



Develop Enterprises Locally through Techniques and Alliances

DELTA

SURVEY ON LOCAL ENABLING BUSINESS ENVIRONMENT

- BERAT -

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 Berati. 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 Berati. Mr. Emiliano Zhulegu offered a special contribute in organization of this survey.

Statistical description of the interviewed businesses' sample

- There were interviewed 58 businesses, which make up about 5 % % of the registered businesses of the Berati Municipality (1130 registered, based on the list provided by the municipality).
- The opinions were collected from the following persons: owner in 43 businesses, General Manager in 5 businesses and high ranked managers in 9 businesses.
- 21 of them had one owner, 1 of them was cooperative and 1 was public enterprise. 35 from the interviewed businesses had more than one owner
- 12 of the businesses were manufacturing businesses, 12 were trading businesses, 26 were services and 8 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.
- 35 of the businesses report that have less than five employees (mainly one). 13 report that have 6-10 employees, 8 report that have 11-50 employees and 2 report more than 50.



Main findings:

Opinions about the business climate in Berat.

- 59% of the businesses report that it is difficult for them to find qualified work force, while 40% report the opposite. (Question 9)
- 48% of the businesses report that they are short of sales & marketing and management skills (taken together), while 20% declare shortage in technical abilities. (Question 10)
- 61% of the businesses report that the main source of the competition comes from the local businesses, while 21% of them report imports as the main source. (Question 11)
- There are a limited number of business associations in the city. (Question 12). This could be linked to the low grade that these associations receive in the Question 22.
- Three main factors that hinder the businesses to expand are: informal competition 55,2%, Energy 41,4% and high taxes 41,4%. (Question 15)
- Only 10% of the businesses declare that they need less than 10 days to renew their licenses for the next year. (Question 16)
- Over 70% of the businesses report that are inspected less than 3 times by the tax authority. 19% report that have paid fines and 9% report that have paid bribes to the tax authority. (Question 20)
- 48% of the businesses report that the business environment is improved in the last three years. (Question 33)
- Three biggest problems that businesses have with regard to relationship with the local government are: competition of the informal sector, use of the power to favor dishonest competition and corruption and illegal practices. (Question 17)

Expectations of the businesses

- 47% of the businesses report that plan to invest within the municipality. 29% report that they don't plan to invest in the future. (Question 8)
- Three most mentioned expectations were: 39,7% reduce taxes, 22,4% to improve the supply of energy and the infrastructure; reduce informal market and all treated equally had the same percentages. (Question 18)
- 22% of the businesses expect the municipality to offer financial incentives through local tax policies
- About 75% of the businesses expect to spend less than 5 days to renew the licenses for the next year. (Question 16)

Awareness of the business about the municipality functions

- 69% and 71% of the businesses report that don't know about the role of the respectively LED and RED offices. (Question 22)
- 69% of the businesses report that they are not aware of the professional associations or of the role that these associations may play. (Question 22)
- 45% of the businesses are not aware of the private professional services available in the municipality. (Question 22)
- Over 47% of the businesses don't know a department in the municipality that deals with the Local Economic Development. 16% don't respond to the question (Question 26)

SWAT (as mentioned in the questionnaire)



Strengths

- Museal and touristy values
- Civilized society
- Abundance of the natural resources
- Low labor cost. Wages in the area are too low.

Opportunities

- Most of the expectations of the businesses don't involve big costs to be met. Mainly improvement of the procedures.
- The city still has the good reputation with regard to the touristy values

Weaknesses

- Infrastructure.
- Low economic level. The purchasing power of the population is very low.
- Migration of the population.
- Isolated city.
- Bad image from the Year 1997.
- Incapable local government

Threats

- A considerable number of businesses do not think to enhance their activity.
- Very few businessmen intend to invest in tourism area.
- Perception of the local government as an inhibitor for the business.
- Informal economy. This one of the most important factors that affects for bad the registered businesses.
- Worsening of the business climate in the municipality.