

MASS PRIVATISATION PROCESS AND POST PRIVATISATION IN ALBANIA

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General Aspects

In the transition conditions, the countries of Central and Eastern Europe adapted a new way of privatisation that was thought to be the best and would be based on the principle: “the distribution of property to those that have contributed to the formation of the property”. The privatisation process, as an important part of transition reform from centrally planned economy into market oriented economy, is still considered the main point of economic reform in the transition countries, and this not only due to the fact that this problem affects the interests of different groups of population, but also because it is a process that dynamically redimensions the role of the state in different aspects.

The privatisation process is a long and complex one. Therefore this process in Albania has been the subject of discussion. This process differs according to the real conditions of the country, including economic level, growth rates, political and social factors. Anyway, privatisation is efficient when the impact on a macroeconomic level, is positive and guarantees at microeconomic level that new private entrepreneurs will better manage the assets than the old state owner. The main objectives of privatisation in Albania were:

1. macroeconomic stabilisation, which aimed at reducing budget deficit, controlling inflation etc.
2. restructuring the state sector
3. reducing budgetary expenditure
4. privatisation of the economy, including the transfer of rights from the state to the non-state sector, aimed at increasing the standard of living by eliminating state inefficiencies.

Therefore, it is necessary to know the legislative, economical, social and political conditions and factors of this process, in order to further consider development and economic strategies.

But, what conditions made it necessary to use vouchers as a method to stimulate the privatisation process?

1. Lack of the effective demand of the population in the privatisation process due to lack of purchasing power, lack of knowledge and the bad condition of the property to be privatised.
2. The lack of foreign investors' interests in the privatisation process, based not only on the bad situation of enterprises, but also on considerable bureaucratic procrastination.
3. The presence of a relatively large number of enterprises to be privatised
4. The existences of a relatively positive public opinion, keeping in mind the difficult economic situation of Albanian families at the beginning of the nineties.

The most important objectives of a privatisation scheme using Vouchers are:

1. to transform state property into private property on a relatively equal basis;
2. to make an initial attempt to value privatised enterprises;
3. to create conditions to increase the capital market;
4. to decentralise the decision-making regarding foreign investment.

The “variable parameters” on which mass privatisation through vouchers is based are:

firstly, to define the method of voucher distribution and the segment of population which will profit;
secondly, the selection of enterprises to be privatised through this scheme;
thirdly, to decide if the vouchers are immediately tradable and the rules of their trading;
fourthly, to define the conversion manner of vouchers used in the stock of privatised enterprises.

Based on the East Europe experience, there are three mass privatisation models:

1. in the *Free market model*, the citizens receive vouchers with a specific face value expressed in financial terms. These vouchers can be tradable and marketable. They are bearer documents and they can be exchanged in the share of joint stock companies or for the share certificate of newly created investment funds. The typical example is Russia.
2. in the *Mixed model*, citizens receive coupons, with a specific number of points, which are usually not tradable and not exchangeable. They are registered securities. The exchange mechanism is closely controlled by state. The typical example is the Czech Republic.
3. in the *Centrally regulated model*, the citizens receive share certificates without face value. These certificates are registered securities. They cannot be exchanged, cannot be traded and cannot be given to third persons. These certificates have to be deposited in the centrally established national investment funds. The funds also receive the shares of all joint stock companies, which are designed for mass privatisation, and after market valuation of the shares, the funds exchange the shares for the certificates. The typical example is Poland.

Institutional and regulatory framework for privatisation

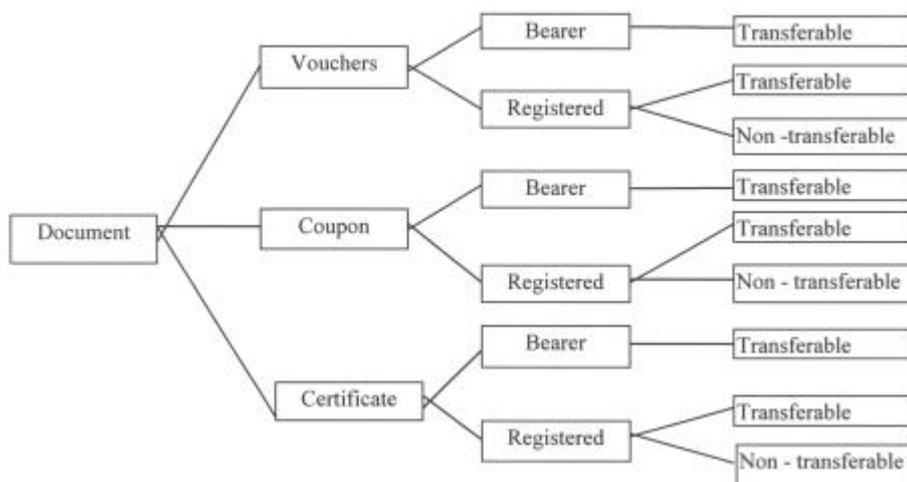
Legal aspect

Privatisation shall always proceed according to privatisation legislation. Therefore, an appropriate legal frame for privatisation is indispensable.

The basic law on which privatisation is based is the "Law on Privatisation", *Law No. 7638*, of November 19, 1992, "On Commercial Companies" defines the organisational forms of registered companies in the Republic of Albania. It clearly defines the relationships between partners in various types of companies, the main conditions, including the contracts and statutes of companies, the operations and limitations on companies.

The president of the Republic's Decree "On the Issuing and Distribution of the Privatisation Voucher", was approved by Parliament, *Law No. 1030*, on February, 23, 1995. This law gives the right to all members of the population above 18 years old to get vouchers, divided into three age groups, according to their contribution. This decree created the legal basis for the privatisation of state property by MPP. All the citizens over 18 years old profited from vouchers. Only those, who had obtained properties free of charge from the privatisation process, would not get any voucher. Vouchers have a nominal value; they are anonymous and tradable in the free market. Foreigners were not allowed to own vouchers until November, 1996 (Law 8162, dated 1.11.96).

Graph 1. Types of privatization documents participating in the mass privatization programmes



Law no. 7926, on April, 20.1995 "On the Transformation of State-Owned Enterprises into Commercial Companies". This law defines that the Ministry of Finance represents the state, as the sole owner of the capital of the companies. The Ministry of Finance is entitled to practise the rights of the owner with regard to the transformation of the enterprises into the company. (Since the Ministry of Privatisation was established, these responsibilities now belong to this institution). According to this law, the "Department of State-owned Companies" was created and established at the Ministry of Finance. (Since the Ministry of Privatisation was established, these responsibilities now belong to this institution). According to this law, the company, established by the transformation of the enterprise, undertakes all the obligations that the enterprise had prior to its transformation. The Council of Ministers shall approve the statute-standard and foundation acts-type, and the criteria of evaluation of the founding acts-type and the criteria of evaluation of the statutory capital of companies to be established as a result of the transformation of the enterprise.

Law No. 7979, on July, 26, 1995- "On Investment Fund". The purpose of this law is to create the legal basis for the creation and activity of an investment fund, the protection of investors and the state supervision of an investment fund. According to this law, an investment fund is founded and organised as a public company; banks are excluded from the investment fund foundation process; the founders are required to deposit not less than the equivalent amount in leks of 20,000 USD. Retained by the Depositor of the fund in cash, this represents the basic capital; issuing and circulating a sale class of registered shares will form the capital of an investment fund. Each share will have a vote in the shareholders assembly; banks are not allowed to become shareholders of an investment fund. An investment fund is not allowed more than 10% of its net assets in shares of a sole subject.

President's Decree No. 1616, dated September 20, 1996, On some Changes in the Law No. 7512, August 10, 1991 "On Privatisation". This decree stipulates that the privatisation of the commercial companies in the strategic sector will be carried out by the Ministry of Privatisation in co-operation with line Ministries or other institutions, which own this property. For other companies and state property, the owner is the Ministry of Privatisation, while the privatisation procedures (sales procedures and publication) will be carried out by the National Agency of Privatisation - which continues to be under Council of Ministers.

President's Decree No. 1615, September 20, 1996, "On Some Changes on Law No. 7926, on April, 20, 1995 "On Transformation of the State Owned Enterprises into Commercial Companies". The Ministry of Privatisation is the representative of the owner for the state property. The Ministry of Privatisation carries out the transformation of the SOE in commercial companies and their

privatisation, manages the work for the compilation of the establishing acts for those commercial companies, and signs their statutory capital, and orders their registration.

There are also some Council of Ministers' Decrees related to the overall process of privatisation.

C.M.D. No 244, of May, 22, 1995 "On Mass Privatisation Programme". This decree resolved the approval of the Mass Privatisation Programme (M.P.P), the establishment of the Commission of the M.P.P., which will manage this process and will co-ordinate the affairs of all state institutions which will implement the M.P.P.

No.438, of August 14, 1995 "On the Privatisation of the State Enterprises Transformed in Commercial Companies". This decree defines that; the privatisation form of shares of the commercial companies is by auction; the mechanism of the auction of shares is without a calculated price (no price bidding), according to which the supply and demand for the shares of the company are always parallel.

Administrative framework

The institutions involved in the privatisation process were:

- The Ministry of Privatisation, which had responsibility for supplying, projecting and implementing the procedures for the preparation of the enterprises documentation and transforming the medium and large enterprises into joint stock companies.
- The NAP (National Agency of Privatisation) - this institution was dealing with applying privatisation procedures to small and medium enterprises, and the organisation of auctions and the publications.
- The Central Bank and the Savings Bank had the responsibility, on demand, to project the legal framework and the implementation programme regarding the distribution of privatisation vouchers for the entire population.
- The Centre of Financial Information.
- The Centre of Shares Registration.

Economical, Political and Social Aspects

A successful privatisation requires a fairly stable and equitable tax regime, and sufficiently effective monetary and fiscal control to keep inflation within such certain limits and to not complicate the performance of economical reforms. The success of the privatisation process also depends upon the economic environment within which an enterprise operates, for example fair competition, trade policy and direct foreign investments.

As many other Eastern European Countries, Albania was also said, according to outside observers, to privatise as rapidly as possible. Meanwhile there exists some other arguments for a more gradual approach to privatisation. Some of them have to do with political and social consequences of the reform of the country. It must be kept in mind that the privatisation process occurs, and also raises social tensions, because of the expected unemployment, structural changes and modernisation. Therefore, the privatisation process in particular establishes a social safety net and provides for the training of displaced workers.

Distribution of vouchers and compensation bonds

Compensation bonds

In October, 1993, based on the CMD No. 504, dated 18.10.93, the privatisation process entered into a new phase: state bonds for compensation of ex-politically prosecuted persons were issued. These bonds were called “*privatisation Leks*”, simply because they could be used only for the privatisation of state properties. The distributed value was around 17.2 billion leks (or around 172 million USD)¹.

Privatisation leks consist of bank accounts at the Savings Bank. Those in possession of these compensation bank accounts could receive standard compensation bonds valued 5,000-100,000 leks, which could be freely transferred from one person to another through the bank. The total value of such compensation for everybody was calculated in proportion with the number of years in prison or exile for ex-politically prosecuted persons.

During 1994, privatisation leks were sold on the market for more than 50% of their nominal value. By the end of 1994, privatisation leks were continuously devaluing, especially after privatisation vouchers were distributed. In the spring of 1997, the exchange rate of privatisation vouchers reached the minimum of 3% of their face value. The possessors of compensation bonds had no interest in selling them for such a small amount of cash. So, from March 1997, the privatisation leks’ informal market vanished.

It is hard to say what was the exchange rate of privatisation leks was over time, mainly because different arrangements were made between the possessors and those who requested them.

Privatisation vouchers

In 1995, the Mass Privatisation Programme started. As in other Central and Eastern countries, the principle of mass privatisation was; *distribution of state property to those who have contributed to its creation*”. In this context, the government decided to distribute privatisation vouchers to all people that had made a contribution to the creation of state property.

Based on President’s Decree No. 1030, dated 23.02.95, “On Issuing and Distribution of Privatisation Vouchers” and the Law No. 7918, dated 13.04.95, every Albanian citizen above eighteen, would profit from the vouchers and participate in the mass privatisation. These vouchers could be used to buy shares in the commercial companies to be privatised or assets of the ex- state-owned enterprises to be privatised. For the people previously prosecuted by the communist regime, the privatisation leks could be treated like vouchers, but the amount was much higher.

The Bank of Albania was charged with issuing vouchers according to certain characteristics defined by the Ministry of Finance, while the Savings Bank was charged with physically distributing vouchers to be used in the privatisation process.

It was planned to distribute the vouchers in three instalments but ultimately it was achieved in two. The first instalment expired in the middle of 1996; it consisted of one fifth of the total amount of vouchers for which different age groups were eligible. Distribution of the second instalment started in September 1996, and is still underway.

¹ Source: Savings Bank of Albania

Usage of vouchers and privatisation leks as property

As stipulated in the President’s Decree No. 1030, dated 23.02.95, vouchers could be used by the voucher holder for:

- bidding for shares in the state commercial companies for their privatisation;
- buying physical assets or small enterprises in public auctions and direct sales;
- entrusting them to the investment funds

The same uses were available for privatisation leks too.

Vouchers are tradable among Albanian citizens. With the approval of Law No.8162 dated 7.11.96, by parliament, there was “Approval with some changes of the decree No.1630, date 1.11.96” so foreigners too, could buy and use vouchers like Albanian citizens. After April, 1997, there was no further distribution of vouchers.

Vouchers’ and Privatisation leks’ free market

The value of vouchers has permanently been reduced in the market. The exchange rate of vouchers is influenced by the privatisation process itself and by the amount of vouchers launched on the market.

The market value from the middle of March to the end of May, 1997, was near to 1.6% of the nominative value, but the quantity of vouchers exchanged was almost nil. In major districts, state institutions were closed or even destroyed. So the activity of brokers was temporary suspended, because it was too risky.

During the period June-December, 1997, the market was slowly reactivated, but low-level stock exchange continued.

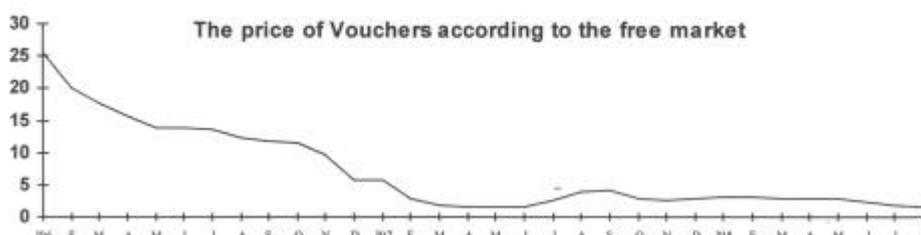
The exchange rate of privatisation leks has been always a little bit higher than privatisation vouchers. The exchange rate of Vouchers on the free market is given below in the table and graph.

Table 1. Vouchers exchange rate¹

Year	Jan	Feb	Mar	Apr	May	June	July	Augt	Sept	Oct	Nov	Dec
1996	25.6	20.2	17.7	15.6	13.9	13.7	13.6	12.2	11.7	11.4	9.6	5.8
1997	5.7	2.9	1.9	1.6	1.5	1.6	2.7	4.0	4.1	2.8	2.7	2.8
1998	3.1	3.2	3.0	3.0	2.8	2.4	1.9	1.5	1.5	1.7		

¹ Based on a personal survey

Graph 2



Mass Privatisation Method

To accelerate the process of state-owned enterprise privatisation through privatisation vouchers, the Council of Ministers has compiled and approved "The Mass Privatisation Programme (M.P.P.). The purpose of mass privatisation was the rapid transformation of state-owned enterprises over to ownership by a great number of private buyers, in accordance with implementation methods in other countries.

The establishment of a wide base for the market economy in our country was the object of this programme. Objects for privatisation were state-owned, joint stock companies, which had to be privatised in different forms:

- share transfer by public auction;
- share transfer by negotiation;
- share transfer by public offerings on stock market;
- So far, more shares have been transferred by private auction.

Mass privatisation will be generally performed through the sale of shares or units of commercial companies' capital in exchange for privatisation vouchers.

Distribution of Privatisation Vouchers

In accordance with criteria defined by law, privatisation vouchers were distributed to Albanian citizens. These were used to buy shares or units of capital in state-owned enterprises to be privatised, or to buy some worthy special elements of these enterprises.

The sale of state companies' shares was planned in three privatisation stages. One privatisation voucher was distributed at each stage. These vouchers could be used only for that stage within the term, otherwise it was considered invalid. Vouchers were tradable among citizens. People that had profited by land from agriculture reform land (privatisation) were not allowed to receive vouchers.

Vouchers can be used for:

- buying shares of companies during their privatisation;
- buying different kind of physical assets or objects or small enterprises via auctions;
- entrusting them to the investment funds.

The State Bank of Albania was responsible for printing the vouchers and the Savings Bank was responsible for the registration procedure and distribution. The sum that the person received varied according to three age group as is shown in the below table (1 USD = 100 leks).

Table 2. Number of persons profiting from vouchers according to age groups

Year of birth	Up to 1939	1940-1959	1960-1969	Total distribution
Number of profiteers	182.706	390.988	493.752	1.067.446
Value per persons (first round)	10.000	15.000	20.000	14.456.460.000
Value per person (second round)	40.000	60.000	80.000	57.825.840.000
Total	50.000	75.000	100.000	71.282.300.000

Privatisation Forms

Privatisation of state-owned enterprises were performed:

- for enterprises to be privatised without first being transformed by unit auctions;
- for enterprises to be privatised after transformation to a company by auctions of shares or units of capital.

Sales of shares of state companies were performed in auction centres which had been specially established, in order to create the possibility for voucher holders to participate throughout the country. The auctions had no fixed price; value was determined according to supply and demand for the shares. Shares auctions were performed on a proportional basis. All bidders took shares of the companies for which they were bidding proportionately to the amount of privatisation vouchers to be invested by them. There was no restriction in the number of companies for which one person could bid.

The ex-owners, differently from other bidders, according to the Law "On Restitution", had the right to take shares, or part share capital, of the company proportional to the price of the site (which is known) for compensation or restitution. The ex-owner of the site didn't participate in the auction. He possessed a definite percentage of the shares, which remained the same related to the other part of the capital, irrespective of the results of the auction.

The employees of the company had the right to participate in the auction as they wished, requesting shares for the total amount of vouchers allocated to them according to the Presidential Decree. They only had this right if they requested shares in the company where they actually worked.

Partial sales of enterprises shares through privatisation vouchers can be performed according to the decision of CoM only in cases when it is judged that the state still keep a part of shares, or when it is judged that the participating of a strategic investor in ownership makes the process more efficient. State companies of strategic sectors would have been included in the mass privatisation process case-by-case after the approval of laws on their privatisation.

The base of the legal framework of the Mass Privatisation Programme is the Law "On Transformation of state-owned enterprises into commercial companies"; the law on approval of President Decree "On Issuing and distribution of privatisation vouchers"; the law, "On investment funds", and the decisions package of the Council of Ministers, about the executive part of the programme.

Investment funds

According to the definition in Albanian law, "Invest Fund" is a legal private entity, which accumulates the financial resources of individuals or other legal entities. In the M.P.P., voucher privatisation holders had the possibility to choose to invest their vouchers into investment funds, which were used to buy shares. Persons, who have invested their vouchers into investment funds, were direct or active shareholders regarding these funds.

The Law on Investment Funds governed investment fund activity; it provides specific regulations on their establishment and functioning. In addition, each investment fund should provide a license before starting, according to defined regulations. The licensing procedures must be clear. Investment funds were established as commercial companies. There were defined restrictions and rules on possible investment in order to protect their shareholders.

In Albania only 3 IF were licensed, and only two of them had a definitive license, whilst only one had actually started operating. Now it is closed and nobody knows what will happen with the collected vouchers. A long period of inactivity (getting license – activity) has resulted in the second IF losing its license. So, in Albania there were only 0.86 IF per 1 million inhabitants licensed, or around 5 times less than in Russia, and only 41.182 Albanians (1.2% of population) have been investors in the Fund.

Table 3. IF licenses in Albania

No	Name of IF	Provisional License	Definitive License
1	"IF Anglo-Adriatic"	No. 1, date 13/04/1996	No. 1, date 22.05.1996
2	"IF New Albania"	No. 2, date 4/08/1996	No. 2, date 03.12.1996
3	"IF Albanian American Nobel"	No. 3, date 19.09.1996	-

So, we could analyse the reasons why the IF ended this way in the Albanian mass privatisation process. The main reasons are not only the lack of necessary experience and the culture surrounding the role of financial intermediaries, but also factors concerning the weakness of the approved laws.

Law No. 7979, dated 26.07.95 "On Investment Funds", has a lot of restrictions which impacted on the IF in Albania. It was a translation (badly adopted) of a law taken from other East European countries. So, among the main restrictions we could mention:

1. *not to invest more than 10% of the net assets at the shares of one company;*
2. *not to invest in every company more than 5% of the shares of IF;*
3. *to have less than 40% of total capital (shares) of a joint stock company;*
4. *not to exchange vouchers with its share for a value more than 10% of emitted Vouchers;*
5. *other restrictions, requesting the participation of the biggest part of shareholders at an IF meeting.*

Restrictions are a difficult condition to meet under the conditions in Albania, where the shareholders are living all over the country.

IF Anglo Adriatic (AAIF), for the collected vouchers, has been given a certificate, in a form as is shown below.

Transferable only in accordance with rules of Anglo-Adriatic Investment Fund
I transferueshëm vetëm në përputhje me rregullat e Fondit të Investimeve Anglo-Adriatic.

Graph 3



The value of collected vouchers is shown in the table below.

Table 4. Value of vouchers collected by AAIF

No	Period of time	Vouchers	Privatisation Leks	Total
1	Up to end 1996	2.239	7.776	10.015
2	Up to end 1997	2.246	8.014	10.260
3	Trimester I 1998	0.037	0.306	0.343
	Total (2+3)	2.283	8.320	10.603

Vouchers collected form 11.67% of the total and privatisation leks collected amount to 13.34% of the total; both the figures are 12.00% of the total². So, more has been collected than is allowed by law. In such

² Këto të dhëna i përkasin periudhës deri në tremu jorin e parë 1998.

a case, the figures are contrary to the AAIF and the institutions of central government, but logically one could blame the law for not being adaptable.

Following a lengthy period of negotiation and accusation between the AAIF and the Albanian government, the result is that the AAIF has not been able to participate, or has been prevented by the government from participating, in the mass privatisation process. Now the fund is in bankruptcy.

The second IF (IF New Albania, NAIF) got the definitive license in December, 1996, and planned to start collection of vouchers in 1997. It has not started collection, not only because of the crises of spring 97, but also due to some problems which resulted from changing the fund's manager. The law created a lot of barriers for the appointment of a new fund manager.

Post Privatisation

What is the Alignment of the Balance of Post-Privatisation in Albania? Success or Failure?

An external overview of the structure of 97 privatised enterprises during the 5 rounds of massive privatisation (1995-1996) showed a deformed territorial and branch structure, which would be although not a basic factor, a significant one for the conditions and development of post privatisation enterprises. Now, more than 4 years on from the 5 rounds of privatisation, the question is raised: what is the result of this privatisation regarding the efficiency of the privatised enterprises? Have they been successful or unsuccessful?

Answering these questions isn't easy. Firstly, because these enterprises have been abandoned by state attention, it is difficult to identify their location. There is no information or address for any of them, and there is no state-owned institution monitoring their situation and development. That is, the state "has got rid of" these enterprises so as to have no more problems with them.

We are trying to ascertain the situation of these enterprises through a study, in order to know what they have experienced – progress or regression. Here we must stress that from the (up to now) 80 studied enterprises (82.5% of them), it is seen that 35 (43.75%) of them don't function, and the other, 45 enterprises (56.25%) function normally. Only 9 of the total enterprises functioning normally have notable progress, while the others survive in a harsh market. Meanwhile, it is apparent that there is a greater progress of enterprises in the sectors of construction and industry (mainly clothes), which powerfully correlates with the progress of the new companies created in this transition period within these sectors. Within the group of non-functioning enterprises, 9 enterprises (11.25%) have been destroyed, 19 enterprises are closed and are in abeyance, 4 enterprises are rented and 2 others are steadily fragmenting, one of which has been bought by the state. These numbers and this view give a very cheerless situation.

We will stop to consider some assessment indicators in order to analyse the success: failure ratio of these enterprises.

Ownership is the first indicator. It is well known that the massive privatisation in Albania resulted in enterprises having a great number of owners. An enterprise, on average, had 240 shareholders, the figures varying from 16 to 906 shareholders for an enterprise. In these conditions it was necessary to start the process of shareholder concentration.

According to law No. 8108, dated 3.28.96, all anonymous companies having more than 50 shareholders (86 of the 97 privatised enterprises are anonymous companies) must keep a share register and make transactions through an independent and specialised centre. Only 52 of the privatised companies make transactions through the shares registration centre, in Tirana. No one knows by what means the other companies make transactions, nor their value. However, the incentive for capital

concentration resulted in an average number of less than 150 shareholders per enterprise (in some cases, even 1 or 2 shareholders per enterprise). So, the influence of the owners in the management of these enterprises has grown.

Restructuring is the second indicator. The fact of non-functioning or bad functioning on the major part of the enterprises clearly shows the difficulties of restructuring. Only a few of them have been restructured successfully and have progressed in their activities.

New shareholders are the third indicator. Is there a tendency for new persons (who have not been shareholders of these enterprises before), to become shareholders? It is evident that only in 20% of the enterprises is there a tendency for new shareholders to enter. So, the tendency for the sale of shares between the first shareholders, who were mostly ex-workers of these enterprises, and had their shares through privatisation stocks, is still strong. It is understandable that most of them have not sufficient capital to invest in or restructure these businesses.

The complete depreciation and the great absence of investment for the restructuring of these enterprises are other indicators. This is shown through the age of these enterprises. In the privatisation period, around 64% of the enterprises' machinery was over 15 years old, while at present around 60% of the machinery is over 15 years old. So, the investments made during the 5-year period only avoided the issue of worn machinery in this period, and did not improve upon the situation of the previous years. Can one survive in the market dealing with products produced by totally amortised machinery? The outdating of the technology and machinery is evident.

At the same time, the investment value is very low and the investments are mainly focused on the maintenance of the enterprise buildings and machinery. Under these conditions, survival is becoming more difficult. What are the reasons for this investment absence? One of the basic factors is the bad and low level functioning of the bank crediting system during this period. The state-owned banks blocked credit, while private banks had some very strict criteria for credit, for a lot of Albanian businessmen. Some studies attack these banks for functioning only in order to secure deposits, without giving credit.

The high level of interest on credit, the prolonged procedures to obtain credit and the long time between the initial request and credit imbursement, have made the majority of businesses consider the bank as a possibility for their business development.

Under these conditions, around 2/3 of these companies were hoping for foreign investments, but these investments were insufficient for the Albanian economy, as well as for enterprises. The possibility of these enterprises being considered by foreign investors is very weak.

What was the role of the state in this period? The answers, regarding the possibility of assistance and support by state and donors, have shown that the enterprises of massive privatisation have been, and are, "an old and forgotten cloth" for them. The question is not about financial assistance and support, but about support regarding training and qualifications for a successful business, knowledge of business legal rules, marketing, potential financial resources, etc., none of which have been available to assist the companies. The state has tried only to "get rid" of them.

Derived from a centralised economy, a great many of these companies were based on state orders. Even after their privatisation, a part of their activity was for products' sale to the public economy. Under conditions where state-owned funds are used for the same road repair at different times (getting ready for the electoral campaign) and for buying products imported in suspicious ways and manners, we see dishonest competition; the state orders begin to lessen and these enterprises pass through more and more difficulties. Will anyone stop and think that the economy of the country requires attention within the rules of the market economy game? Well, it seems difficult to reply with a positive answer.

Knowledge and usage of contemporary information about new markets and technologies, managing methods, etc. is another factor. Nowadays, the Internet is the main and fastest source of contemporary information, but it is considerably limited in these companies. So, Internet usage by managers of privatised enterprises is considered a luxury. Only 5 of them used the Internet, of which 4 used it during work, and 1 in the family situation. The survey showed that, although there are a lot of managers (40% of them) pretending to have sufficient knowledge about the stock market, they are doubtful about the possibility of their company quotation on the stock market. Only 34% of them like their company to be quoted in the stock market, while only 19% of them consider their company capable of being quoted on the stock market. But, government steps and attempts regarding the Tirana Stock Market functioning are leading to improvements.

Under such difficult conditions, even these companies care very little about their marketing. Marketing expenses are often absent or minimal. Only 26% of the companies have a Marketing Department and the average marketing expenses are insignificant.

What is the result? A reduction in employment and very low employees' wages, being lowest in private business. Production decrease and sales difficulties make survival difficult. How long will this agonising situation go on?

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