

# Local Business Attitude Survey Report

## Fushe-Kruje City

May 2008

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## Background

The municipality of Fushe-Kruje City with the assistance of the LGPA Project established the Local economic Growth Committee that consist in twenty people representatives of the public sector – the technical staff of the municipality, the business community , civil society .

The committees were convened in February. As their initial task, the Fushe Kruje committee evaluated and identified key factors that need to be addressed in order to coordinate and encourage local economic growth. Considerations included the availability of human and natural resources, economic status of the municipality, the city’s cultural and social environment, as well as priorities for infrastructure and public service improvements. In addition, administrative reforms in the area of tax collection, budgeting, asset and financial management, and public procurement that will help create a ‘business friendly’ environment and attract new investment were also addressed during the action planning workshops.

The LEGC in Fushe Kruje developed a strategic vision of the future local economic growth of their municipality, and prioritized immediate actions within the context of a short-term local economic development plan. One important goal of this action plan was conducting Fushe Kruje Business attitude survey, the results of which will be part of the municipality policies for the purpose of improving local services.

This report presents the survey findings of small, medium and large businesses in Fushe-Kruje City which was conducted May 9-13, 2008. A representative sample of 28 was drawn from 294 active businesses operating in the city.<sup>1</sup>

The data collection process was carried out by the United States Agency for International developments’ (USAID) Local Governance Program in Albania (LGPA) with the support of Mr. Bardhyl Sala, one of the Local Economic Growth Committee members of Fushe-Kruje City. The aim of this survey was to give business people an opportunity to speak openly about their concerns regarding the local business climate. Much of the economic well-being in the city depends on the growth of existing business. Because of their importance to the City, a positive step has been taken to identify and then meet the needs of these firms. In addition the results of this survey will enable the Municipality, Local economy Growth committee members and the LGPA project to better understand how Fushe-Kruje local business people view the city’s economy and possible ways to improve it. Through this survey the municipality and the Local Economic Growth Committee will have more information regarding the local business climate, businesses’ plans and expectations.

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<sup>1</sup> The questionnaire and the businesses interviewed are included at the end of the report.

## Summary of Findings

### 1. *The Local Business Climate:*

From the business point of view, the strongest points of Fushe-Kruje city as a place to do business are:

- a) Location: The close proximity to Tirana; the relative abundance of fertile soil that could be used for agricultural crops and especially for fruit trees and viticulture (**Viticulture** (from the Latin word for *vine*) is the science, production and study of grapes which deals with the series of events that occur in the vineyard.).
- b) The abundance of natural resources like lime stone and clay materials, increase the possibilities to invest in heavy industry and to produce construction materials.
- c) The availability of qualified skilled workers in the heavy industry sector due to the inheritance from the past.

On the other side the lack of local business association's operation in the Fushe-Kruje City was discovered as a weak point in the Local Business Climate.

### 2. *Business Plans and expectations:*

- a) Most businesses (64%) plan to invest in the near future to expand their businesses in and out their City.

### 3. *Business/Municipal Relations*

- a) The businesses of Fushe Kruje City seemed to be most concerned about the improving of the infrastructure in their city that, as it was stated in the survey, should be the priority of the Municipality' services
- b) There is a high level of dissatisfaction from the business view related planning and zoning in the Fushe-Kruje City

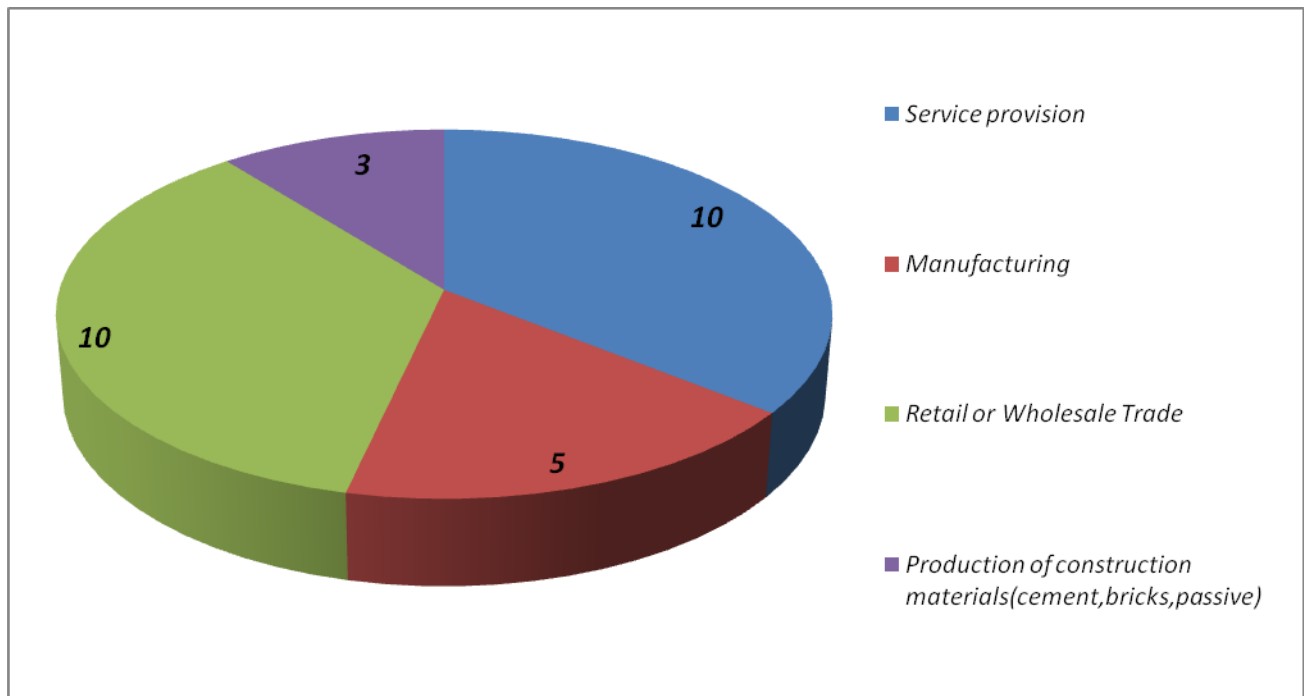
### 4. *Business view on the local economic growth:*

- a) Developing of agribusiness, agro-processing, heavy industry and wood processing are the main directions for increased economic growth in the city.
- b) There is a perception that the community's economic growth during the last five years is "significantly declining" in Fushe Kruje City.

## Description of the sample of businesses interviewed

- The margin of error for the Fushe-Kruje city samples is  $\pm 5\%$ , with 95% confidence level. Twenty-eight businesses operating in Fushe-Kruje City were interviewed, representing about 9.5% of the businesses operating in the city.
- Five large businesses, nine medium businesses, and fourteen small businesses were surveyed. Based on the classification of Albanian taxation authority, small businesses are those that have an annual turnover up to 8 million Leks, medium businesses are those that have an annual turnover between 8-100 million Leks and large businesses are those that have an annual turnover more than 100 million Leks.
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- The positions of the persons interviewed are as follows: chief executive officer (2), finance manager (4), business owner (13), professional staff (8), and communications manager (1).
- Ten of the businesses were service providers (hair dresser, coffee bar, restaurant, dental clinic, photographer, etc.), five were manufacturing businesses (sponge processing or producers?, vegetable production industry (greenhouse), bakery, wood processing), ten were involved in commodity trade (retail and/or wholesale), one in cement production, one in production of passives, and one in production of construction materials (bricks).

Graph. 1. Respondents' Main Business Activity



- The length of time that the businesses had been active/operational ranged from one to eighteen years. Small businesses were mostly established during the last three years.
- Seventeen of the businesses (mostly small businesses and some medium businesses) reported that they had less than five employees (most of them only one), five had 6-10 employees, two had 11-50 employees, one had seventy employees (brick production plant) and the cement plant had more than 200 employees (490).

By European standards, 80% of the large companies interviewed would be classified as small and medium businesses (fewer than 80 employees).

## Main findings

### *Opinions about the Business Climate in Fushe-Kruje*

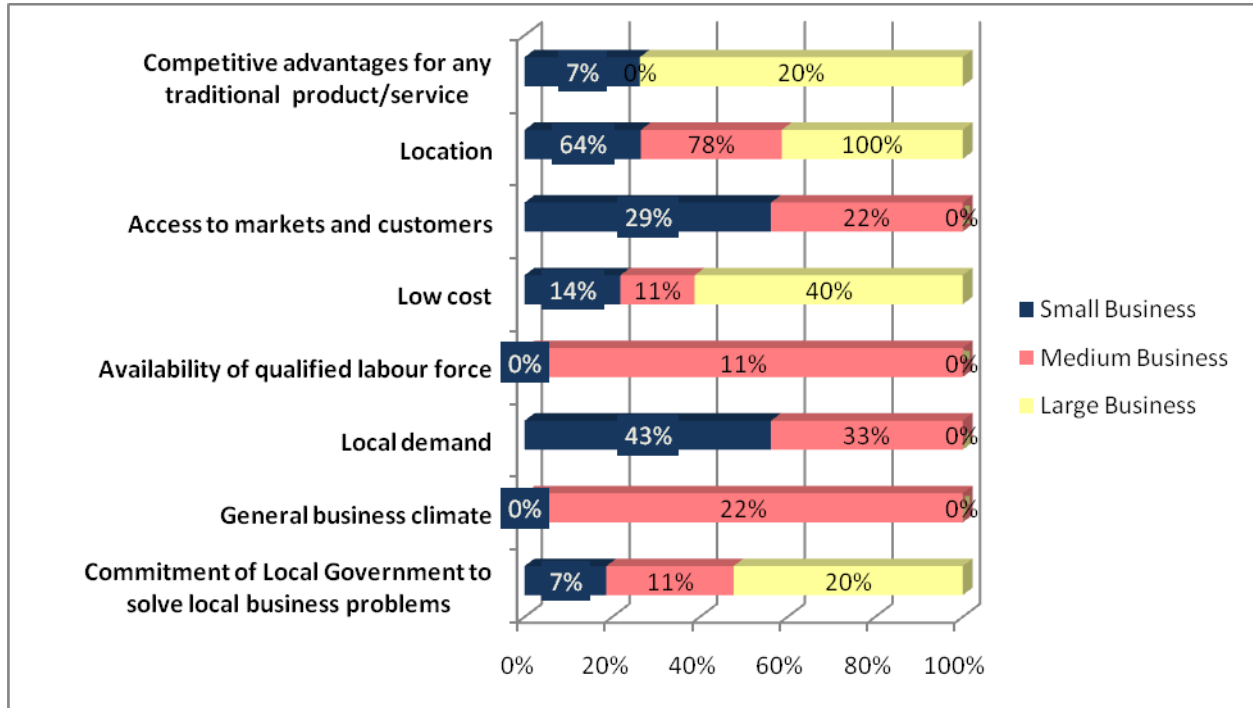
- 61% of respondents think that Fushe Kruje City is a good/excellent place to do business compared to other Albanian cities (Question no. 7).

Table No.1

Business Size	Poor	Fair	Good	Excellent	No opinion
Small business	1	6	5	2	0
Medium business	0	2	5	2	0
Large business	1	1	2	1	0
Total	2	9	12	5	0
	7%	32%	43%	18%	0%

- 75% of the respondents reported that the primary strength of Fushe Kruje City as a place to do business is **location**. This perception in the survey came from 100% of large business representatives, 77% medium business representatives and 64% small business representatives. (Question no. 8)

**Graph. 2.** Respondents’ Opinions Regarding the Primary Strength of Fushe-Kruje City as a Place to do Business



- 57% (mostly small businesses) reported that their main competitors are local businesses, while 36% of respondents (mostly medium business) reported national businesses as their main competitors, and 7% (all large businesses) reported foreign goods suppliers as their main competitors. The owner of the brick factory stated that the competition from imported goods is not fair due to the corruption of custom authorities in the clearance of goods at the port of entry. (Question no.9)

Table No. 2

Business Size	Other local businesses	National businesses	Foreign goods suppliers (importers)
Small business	12	2	0
Medium business	3	6	0
Large business	1	2	2
Total	16	10	2
Percentage	57%	36%	7%

- There were various suggestions on what can be done to improve Fushe-Kruje City as a place to do business. The most frequent comments and suggestions are included: (Question no. 10)

- ✓ Improvement of infrastructure, creating a parking system for the city, cleaner city.
  - ✓ Better coordination and collaboration among businesses in the city.
  - ✓ More commitment from the municipality. Staff of municipality should be more familiar with businesses problems.
  - ✓ Greater legal involvement by municipal staff to limit the informal trade/market in the city.
  - ✓ Better coordination by the municipality for location permission of new businesses with the same type of businesses.
- A large number of businesses interviewed (89%) reported that there are no local business associations operating in Fushe-Kruje City. Only three of the businesses, all representatives of medium businesses, reported that there are functioning business associations in the city: Albanian Association of Agricultural Mechanization (AVALB), Greenhouses Association, and the Pharmacists Association. These are nationwide associations which also provide helpful services for the business members of Fushe-Kruje City. (Question no. 12). All the respondents, members of one of the business associations (3 of them), think that this type of organization of businesses, where they adhere as members, provides helpful support for their business activity.
  - There were various recommendations regarding specialized assistance that will help to improve the area's business climate: (Question no. 14)
    - ✓ The Municipality staff should be more qualified and specialized and also more business oriented to better understand, serve, and link the private business with the municipality. There is a fixed barrier between businesses and the municipality in terms of business communications. No Municipality representatives have been present at the business premises for better understanding the business climate and their day to day problems/and or activities.
    - ✓ More technical assistance and infrastructure investments in the education sector.
    - ✓ The Central Government and politicians should not interfere in the problems of local governments.
    - ✓ The Municipality should facilitate the process for small businesses to obtain loans from financial institutions with preferential interest rates.
    - ✓ Increase of service business quality through a better licensing process from the municipality side and the reduction of corruption in this process.

- ✓ Official legalization of the present informal industrial area by the municipality. The biggest companies of the city operate in this area including the cement and brick plants, passives (inert materials) and lime production units. This legalization will create opportunities to plan and invest for the reconstruction of infrastructure in this part of the city.

## Business plans and expectations

- 96% of the businesses reported that they were satisfied regarding their experience with licensing and permissions in their city. (Question no. 15)
- 57% of businesses reported that they are planning to invest within the municipality. 36% reported that they do not plan to invest either within or outside the municipality. Only 7% reported that they plan to invest outside the city (in Tirana) (Question no. 16)

Table No. 3.

Business Size	Yes, but I will need to find a different location to grow (outside of the city)	Yes, I will be able to expand at the current site	No, my current location meets my needs	No, I don't plan to increase activity
Small business	1	6	0	7
Medium business	1	7	0	1
Large Business	0	3	0	2
Total	2	16	0	10
	7%	57%	0%	36%

- There are different opinions regarding the types of business to be established or expanded in Fushe-Kruje City. The sectors/types of business that were mentioned most frequently include: (Question no. 17)
  - ✓ Service providers (restaurant, fitness center, internet local provider, hairdressing)
  - ✓ Retail and wholesale commodity trade
  - ✓ Agro processing industry, due to very good agricultural conditions around Fushe-Kruje City. Value added products will generate more incomes and employment for the people in the city and will reduce the imports.
  - ✓ Production of construction materials such as bricks, cement, passives (inert materials) and lime due to abundant natural resources near the city

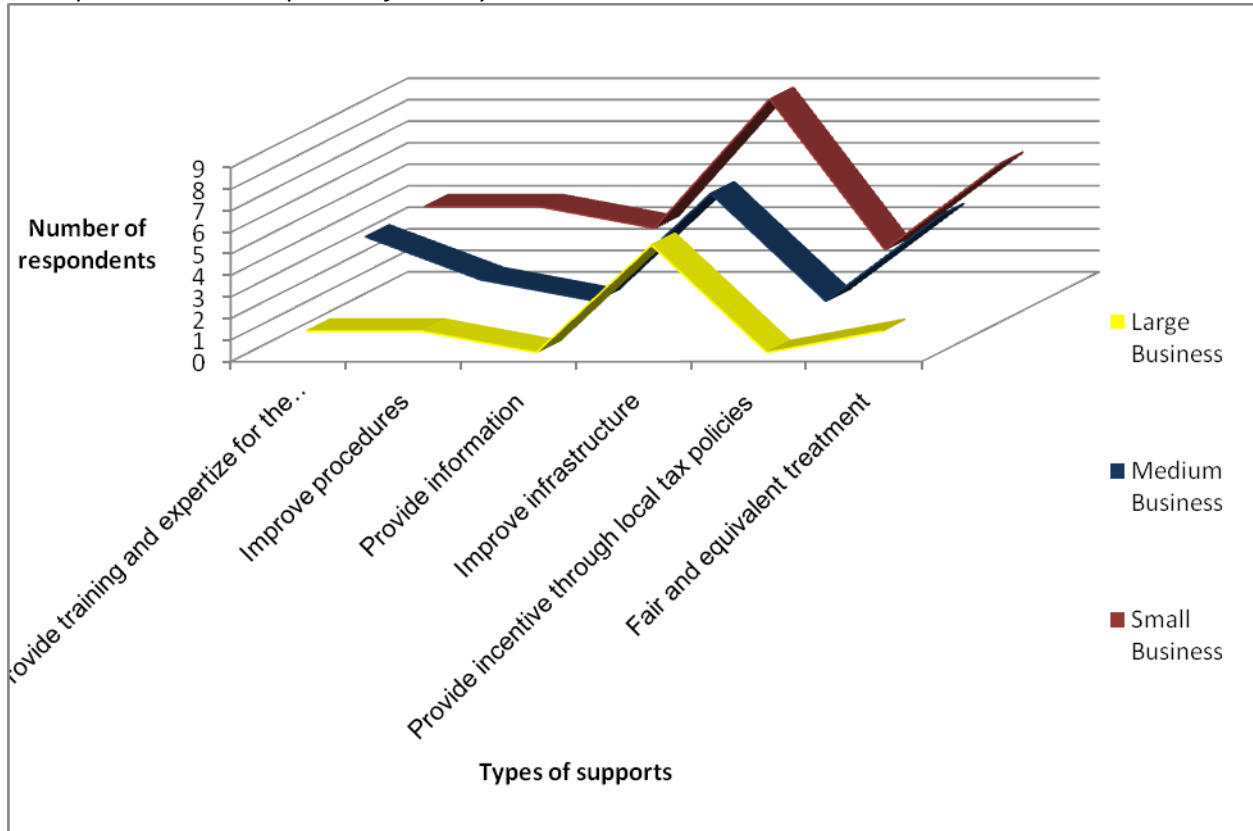
## Business/Municipal relations

- Respondents overwhelmingly (71%) stated that improving the infrastructure is the most important thing that the Municipality can do to help develop business in Fushe-Kruje City. In addition, a high percentage (43%) cited that fair and equivalent treatment among businesses would help too. (Question no. 18)

Table No. 4 What can the Municipality do to help you develop your business?

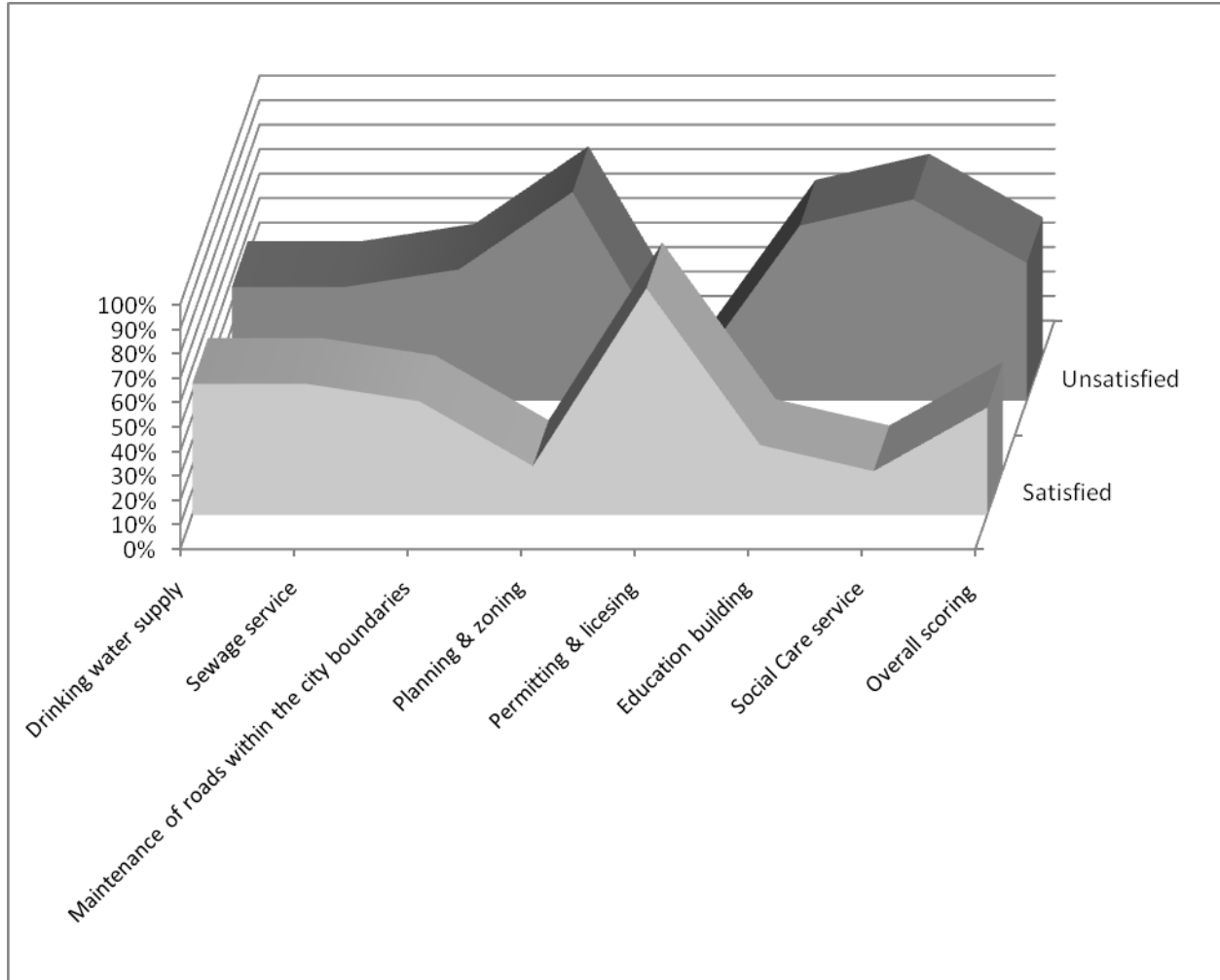
Size of business	Provide training and expertise for the business	Improve procedures	Provide information	Improve infrastructure	Provide incentive through local tax policies	Fair and equivalent treatment
Large Business	1	1	0	5	0	1
Medium Business	4	2	1	6	1	5
Small Business	4	4	3	9	2	6
Total	9	7	4	20	3	12
Percentage	32%	25%	14%	71%	11%	43%

Graph. 3. Respondents' Opinions Regarding Types of Supports that Fushe- Kruje Municipality can Provide to Help Business Development of the City



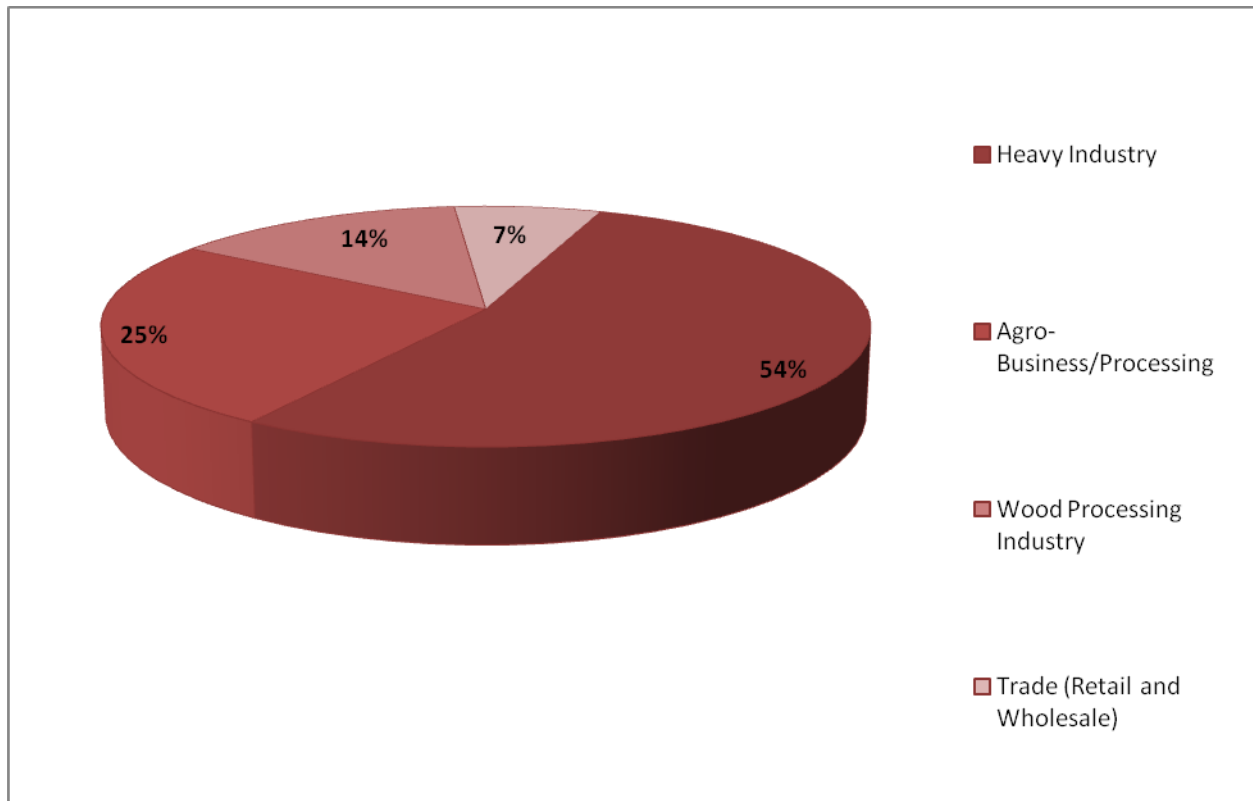
- The rates of business people's satisfaction regarding services provided by the municipality is as follow: Fushe- Kruje businesses (93% of interviewees) are satisfied with the permitting and licensing service provided by the municipality. Also a high percentage (54%) of the respondents was satisfied with drinking water supply and sewage service. However, there is a high rate of dissatisfaction (85%) regarding planning and zoning. (Question no. 19)

Graph. 3. Satisfaction/ dissatisfaction with Municipal services



## Business Opinion on Local Economic Growth

- Businesses believe the following are the fastest growing sectors/industries in their City (Question no. 20):
  - ✓ Heavy industry/construction materials production such as: cement, bricks, passives (inert materials) was most frequently cited as the fastest growing industry/sector (53%).
  - ✓ 25% evaluated Agro-business and Agro-processing sector
  - ✓ 14% evaluated Wood Processing industry
  - ✓ 7% evaluated Trade (Retail and Wholesale)



*This perception is probably related to the major investment done in the city by the cement factory “Seament,” and the brick production factory “Milis Bricks”*

- Most businesses representatives interviewed (89%) think that the most active group in promoting economic growth in Fushe-Kruje is private business, only 7% think it is the Municipality. (question 21)
- Most businesses (53%) interviewed think that their community’s economic growth during the last five years is “significantly declining.” This is particularly thought by representatives of small business. However, 18% of respondents think that the economy is growing moderately. This is largely reported by large and medium business. They see this moderate growth through the increased volume of sales for new buildings and apartments which suggests a solid purchasing power among citizens. (Question no. 22)

## ANNEX 1. Name of the persons interviewed

Table No. 4

No.	Name of business	Address	Name of person interviewed	Position	The main business activity
1	Bujar Kodheli	Lagjia "Adem Gjeli"	Lutfie Kodheli	Professional staff	Retail trade of food stuffs and joinery
2	Vitore Simoni	Tregu	Taulant Simoni	Professional staff	Retail Trade of different stuffs
3	Saba Cela	Lagjia Kastrioti	Festim Cela	Professional staff	Service - Coffee Bar
4	Myslim Stafuka	Lagjia Arrameras	Myslim Stafuka	Owner	Service - Coffee bar
5	Zamir Stojku	Qender	Fiqiri Stojku	Finance	Retail and Wholesale Trade of kitchen supplies
6	Alba Stojku	Luz	Fiqiri Stojku	Chief Executive	Wholesale Trade - Furniture
7	Islam Tali	Rromeras	Islam Tali	Owner	Service - Restaurant "Brasil"
8	Fatmir Muca	Larushk	Fatmir Muca	Owner	Wholesaler Trade of Food stuffs
9	Nazmi Selmani	"Nord-Park"	Nazmi Selmani	Owner	Service - Restaurant
10	"Gjika" Sh.p.k.	Larushk	Rasim Gjika	Owner	Manufacturing - Meat processor and Bakery
11	"Larushku"	Larushk	Alfred Rryta	Professional staff	Manufacturing - Wood Processing and Furniture production
12	"FAM" Company	Larushk	Hekuran Biba	Finance	Manufacturing - Sponge processing
13	Ramazan Kasapi	Rrameras	Nertila Kasapi	Professional staff	Service - Hairdressing
14	Naile Shehu	"Qender"	Naile Shehu	Owner	Retail Trade
15	Arjan Cela	Qender	Brikena Basha	Professional staff	Service - Hairdressing
16	Pellumb Karaj	Qender	Vaidije Karaj	Finance	Service - Photographer
17	Mefit Metalla	Qender	Mefit Metalla	Owner	Retail and Wholesale Trade
18	Internet	Rruga e Bashkise	Ilir Tabaku	Professional staff	Service - Internet local provider
19	Admir Topi	Qender	Admir Topi	Owner	Manufacturing- Bakery
20	Blerim Kaloshi	"Market Kaloshi"	Blerim kaloshi	Chief Executive	Retail and Wholesale Trade
21	Pellumb Loci	Qender	Pellumb Loci	Owner	Service - Coffee Bar
22	"BABASICOO"	Fushe-Kruje	Arjola Bushi	Finance	Production and merchandise of passives

23	"Dervinar"Sh.p.k.	Qender	Refat Dervina	Owner	Retail and Wholesale Trade (Fuel and agriculture machinery)
24	"SARA AMB"	Lagjia Zalla	Mehmet Loci	Owner	Manufacturing - Vegetable production Industry (Greenhouse)
25	"FKCF"	Fushe – Kruje	Marjola Cela	Communication Manager	1. Cement Production 2. Wholesale Trade of cement
26	"Milis Bricks"	Zall	Zef Shtjefni	Owner	Production of construction materials
27	Valbona Veseli	Qender	Eni Alili	Professional staff	Service -Dental Clinic
28	"Joger" Farmaci	Qender	Viko Bocaj	Owner	Retail Trade - Drug store

## ANNEX 2. Questionnaire

## LOCAL BUSINESS ATTITUDE SURVEY

## A. Basic Information about your business

1. Name of Business \_\_\_\_\_ Address \_\_\_\_\_ City \_\_\_\_\_

2. Name of person(s) interviewed \_\_\_\_\_

3. What is your position in this business?

Owner	
Chief Executive/President	
Finance/Marketing/Personnel manager	
Other (Please specify)	

4. Main business activity? (choose only one)

Agriculture	
Manufacturing	
Retail or Wholesale Trade	
Construction	
Service	
Other (please describe)	

5. How long has your business been active (years)?

**6. How many people does your business employ (full time equivalents)?**

1-5	6-10	11-50	51-200	More than 200

**B. The local Business Climate**

**7. What is your overall opinion of the city as a place to do business compared to other Albanian cities?**

Excellent	
Good	
Fair	
Poor	
No opinion	

**8. What are the primary strengths of your city as a place to do business?**

Commitment of local government to solve local business problems	
General business climate	
Local demand	
Availability of qualified labour force	
Low cost	
Access to markets and costumers	
Location	
Competitive advantageous for any traditional product/service	
Other	

**9. Where do you see the main competition for your products/services coming from? Specify the most competitive by putting 1 to 3.**

a) other local businesses	
b) national businesses	
c) foreign goods/suppliers	

**10. What could be done to improve your city as a place to do business?**

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**11. List any business association operating in your community?**

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**12. Do you think that business associations can provide helpful services for your business?**

YES \_\_\_\_ NO \_\_\_\_

**13. What other types of specialized assistance would you recommend to improve the area's business climate (describe briefly)**

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**C. Business plans and expectations**

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**14. Please evaluate your experience with the permitting and licensing process in your city that allow you to operate as a business (including land, construction, waste water, and all other permits and certifications coming also from social insurance, directorate of agriculture and that of tax and income tax)**

	High Quality	Low Quality
Complete information provided		
Predictable Process		
Transparent/Clear process		
Timeliness/Length of time		
Competent staff		

**15. Do you have plans to expand current activity and/or the number of employees in your business? Will you grow in your city? (choose only one alternative)**

Yes, but I will need to find different location to grow( outside the city)?	
Yes, I will be able to expand at the current site	
No, my current location meets my needs.	
No, I don't plan to increase activity	

**16. In which business sector would you/your company invest in a new business?**

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**17. What can the Municipality do to help you develop your business? Put 1 to the option that you think has the greatest impact. (Choose up to 2 alternatives)**

\_\_\_ Provide training and expertise for the business

\_\_\_ Improve procedures

\_\_\_ Provide information

\_\_\_ Improve infrastructure

\_\_\_ Provide incentive through local tax policies

\_\_\_ Fair and equal treatment

\_\_\_ Other, please specify \_\_\_\_\_

**18. How satisfied are you with the following services:**

	Very Satisfied	Satisfied	Unsatisfied	Very unsatisfied	No response
Drinking water supply					
Sewage service					
Maintenance of roads within the city boundaries					
Planning & zoning					
Permitting & licensing					
Education building					
Social Care service					
Others					

**D. Business View on the Local Economic Growth**

**19. In your opinion which are the three fastest growing sectors/industries in your community?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**20. Which of the following groups, if any, is the most active in promoting economic growth in your community? (Check only one.)**

\_\_\_ Municipality

\_\_\_\_ A formal, incorporated public/private partnership organization.

\_\_\_\_ Private business (e.g., Chamber of Commerce, Board of Trade)

\_\_\_\_ Other (please specify)

**21. Which of these describes most closely your community's economy during the last five years? (choose only one alternative)**

\_\_\_\_ Rapid growth

\_\_\_\_ Moderate Growth

\_\_\_\_ Slow growth

\_\_\_\_ Economic base is stable – no real growth or decline

\_\_\_\_ Modest decline

\_\_\_\_ Significant decline