



Develop Enterprises Locally through Techniques and Alliances

DELTA

SURVEY ON LOCAL ENABLING BUSINESS ENVIRONMENT

- LEZHE -

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 Lezha. 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 Head of Tax Office Mr Arjan Barbullushi and the Head of Mayor's Cabinet Office Mr Pjeter Kola who offered a special contribute in organization of this survey.

Statistical description of the interviewed businesses' sample

- There were interviewed 50 businesses, which make up about 7 of the registered businesses of the Berati Municipality (714 business registered, based on the list provided by the municipality).
- The opinions were collected from the following persons: owner in 41 businesses, General Manager in 2 businesses and high ranked managers in 7 businesses.
- 6 of them had one owner, 44 from the interviewed businesses had more than one owner
- 3 of the businesses were manufacturing businesses, 23 were trading businesses, 21 were services and 3 construction businesses.
- The time span that the businesses were active varies from 1 to 12 years. Most of the businesses fall in the interval of 6 to 10 years activity.
- 40 of the businesses report that have less than five employees, 7 report that have 6-10 employees, and 3 report that have 11-50 employees.



Main findings:

Opinions about the business climate in Lezha.

- 58% of the businesses report that it is difficult for them to find qualified work force, while 34% report the opposite. (Question 9)
- 16% of the businesses report that they are short of sales & marketing skills, 22% declare shortage in technical abilities. (Question 10)
- 60% of the businesses report that the main source of the competition comes from the local businesses, 25% declare that the imports are the main source of the competition. (Question 11)
- A number of business associations operate. (Question 12). 33% of the businesses report that these associations do a good job. (Question 22)
- Three main factors that hinder the businesses to expand are: Informal competition 36%, energy 34% and high taxes 22%. (Question 15)
- 60% of the businesses declare that they need less than 10 days to renew their licenses for the next year. (Question 16)
- The three biggest problems related to the relationship with the local government were: laws and regulations change too often, corruption and illegal practices, and costs are high and unpredictable. (Question 17)
- 54% of the businesses report that private professional services are acceptable. (Question 22)
- Over 70% of the businesses report that are inspected less than 3 times by the tax authority. 4% report that have paid fines and 0% report that have paid bribes to the tax authority. (Question 20)
- 22% of the businesses declare that Tax Department hinders the expansion of their business and 16% declare the same about the Department of Services. (Question 25)
- 52% of the businesses report that the business environment is improved during the last three years. (Question 33)

Expectations of the businesses

- 48% of the businesses report that plan to invest within the municipality. 32% report that do not plan to invest in the future. (Question 8)
- Three most mentioned expectations were: 44% to reduce taxes, 30% to reduce the informal market and 26% improve the supply with energy. (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

- 44% and 44% of the businesses report that don't know about the role of the respectively LED and RED offices. (Question 22)
- 76% of the businesses report that they are not aware of the private professional associations and of the role they play. (Question 22)
- 22% of the businesses give a low grade to the private professional services that exist in the municipality. (Question 22)
- 46% of the businesses don't know a department in the municipality that deals with the Local Economic Development. 24% don't respond to the question (Question 26). (Question 22)

SWAT (as mentioned in the questionnaire)



Strengths

- Geographical position. This is related to being near the sea, abundance of the rich agricultural soil, touristy places, etc.
- Natural and touristy resources.
- Being in the crossroads and near the national highway.

Opportunities

- The business community is somewhat aware of the role and the functions of the municipality.
- Most of the expectations of the businesses don't involve big costs to be met. Mainly improvement of the procedures.
- Readiness of the businesses community to be involved to the development projects.
- Keeping up with the trend of improving the business climate.

Weaknesses

- Infrastructure.
- Shortage of the energy.
- Tax policy.
- Unqualified work force.

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.