

Develop Enterprises Locally Economy through Techniques and
Alliances
DELTA

SURVEY ON LOCAL ENABLING BUSINESS ENVIRONMENT
- SHKODER -

REPORT

INTRODUCTION

The survey this report is about was conducted during the period March April 2004. The purpose of the survey was to provide an additional information source for the process of Local Economic Development planning in the municipality of Shkodra. At the same time, the way the survey was carried over would provide an additional experience for the municipality, especially for the Development Office.

The report represents concisely the main findings of this survey. Additional to this report, a broader report is provided, where the performance of all five municipalities, participants to DELTA project, is compared. Moreover, the data collected during the survey are provided for the municipalities in an electronic file. This creates the opportunity to make further analysis according to the need of the respective municipality.

This survey was carried over in close collaboration with the Office of Economic Development in the Municipality of Shkodra where Mr. Ridvan Sokoli offered a special contribute.

Statistical description of the interviewed businesses' sample

- There were interviewed 79 businesses, which make up about 3.3 % of the registered businesses of the Berati Municipality (2397 registered, based on the list provided by the municipality).
- The opinions were collected from the following persons: owner in 73 businesses, General Manager in 2 businesses and high ranked managers in 4 businesses.
- 14 of them had one owner, 65 from the interviewed businesses had more than one owner
- 13 of the businesses were manufacturing businesses, 36 were trading businesses, and 23 were services and 7 construction businesses.
- The time span that the businesses were active varies from 2 to 12 years. Most of the businesses fall in the interval of 6 to 10 years activity.
- 57 of the businesses report that have less than five employees, 6 report that have 6-10 employees, 13 report that have 11-50 employees and 3 report that have more than 50 employees.



Main findings:

Opinions about the business climate in Shkodra.

- 52% of the businesses report that it is difficult for them to find qualified work force, while 42% report the opposite. (Question 9)
- 24% of the businesses report that they are short of sales & marketing skills, 22% declare shortage in technical abilities and 17% report that have shortage in management skills. (Question 10)
- 71% of the businesses report that the main source of the competition comes from the local businesses. (Question 11)
- A number of business associations operate, but they are not broadly known in the community. (Question 12). 68% of the businesses report that they don't know about the support that these associations provide for the businesses. (Question 22)
- Three main factors that hinder the businesses to expand are: 64,4%, energy, 39,7% Informal competition and infrastructure. However, other factors are mentioned very often in the reports. (Question 15)
- 50% of the businesses report that need less than 10 days to renew the licenses for the next year. (Question 16)
- The two biggest problems related to the relationship with the local government were: corruption and illegal practices, and competition from the informal market. (Question 17)
- Over 70% of the businesses report that are inspected less than 5 times by the tax authority. 10% report that have paid fines and 4% report that have paid bribes to the tax authority. (Question 20)
- 11,4% of the businesses declare that Tax Department hinders the expansion of their business and 1,3% declare the same about the Department of Services. (Question 25)
- 52% of the businesses report that the business environment is worsened during the last three years. (Question 33)

Expectations of the businesses

- 33% of the businesses report that plan to invest within the municipality. 44% report that do not plan to invest in the future. (Question 8)
- Three most mentioned expectations were: improve the supply with energy, improve the infrastructure and cleaning of the city from the wastes and garbage. (Question 18)
- Over 90% of the businesses expect to spend less than 10 days to renew the licenses for the next year. (Question 16)

Awareness of the business about the municipality functions

- 70% and 84% of the businesses report that don't know about the role of the respectively LED and RED offices. (Question 22)
- In general the businesses report that they are not aware of the functions of the municipality. The percentage of the businesses that say don't know in the Question 22 are very high.



- Although 84% of the businesses report that do not know RED, this office is mentioned 17 times as the department that deals with the local economic development (?). (Question 22)

SWAT (as mentioned in the questionnaire)

Strengths

- Geographical position. This is related to being near the sea and the lake, abundance of the rich agricultural soil, touristy places, etc.
- Natural and touristy resources.
- Handy craft tradition.
- Low cost of the labor.

Opportunities

- A good deal of the expectations of the businesses may be resolved partially in a political manner.
- There are so many things that need to be done that even a small improvement would have impact on the way the businesses think.

Weaknesses

- Infrastructure.
- Shortage of the energy.
- Safety and security.
- High cost of financing.

Threats

- Informal economy. This one of the most important factors that affects for bad the registered businesses.
- A considerable number of businesses don't think to expand their activity.
- Corruption. This is mention many times in the questionnaire as a big constraint.
- Low level of collaboration that the businesses are willing to provide. This is related to the poor image of the local government.