

Strategy Implementation Challenges in Albanian Organizations

Ludmilla Shkurti Msc.PhD Student¹

¹Lecturer at Economic Department. Wisdom University Tirana, Albania

ludmilla.shkurti@gmail.com

Abstract

In Albania 2011, have been active 78.4 thousand enterprises. These enterprises have 280.8 thousand employed, where 47 percent of them worked in 1,684 enterprises with 20 and more persons employed. These enterprises represent also 61 percent of the total turnover and 75 percent of the total investments. These enterprises dominate in industry and construction sectors. Enterprises with 1-4 employed represent 91 percent of the total enterprises. They represent 14 percent of total turnover.

Small enterprises are dominant in service producers. SMEs that emerged from the systemic change rarely have business and reputational credentials stemming from continuous activity for years that allowed them to build a distinguished culture in the complex process of organizational learning. Regardless from their limited resources and competing against experienced giants in hard crisis times they forge their philosophy of survival and success. How durable is this growth? Is it sufficient to construct business models, strategies and operations only around tangible resources and results? Maybe in view of the obsolete strategies of mature companies new entrepreneurship patterns developed in hard times in Albania will become an engine of growth?

The major question is: how such relatively new phenomena in business as SD and CSR inspire managers facing crisis impacts on sales, costs, productivity of resources, profitability and confronting rivalry from market global giants? Do they make a difference? The discussion is mainly on the way of running business. The question, who can afford SD/CSR, appears with lower stress on values. Albania has reengineered its economy and institutions observing the social and environmental impacts of that framework change. However the scientific research activity in the area of strategy and CSR is rather restricted to focus groups, there is a large progress in running all sorts of surveys allowing for comparisons if they are professionally designed and repeatedly announced.

More and more companies are inviting to their websites, although the quality of information heavily differs and reporting sustainability issues is not yet the standard activity within corporate governance model. This paper is aimed at analysis of the dominant logic behind the company strategy implementation process under the impact of turbulent environment and limited resources available at crucial moments. It is assumed, basing on the secondary research in Albania in the field of strategy, operations, sustainable development and CSR, that in recent years more numerous Albanian companies incorporate the SD and CSR issues in a very pragmatic business oriented way. So, business rules go first, other rules next, but the process of learning, especially of innovative best practices, inspires the growing number of others by the force of positive example.

Keywords: Strategy, sustainable, development, corporate, social responsibility.

1.Introduction

The term and methods of strategic management have been very rarely used in Albania in the companies of the period of centralized and planned economy. State regime, common property, fixed and centralized purposes, non-existence of competition in domestic markets, fixed prices regulated by the state and a lot of other factors put these companies in the position of passive implementators of government's wishes. Strategic management terms were replaced by such terms as long-term planning, 5-years planning, the Party guidelines, etc. In the early 90s and after the change of political and economic regime, the Albanian companies faced very different situations. Politics and economic freedom, privatization and market price are all factors that gave companies the opportunity to make decisions independently about their future. In the course of the new economic life appeared new terms such as marketing, financial management, management of human resources, strategic management, etc.

All the changes in the new environment made companies face many problems. In this situation, the effective and strategic management of these businesses was necessary. The strategic management process in a firm consists of setting the vision, mission and goals, analysis of external and internal business environment, selection of a favourable strategy, those links that constitute strategic planning and as well as proposals for organizational, administrative changes, setting measures on control systems and strategy implementation, which make the links to the implementation and evaluation of the strategy. These links are connected to one another and in general they create

what is called Strategic Management Model. Skills are also very necessary to manage a company in a strategic way, such as creative thinking, working with persons and clients, planning and organization, managing and control of all company activities.

2.Main Industrial Development Strategy Goal Develop

A series of policies and projects to guide and encourage investment in high technology, growth of competitiveness, modernization, diversification and specialization in open markets. The evaluation and monitoring of its performance remains an important task for a more efficient and sustainable policy development and the provision of qualified assistance for the business community. Specific objectives:

- Assess conditions and prices in the local and international markets; Carry out specific assessments and studies on markets, technologies and investment opportunities
- Determine sector policies for those industries in order to encourage investment, attraction of private capital and the transfer of new technologies;
- Develop research & development, innovation and technology transfer services. Develop promotional programs on foreign capital partnership.
- Harmonize investment programs with training, employment and university education programs; Develop specific training programs in the context of increasing the quality of human resources.

3.Basics of Strategic Planning

The objectives of strategic planning including understanding the benefits of strategic planning; understanding the products of strategic planning; and learning the keys to successful planning and implementation.

Many organizations spend most of their time reacting to unexpected changes instead of anticipating and preparing for them. This is called crisis management. Organizations caught off guard may spend a great deal of time and energy "playing catch up". They use up their energy coping with immediate problems with little energy left to anticipate and prepare for the next challenges. This vicious cycle locks many organizations into a reactive posture.

It does not have to be that way. A sensible alternative is a well tested process called strategic planning which provides a viable alternative to crisis management.

Strategic planning is a step by step process with definite objectives and end products that can be implemented and evaluated. Very simply, it is a process by which we look into the future, paint a picture of that future based on current trends, and influence the forces that will affect us.

Strategic planning looks three to five years ahead. It charts a definite course based on strong indicators of what the business environment will be like in those years.

Indicators include census demographic statistics, economic indicators, government policies, and technological advances. They reveal strong trends regarding changes in lifestyles and the economic and political climates, which are important factors influencing the facilities planning and management industry. Some of these trends

are potential opportunities, some potential threats, and some are both. Examining the possibilities and formulating strategies to meet the challenges can help the organization take full advantage of opportunities and minimize threats. In short, we can take control of the future. We can use our energies and resources more effectively and conduct our business more successfully, despite changes in the environment.

4. Why Strategic Planning?

Besides the personal satisfaction of taking charge of the organizations future, strategic planning offers at least five compelling reasons for its use:

1. Forces a look into the future and therefore provides an opportunity to influence the future, or assume a proactive posture.
2. Provides better awareness of needs and of the facilities related issues and environment.
3. Helps define the overall mission of the organization and focuses on the objectives.
4. Provides a sense of direction, continuity, and effective staffing and leadership.
5. Plugs everyone into the system and provides standards of accountability for people, programs, and allocated resources.

In summary, strategic planning is the key to helping us collectively and cooperatively gain control of the future and the destiny of our organization.

5. Five Products of Strategic Planning

The overall goal of strategic planning is to produce a workable plan. Along the way, we will develop, evaluate, and refine these five products:

1. **Environmental issues and trends:** Factors that may impact the organization and the way it conducts business. Internal issues include staff, services, skills, resources, and needs. External factors include such things as threats of outsourcing. A strategic planning committee compiles an environmental scan, a body of information about the environment. Broad issues, singled out as potentially having significant effect on the facilities planning and management industry, are referred to as mega issues.
2. **Needs Survey:** Provides information from clients and peer institutions. The prioritized needs and expectations resulting from the survey are crucial as a basis for setting objectives.
3. **Mission Statement:** Defines the organization's fundamental reason for existence and establishes the scope of its business.
4. **General Objectives:** Broadly describe the results of what the organization wants to achieve in light of needs and relevant issues.
5. **Strategies:** Specific, measurable actions and directions designed to reach the objectives established. Strategies are fulfilled through creation, continuation, change, or elimination of programs.

The mission statement, general objectives, and strategies are the meat of the plan. The issues and results of the needs survey are the input into the plan, and they provide the basic assumptions for developing a realistic and feasible plan.

6. Keys to Successful Implementation

Suppose our organization thoroughly develops all five products of strategic planning, completes the process, and comes up with a strategic plan. Everyone has the best intentions but when we get back to our units, we are overwhelmed with daily details. Soon it's "business as usual," the plan sits on the shelf, and before we know it, another year has passed. However, this need not happen.

The three major keys to successful strategic planning and implementation are commitment, credibility, and communication.

Up-front commitment by the leaders must include an adherence to the full and thorough process of strategic planning. There must also be a commitment to implementing the strategies recommended by the strategic planning committee.

The leaders should implement programs and services and commit allocations to meet the objectives of the strategic plan at a level that is "doable" for the organization and level of activity. As one person has put it, "To commit to plan, is to commit to change."

A strategic planning committee researches, collects input, and makes recommendations. But, it is up to member of the organization to implement the recommendations.

Credibility is created and maintained by following these three guidelines: representative participation, adherence to the complete process, and clear documentation.

The strategic planning committee should have representatives from all areas of the organization and adhere to the steps of the process. While the actual logistics of research and implementing the plan can be tailored to the available resources, all five products should be carefully developed and evaluated.

The committee should document all of its research and activities to serve as the basis for the strategic plan and its background materials. It will also serve as a clear record of the committee's activities open for all to see and evaluate. There should be nothing exclusive or secret about strategic planning. It should be open to all for review and input.

Input, feedback, and understanding are crucial at every step. A key concept to remember is that strategic planning is a cooperative and participatory process. Everyone should have input and, ideally, everyone should feel a sense of ownership over the final plan. Such personal commitment will facilitate the implementation process.

It is important to explain the principles and goals of strategic planning to everyone in the organization. We need to assure each person that although he or she may not be on the committee, everyone can have input and evaluate the recommendations. It is up to the staff and committees to determine how to fulfill each objective. The strategic planning committee makes general recommends on what they think should be done. The leadership, operating committees, and staff determine how it will be done.

An additional aid to implement the strategic plan is to create an integrated system by which the strategic plan becomes the "benchmark" (measuring stick) for progress in our organization. It then becomes a system of accountability.

The best way to set up an integrated system is for the directors to accept the strategic plan and make the mission statement part of the directives. The strategic plan can then become the context from which programs and services flow.

Strategic planning is the key to assuring that our organization is prepared for the challenges of tomorrow.

7.A survey on enterprise situation in Albania.

Albania as a country attempting to become member of EU, amended the law no. 8957, date 17-10-2002 "On Small and Medium Enterprises" on 29-10-2008 with the new law no. 10183 in order to bring the SME definition closer to EU standards.

The definition is stated in article 4 of this law: Micro, small and medium enterprises (SMEs) includes those entities which employ fewer than 250 people and have an annual turnover that does not exceed 250 million Albanian Lek. Small enterprises are those entities which employ less than 50 persons and have an annual turnover that does not exceed 50 million Albanian Lek.

Micro enterprises are entities which employ less than 10 persons and have an annual turnover that does not exceed 10 million Albanian Lek. Despite the fact that the law on small and medium enterprises has changed since October 2008, the last survey relating to the structure of economic enterprises for the year 2009 published by the Albanian Institute of Statistics (INSTAT) in 2011, relates to the enterprise classification stated by the former law no. 8957. The criterion adopted by this law is only according to the employee number, annual turnover is not taken into consideration.

According to this survey total number of enterprises for the business sector (Table 1 & 2), for the year 2009 is 73,702. Enterprises with 20 and more employed are only 2% of total number of enterprises. Although small in number, they dominate the economy by employing 45% of total number of labor and by realizing 28% of total turnover and 66% of total investments. These enterprises are dominant in the sectors of industry and construction. Enterprises with 1-4 employed represent 92% of total enterprises, but their effect on Albanian economy is opposed to their number. These enterprises are dominant in service producers and for the year 2009 they have realized 19% of total turnover and 14% of total investments. Although their realized turnover and investments are low considered to other size enterprises, they employ a considerable percentage of the labor force, 39%. Enterprises with 5-9 employed represent 6% of total enterprises, employing 16% of total labor force and realizing 24% of total turnover and 20% of total investments. These enterprises are dominant in trade and construction companies.

For the year 2009, trade sector represents 48,4% of total enterprises, 26.8% of total employed and has realized 46,7% of total turnover and 14,4% of total investments. The industry sector represents a significant value of investments (38,5% of total investments) and employed labor (30,8% of total employed). High investments are also realized in the transportation and communication sector by 24,4% of the total value.

8. Conclusions

The total number of enterprises by year of formation according to their economic activity including also some other sectors such as agriculture & fishing, hotels, coffee, restaurants and other services is shown in table 3. Apart from private enterprises, it includes also the public ones. For the year 2009 the total number of these enterprises results 106,477, with an increase in 12,823 from the year 2008. The year 2008 results with the highest number of enterprise formation, 17,028 enterprises, from 2003 to 2009.

Albanian market is dominated by micro companies in number, but it is the small and medium sized enterprises that make the largest contribution to the economy. SMEs are mostly concentrated in the trade sector. Micro and small enterprises dominate in the sectors of services and trade, while medium enterprises dominate in the sectors of industry and construction.

SMEs are mainly concentrated in Tirana, the capital of Albania and also in the coastal areas such as Durres, Vlore, while in the northern prefectures of the country Kukes, Diber, business activity is very low.

The main weaknesses of the SME sector in general are limited access to finance, a low degree of professionalism, difficulties in recruiting qualified personnel, and the absence of economies of scale and it is these areas which may require special attention.

By understanding the problems faced by SMEs in Albania it could be provided the necessary background to develop policies for their support.

During the 20 year period of democracy and open trade market, Albania has maintained a macroeconomic stability with a steady growth, but low competitiveness. A stable macroeconomic environment is important for the economy to grow in a sustainable manner, although it alone cannot increase the productivity of the country.

Increasing the number of enterprises and entrepreneurs will not have an impact on the economy; if there will not be considered quality measures such as growth, innovation and internationalization. Most policymakers and academics agree that entrepreneurship is critical to the development and well-being of society (Kelley et al., 2011, p.12). The more competitive will the economies be, the higher will be the level of income produced for their citizens.

Albania as a country positioned in the second, efficiency driven stage, has a lot of improvements to do, especially in the inventions pillar. It must begin to develop more efficient production processes and increase

quality. To increase competitiveness, they should be focused on higher education and training of employees, providing an efficient goods market and a well-functioning labor market, developing the financial market, efficiently uses the existing technologies and increases the market size. As businesses become competitive with new and unique products, this competitiveness will be associated with an increase in the standards of living and wages of the country.

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