the result of a broad base of larger firms but rather a small minority of medium-sized businesses that lift the average in an otherwise micro-dominated environment.

Taken together, the picture is one of a regional jurisdiction heavily reliant on small-scale entrepreneurship. The scarcity of medium and large enterprises points to structural barriers to business growth and scalability. This "missing middle" limits job creation potential and makes the region's economies more vulnerable to shocks.

Encouraging the development of firms beyond the micro-level remains a central challenge for policymakers seeking to stimulate sustainable economic growth and broader employment opportunities.

Figure 98. Sample Structure by Number of Female Full-time Employees



The distribution of female employees across firms in the Western Balkans reveals strong structural imbalances. On the regional level, more than one fifth of companies (21%) report having no female employees at all, while nearly two thirds (61%) employ only between one and ten women. Larger concentrations of female employees remain extremely rare: only 3–4% of firms report having more than 30 women on staff.

At the jurisdiction level, notable differences emerge:

Albania and Montenegro stand out for their high shares of firms with at least some female employees. In Albania, 76% of firms employ between one and ten women, while in Montenegro this figure rises to 79%. Still, the presence of companies employing larger numbers of women is minimal, with only 2–3% reaching beyond 30 employees.

Serbia and North Macedonia present a mixed picture. In Serbia, 74% of firms fall into the 1–10 female employee category, while 18% employ none. Similarly, in North Macedonia, 70% of firms employ 1–10 women, with 24% employing none. In both jurisdictions, only a very small minority employ more than 20 women.

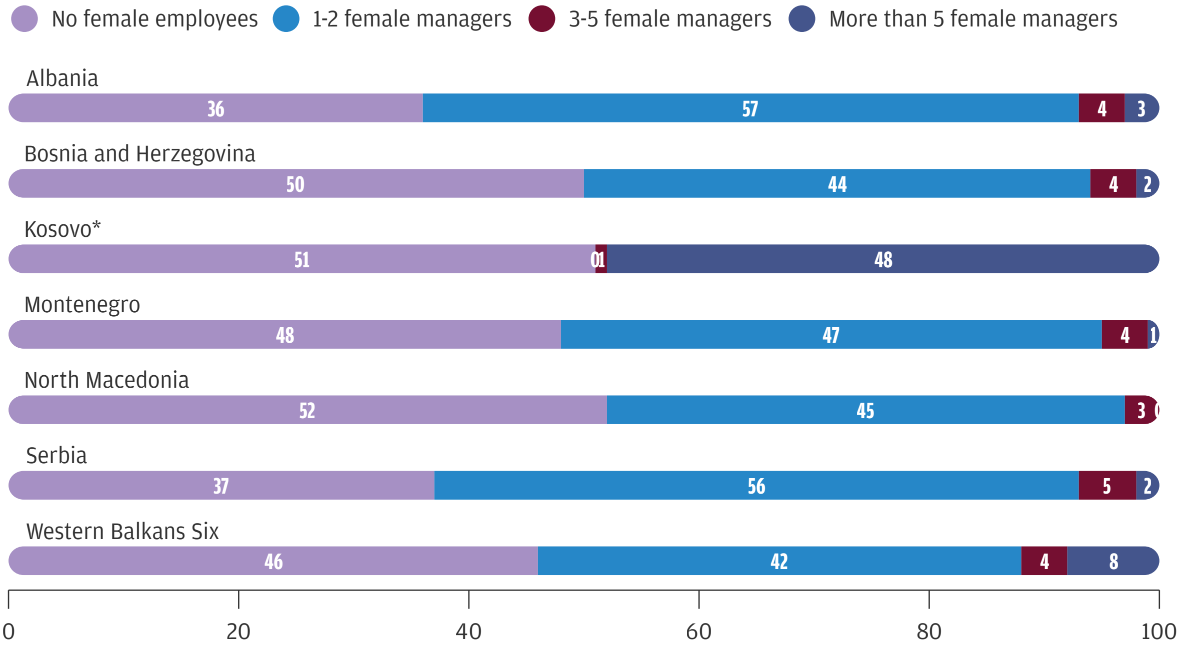
Bosnia and Herzegovina reflects a more exclusionary trend: almost one third of companies (32%) report having no female employees, while 60% have only 1–10. This suggests that women's participation in the workforce is concentrated at very low levels across most firms.

Kosovo* is an outlier in a different way. Here, just 1% of firms report having 1–10 female employees, while distributions spread more broadly across categories. Strikingly, 15% of firms employ more than 71 women, and significant shares fall into the 21–30 (10%) and 31–40 (23%) categories. This indicates a polarised structure: a notable proportion of firms employ large numbers of women, while others employ none.

Across the region, the majority of companies employ very few women, and the presence of medium- or large-scale female employment is rare. Kosovo* appears to be an exception, where the share of firms with large numbers of female employees is higher, but at the same time, over a quarter of companies still report employing none. Bosnia and Herzegovina and Albania stand out on the opposite side of the spectrum, with higher exclusionary trends.

Overall, the data underscores that while women are present in the Western Balkans workforce, their distribution across companies remains shallow, clustered in small numbers, and rarely extending into larger-scale employment.

Figure 99. Sample Structure by Number of Women in Leading/Managerial Positions



The representation of women in managerial roles across the Western Balkans is even more limited than their presence in company workforces. On the regional level, nearly half of firms (46%) report having no women in management at all, while another 42% report only one or two female managers. Firms with three to five female managers make up just 4% of the sample, and those with more than five account for only 8%.

Albania shows a relatively high presence of women in management compared to some neighbours. While 36% of firms report no female managers, a majority (57%) have one or two, and small minorities report 3–5 (4%) or more than five (3%) women in managerial positions.

Serbia reflects a similar structure, with 37% of firms reporting no women in management, 56% employing one or two, and around 7% having three or more. This distribution suggests that women's presence in leadership is more common in Serbia than in several other jurisdictions, though still concentrated at low numbers.

Bosnia and Herzegovina and Montenegro fall closer to the regional average. Around half of firms in both jurisdictions report no women in leadership, while the majority of the remainder employ only one or two. Firms with larger numbers of female managers are rare.

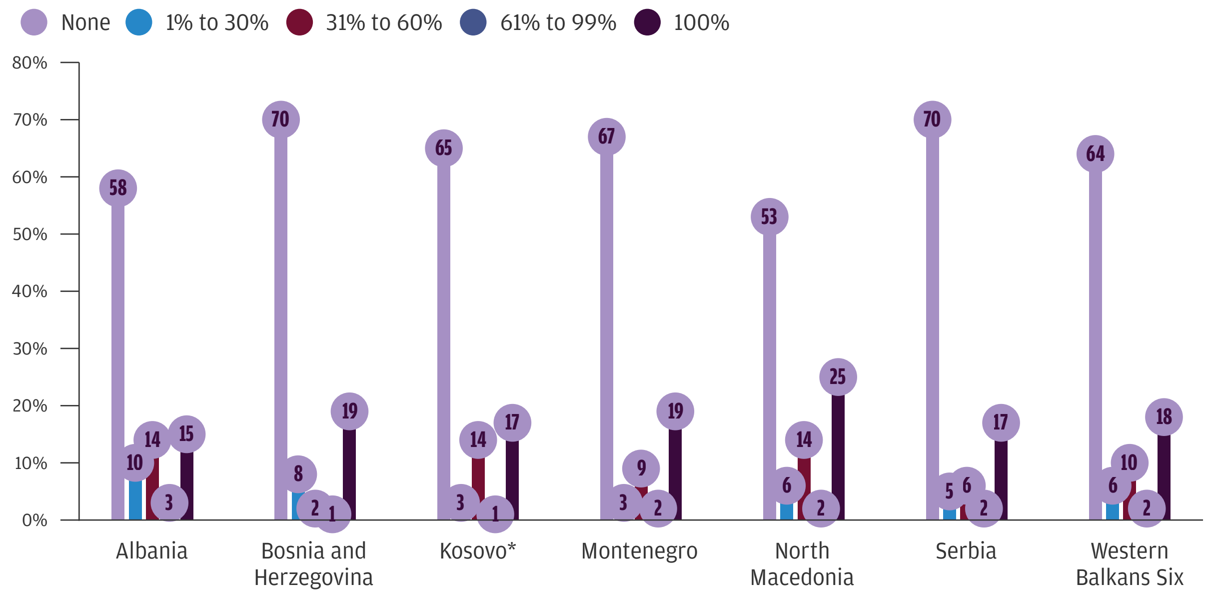
North Macedonia displays one of the highest exclusion rates, with 52% of firms having no women in leadership and 45% limited to just one or two female managers. Only a negligible share of firms employs three or more women in managerial roles.

Kosovo* is a unique outlier. Just over half of firms (51%) report no female managers, but among the remainder, the overwhelming majority (48%) report more than five women in leadership positions. This suggests a polarised structure, with most firms excluding women from management altogether while a significant minority employ them in large numbers at leadership level.

Across the Western Balkans, the pathway for women into leadership remains narrow. The dominant model is either complete absence of women in management or the presence of only one or two female managers. While Albania and Serbia perform slightly better than the regional average, and Kosovo* demonstrates an unusual concentration of women in leadership within a small group of firms, the broader picture is one of systematic underrepresentation of women in managerial roles.

Overall conclusion: Even where women participate in the workforce, their advancement into leadership positions is limited. This points to a persistent glass ceiling across the region, reinforcing the need for targeted policies and incentives to support women not only in entering employment but also in progressing into decision-making roles.

Figure 100. Sample Structure by the Percentage of Companies Owned by Women



Across the Western Balkans, the ownership of companies by women remains limited. On the regional level, almost two thirds of firms (64%) report having no female ownership at all. At the other end of the spectrum, only 18% are fully owned by women. The remaining share is distributed across companies where women hold partial ownership: 6% with 1–30%, 10% with 31–60%, and just 2% where women own 61–99% of the firm.

Bosnia and Herzegovina and Serbia have the highest proportion of companies with no female ownership, with 70% of firms reporting zero participation of women among owners. However, Serbia also shows a somewhat stronger presence of fully female-owned firms (17%) compared to Bosnia and Herzegovina (8%).

Kosovo* and Montenegro show a similar profile, with around two thirds of companies reporting no female ownership (65% and 67%, respectively) and nearly one fifth (17–19%) being fully female-owned.

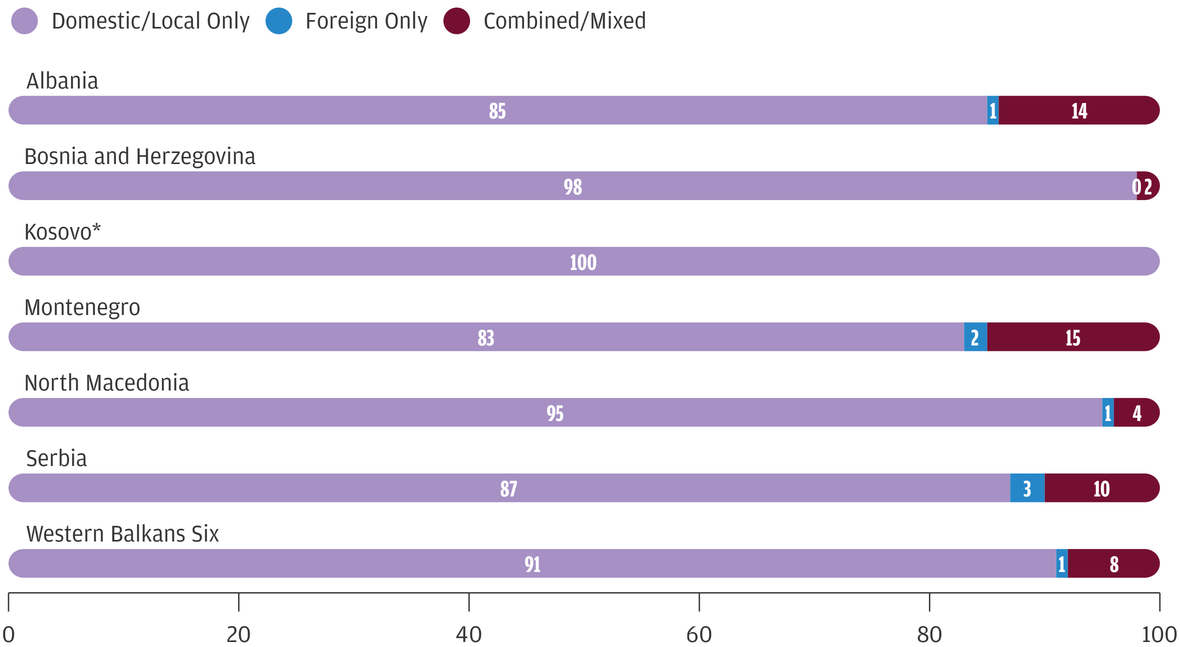
North Macedonia presents the highest proportion of fully female-owned firms in the region (25%), though still more than half (53%) of companies report no women among owners.

Albania displays the most diverse distribution: while 58% of companies have no female owners, a significant 15% are fully female-owned, and another 14% and 10% fall into the 31–60% and 1–30% ownership brackets. This suggests that Albania has a broader spread of partial female ownership than other jurisdictions.

The data underscores that in the majority of cases, women are excluded from company ownership altogether. Even where they are present, they are more likely to hold full ownership in smaller firms than to share partial ownership in larger, mixed structures. North Macedonia stands out with the highest concentration of female-owned businesses, while Bosnia and Herzegovina and Serbia are the most male-dominated in terms of ownership.

Women's ownership of companies in the Western Balkans remains a minority phenomenon. Despite some positive cases of full female ownership, especially in North Macedonia and Albania, the regional business landscape is still dominated by men. Expanding access to capital, networks, and support for women entrepreneurs will be crucial for shifting these ownership patterns.

Figure 101. Sample Structure by the Largest Shareholder(s) in the Company



The ownership profile of companies in the Western Balkans is heavily skewed towards domestic ownership. On the regional level, 91% of surveyed firms are fully locally owned, while only 1% are exclusively foreign-owned and 8% represent a mixed ownership structure. This confirms that the private sector across the region is primarily in the hands of domestic stakeholders, with foreign or joint ownership still relatively rare.

Jurisdiction-level data shows some variation regarding relations between domestic and foreign ownership.

Kosovo* stands out with a fully domestic ownership profile — 100% of surveyed firms are locally owned, with no foreign or mixed ownership reported.

Bosnia and Herzegovina and North Macedonia are similarly dominated by domestic ownership, with 98% and 95% of companies fully locally owned. Only a small minority (2–4%) have a combined ownership structure.

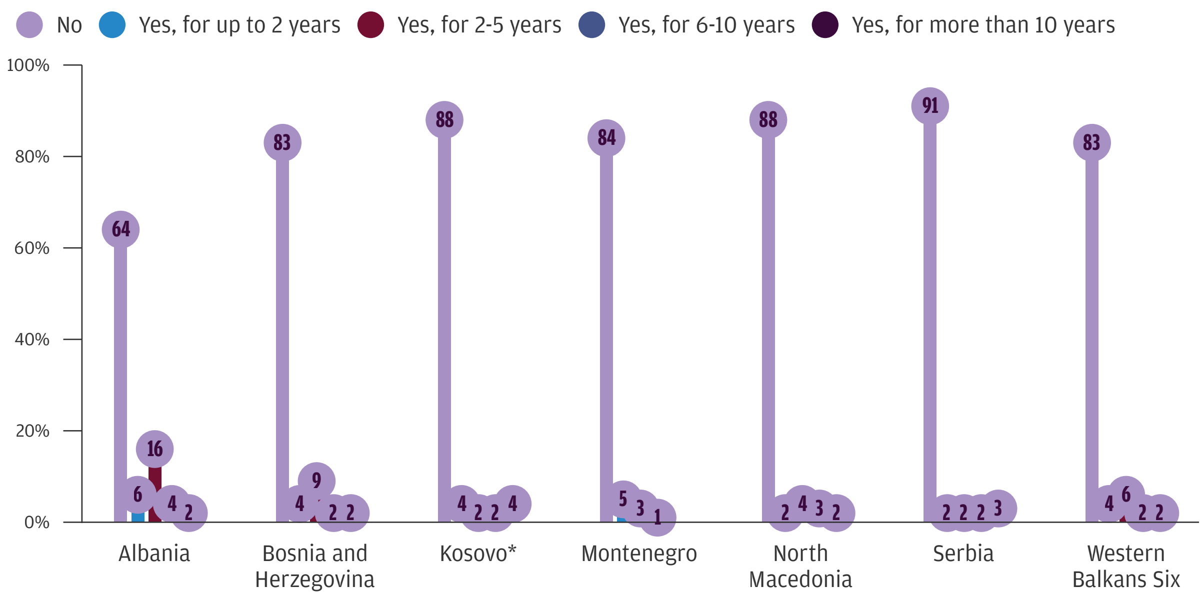
Serbia shows slightly more diversity. While 87% of firms are fully domestic, 10% are mixed-ownership companies, and 3% are exclusively foreign-owned — the highest proportion of foreign-owned firms in the region.

Albania and Montenegro also show a somewhat more diversified profile. In Albania, 85% of companies are fully local, with 14% mixed and 1% foreign-owned. Montenegro records 83% domestic ownership, with 15% mixed and 2% foreign-owned, making it the jurisdiction with the strongest representation of combined ownership structures.

Across the region, the overwhelming dominance of local ownership reflects the limited penetration of foreign capital into the business sector. While Serbia, Montenegro, and Albania show some degree of openness through higher shares of mixed or foreign-owned companies, most Western Balkans Six — particularly Kosovo*, Bosnia and Herzegovina, and North Macedonia — remain almost entirely reliant on domestically owned firms.

The ownership structure highlights both the resilience of local entrepreneurship and the region's relative isolation from interDomestic investment flows. Strengthening policies that attract responsible foreign investment, while also supporting domestic firms in forming partnerships, could help diversify ownership patterns and stimulate growth.

Figure 102. Sample Structure by the Founding Owners – Working Abroad



The data suggests that the vast majority of company founders in the Western Balkans have no prior work experience abroad. On the regional level, 83% of business owners reported that they had not worked abroad before starting their company. Only a minority of firms are led by founders with any interDomestic work background, and even fewer with long-term experience.

At the jurisdiction level, the patterns are consistent but with some variation:

Serbia has the highest share of founders without foreign experience, at 91%. Only a very small proportion (2–3%) report having worked abroad, regardless of duration.

Kosovo*, North Macedonia, and Montenegro also show high levels of domestic-only experience, with 84–88% of founders reporting no prior interDomestic work. Small minorities (2–5%) had short-term experience abroad (typically less than five years).

Bosnia and Herzegovina reflects a slightly different profile. While still dominated by domestic experience (83% with no foreign work), 9% of founders had 2–5 years abroad, the highest share of medium-term foreign experience in the region.

Albania stands out as the jurisdiction with the most interDomestic exposure among founders. Although 64% of founders had no foreign experience, this is significantly lower than the regional average. By contrast, 16% had 2–5 years abroad, and smaller shares reported experience lasting up to 10 years or more. This suggests that Albania's business sector benefits more visibly from knowledge and skills acquired abroad.

The results point to a predominantly domestically rooted entrepreneurial base across the Western Balkans. InterDomestic exposure before company establishment is rare, with most founders having spent their careers locally. Where it does exist, the experience is typically short-term rather than sustained.

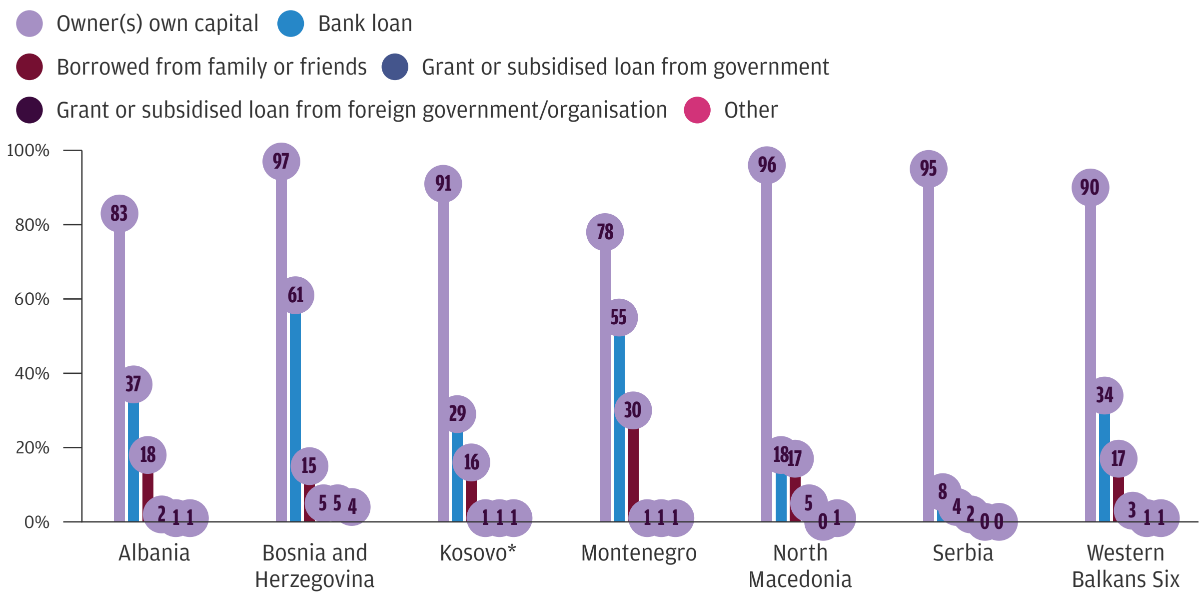
Albania emerges as the exception, with a notably higher share of interDomesticly experienced founders, while Bosnia and Herzegovina shows modest levels of medium-term experience. In other jurisdictions, particularly Serbia, Kosovo*, and North Macedonia, interDomestic exposure remains minimal. This limited inflow of knowledge and practices from abroad may constrain innovation and global competitiveness, highlighting the importance of mobility and exchange opportunities for future entrepreneurs.

The data clearly shows that businesses in the Western Balkans are overwhelmingly established using the owner's own capital. On the regional level, 90% of firms relied primarily on self-financing when starting their business. Other sources of funding — such as bank loans, family and friends, or government support — play a secondary and much smaller role.

Bosnia and Herzegovina stands out with the highest reliance on owners' capital, as 97% of firms were established using self-financing. Bank loans were used in 61% of cases, often in addition to personal investment, while small shares relied on family/friends or government support.

Serbia, North Macedonia, and Kosovo* also show an extremely high reliance on owner capital, with 95%, 96%, and 91% of companies, respectively, reporting it as their primary source. Alternative sources are almost negligible: in Serbia, only 8% used bank loans and 4% borrowed from family/friends, while in North Macedonia 17% used bank loans and 5% relied on family/friends. Kosovo* reflects a similar pattern, with 29% of firms using bank loans and 16% family/friends.

Figure 103. Sample Structure by the Source of Initial Capital of the Company



Montenegro presents a slightly more diversified financing base. While still dominated by owner investment (78%), 55% of companies report using bank loans and 30% borrowed from family or friends, making it the jurisdiction with the broadest use of external financing at the start.

Albania shows the lowest reliance on pure self-financing, though still dominant at 83%. At the same time, 37% of firms used bank loans and 18% borrowed from family/friends, indicating that external sources are more significant in Albania than in most neighbouring jurisdictions.

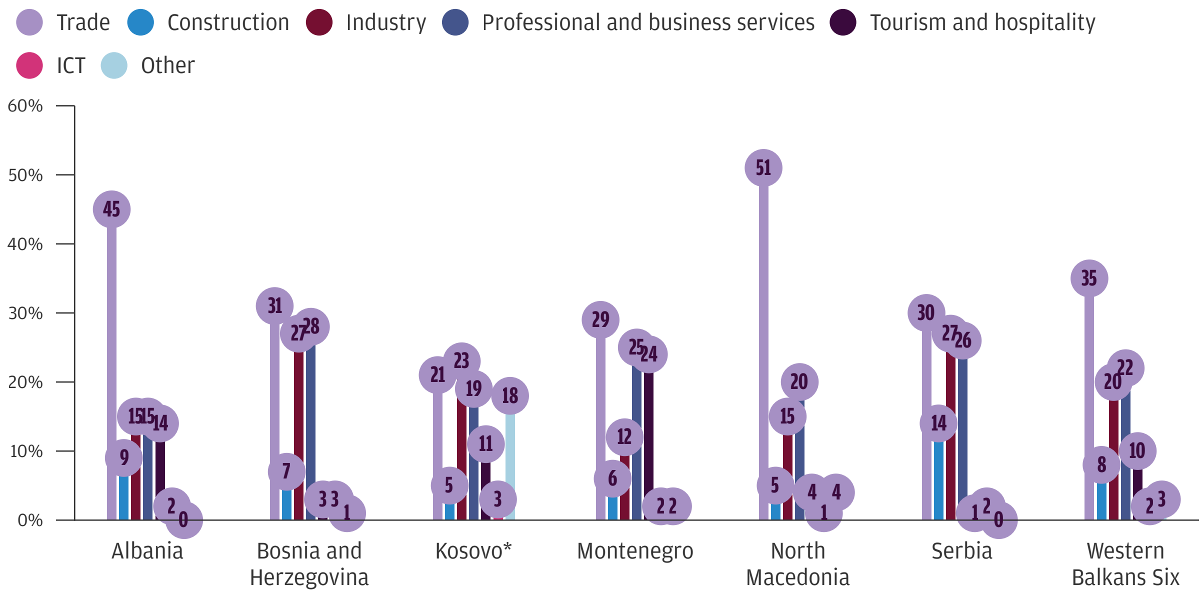
Across the region, the reliance on self-financing dominates overwhelmingly, underscoring both the entrepreneurial determination of business founders and the limited role of external financial systems in supporting new ventures. While bank loans are used to some extent — particularly in Albania, Montenegro, and Bosnia and Herzegovina — government grants, foreign assistance, or other support mechanisms play only a marginal role, rarely exceeding 5%.

Overall conclusion: The start-up landscape in the Western Balkans is still characterised by a do-it-yourself model, where founders depend primarily on their own savings. Limited access to affordable financing and weak institutional support remain barriers to broader business creation and growth. Expanding access to credit, diversifying financing mechanisms, and increasing government-backed support could be key to fostering more sustainable entrepreneurship in the region.

At the regional level, the business landscape in the Western Balkans is dominated by trade, which accounts for 35% of all firms. The second largest share belongs to professional and business services (22%), followed closely by industry (20%). Smaller but still significant sectors include tourism and hospitality (10%) and construction (8%), while ICT and other categories remain marginal, together making up less than 5% of companies.

Albania is heavily oriented towards trade (45%), but other sectors also hold weight: industry (15%), professional and business services (15%), and tourism and hospitality (14%). This shows a relatively diverse private sector structure, though trade remains dominant.

Figure 104. Sample Structure by the Main Activity of the Company



Bosnia and Herzegovina displays a more balanced profile. Trade (31%), industry (27%), and professional services (28%) are almost equally represented, indicating that no single sector dominates the business environment.

Kosovo* shows a similar diversification, though with smaller sectoral shares: trade (21%), industry (19%), professional services (18%), and other activities (18%). Tourism and hospitality (11%) also play a role, reflecting Kosovo*'s varied economic base.

Montenegro is unique for its stronger reliance on tourism and hospitality (24%) alongside professional and business services (25%). While trade still accounts for 29% of firms, tourism plays a far more important role than in other jurisdictions — consistent with Montenegro's well-known economic dependence on this sector.

North Macedonia is the most trade-dominated jurisdiction, with 51% of companies operating in this sector. Industry (15%) and professional services (20%) follow, but other sectors remain small in scale.

Serbia also shows a diversified structure, though trade (30%) remains the largest sector. Both industry (27%) and professional services (26%) are highly represented, pointing to a more balanced distribution across multiple branches of the jurisdiction.

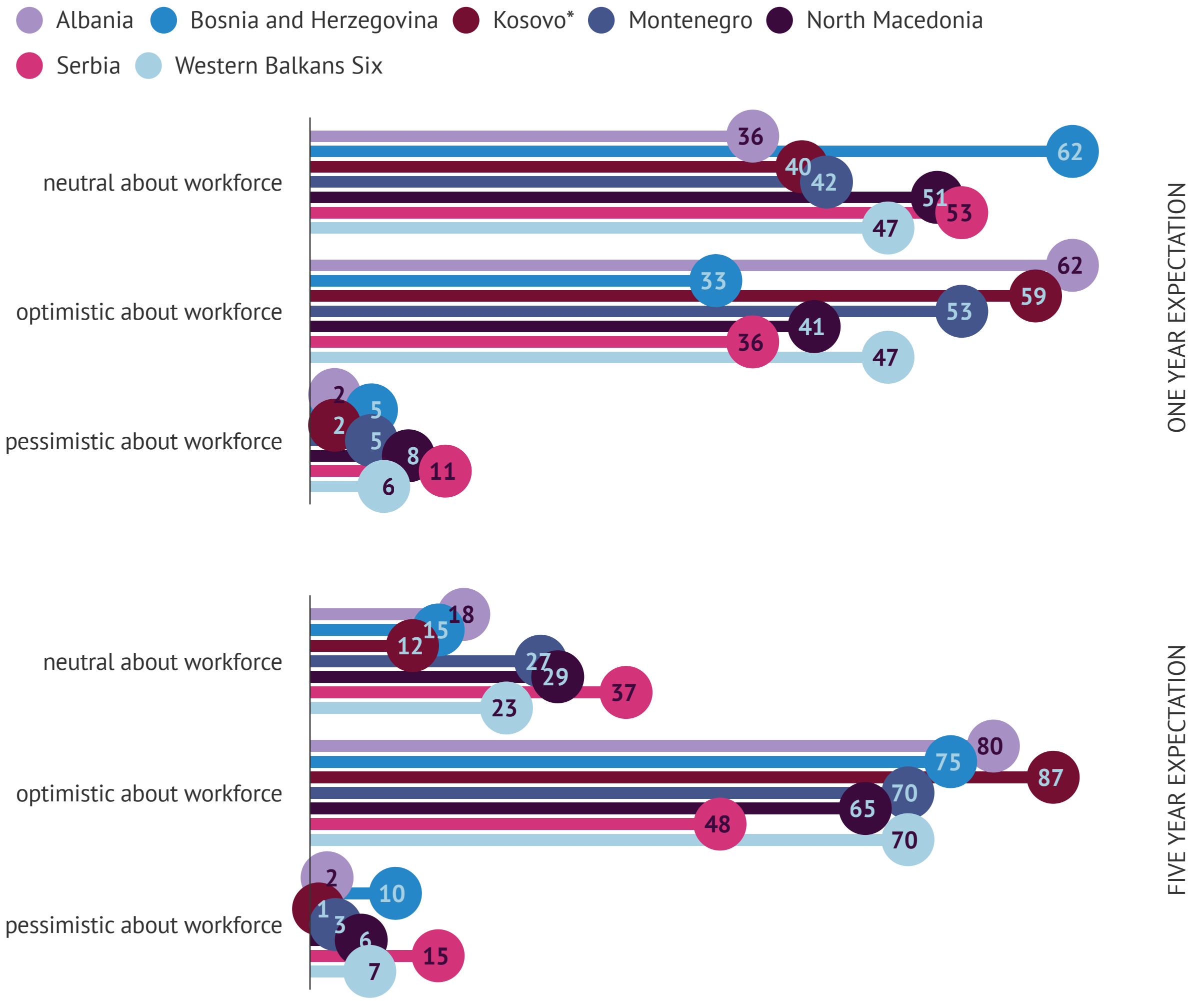
The data reveals that while trade is the dominant sector in every jurisdiction, there are important differences. North Macedonia and Albania are the most trade-heavy jurisdictions, while Bosnia and Herzegovina, Serbia, and Kosovo* show more balance across trade, industry, and professional services. Montenegro stands out for its high reliance on tourism, reflecting its structural dependence on that industry.

The private sector in the Western Balkans is characterised by a strong focus on trade, but with jurisdiction-specific sectoral specialisations. While some jurisdictions are diversifying into industry and services, others — particularly Montenegro — remain strongly dependent on tourism, which increases exposure to external shocks.

Expectations for Workforce Growth

For this research section, we created a specific indicator that shows how entrepreneurs in the region perceive the future of their companies in terms of workforce — that is, whether they expect to increase or decrease the number of employees in the coming year (short-term) and over the next five years (medium-term).

Figure 105. Expectations for Workforce Growth in the WB6



The survey results reveal a clear pattern: businesses across the WB6 are significantly more optimistic about the future of their workforce in the medium-term (five years) than in the short-term (one year).

In the short-term, company expectations are divided between caution and optimism. On the regional level, 47% of firms are optimistic about workforce growth within the next year, while 36% remain neutral, and 11% express pessimism.

Albania and Kosovo* stand out as the most optimistic, with 62% and 59% of firms, respectively, expecting to increase their workforce.

Bosnia and Herzegovina shows a contrasting profile, with the majority (62%) adopting a neutral stance, suggesting uncertainty about short-term labour market prospects.

Serbia and North Macedonia present more balanced expectations, with optimism (36–41%) nearly equal to neutrality (40–47%).

Montenegro leans towards optimism, with 53% of companies expecting workforce growth.

This mixed picture shows that while there is confidence in some jurisdictions, many firms remain hesitant to predict immediate expansion.

Looking ahead five years, optimism rises dramatically across the region. On average, 70% of companies expect to expand their workforce, with pessimism nearly disappearing (only 7% regionally).

Kosovo* is the most optimistic jurisdiction, with 87% of firms predicting workforce growth over five years and only 2% expressing pessimism.

Albania (80%) and Bosnia and Herzegovina (75%) also show strong long-term optimism.

Montenegro and North Macedonia follow closely, with 70% of firms in each jurisdiction expressing positive expectations.

Serbia, while still positive, shows relatively lower confidence: 48% optimistic, and a comparatively high 37% neutral, suggesting more caution about long-term trends.

The data points to a consistent pattern: short-term caution, long-term optimism. While companies are uncertain about immediate hiring plans, they overwhelmingly expect to increase employment in the medium-term. Kosovo*, Albania, and Bosnia and Herzegovina are particularly confident in future growth, while Serbia stands out as more cautious both in the short and long run.

Overall conclusion: Businesses across the Western Balkans foresee an expanding workforce in the next five years, reflecting confidence in medium-term economic growth. However, short-term uncertainty — especially visible in Bosnia and Herzegovina and Serbia — suggests that immediate conditions such as market demand, financing, and regulatory stability may still pose barriers to quick job creation.

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