Project Business Clubs:

"ESTABLISHMENT OF BUSINESS CLUBS FOR THE ENHANCEMENT OF ENTREPRENEURSHIP IN THE CB

AREA"

Activity 3.2

Deliverable 3.5.2

Interview from local stakeholders

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Disclaimer

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Table of Contents

1 Introduction

The aim of this deliverable is to identify the needs as stated by the local actors in terms of current business environment, business types and sectors, difficulties faced, challenges addressed and their perception about the functioning of a business club. To achieve this aim in depth interviews were conducted with the local stakeholders.

1.1 Interview structure

Due to the situation with Covid-19 it was difficult to conduct face to face interviews, so all the interviews were conducted through phone and Skype during August 2020. A guide questionnaire was prepared to support the interviews. It had 10 questions. The first five questions consisted on closed questions, including three rate scale questions. The aim of these questions was to evaluate the current business environment in Permet and what can be done to improve the environment for start-ups.   The last five questions were open ones. The guide questionnaire was tested with one of the local stakeholders. Some questions were improved and changed based on the result of the first interview.

1.2 Profile of the interviewers

The persons interviewed were 30: 6 representative of local institutions, 6 representatives of local nongovernmental organizations, 10 representatives of local businesses and 10 citizens (including young people, women and people with disability.)

1.3 Ethical issues

The most relevant ethical issues for this deliverable were:

- Confidentiality of data: Names of the person interviewed were not mentioned , to ensure the anonymity and confidentiality.
- Lacking respect and causing harm: It was mentioned the reason for collecting data and it was avoided causing stress or embarrassment to the interviewers.

- Informed consent: Participants gave consent to answer the questions, and also they gave full approval to use the information provided by them.

- Responsibility in the analysis of data and report findings: The data were fully reported, they were not changed, altered or falsified.

- Recording data: Due to the sensitivity of processing personal information, recording was not used. Instead, hard copy notes were taken.

2   Analysis of interview answers

2.1 Current business environment in Permet

Question 1: Please evaluate the level of the following area's characteristics in relation to the current business environment in Permet.

Here are taken in analysis 16 indicators such as: quality of human labor force, quality of social infrastructure, effectiveness of national, regional and local authorities etc.

The evaluation for each indicator is qualitative, starting from "very bad" to "very good"

a) Very bad (1)

b) Bad (2)

c) Medium (3)

d) High Good (4)

e) Very good (5)

The results are presented in the graph below. The indicators that have the lowest evaluation are:

1.   Quality of infrastructure in rural areas

2.   Existence of bodies supporting entrepreneurship

3.   Access to information

The indicators that have the highest evaluation are:

1.   Effectiveness of public services

2.   Effectiveness of local authorities

3.   Public consultation for strategic documents
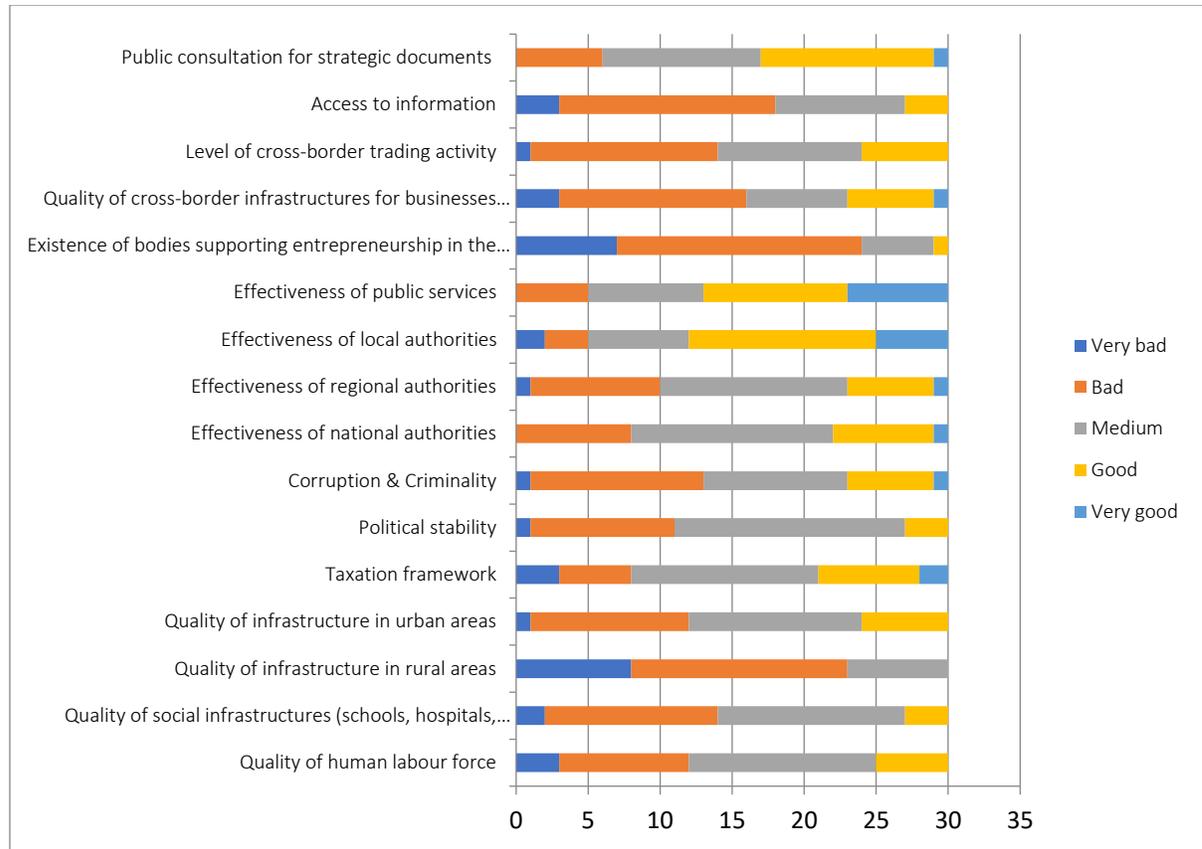
The interviewers stated that the economic development of the area should not be focused only on urban areas but even on the rural ones. The first step for doing this is to invest in improving the quality of infrastructure in rural areas. The lack of bodies in support of entrepreneurship is another weak point of the current business environment. This in turn is related with difficulties in accessing all the necessary information for start-ups. The interviewers gave the highest evaluation to the indicators related with the effectiveness of the local authorities and they agreed that the local authorities can help in improving these indicators (the ones above with the lowest evaluation).

Question 2: From the list below please select the five (5) sectors of the economy (NACE) that you consider to have the greatest potential for the area.

Based on the result of the interviews the three sectors with the greatest potential for the area are:

- Manufacture of food products

- Accommodation

- Travel agency, tour operator and other reservation service and related activities
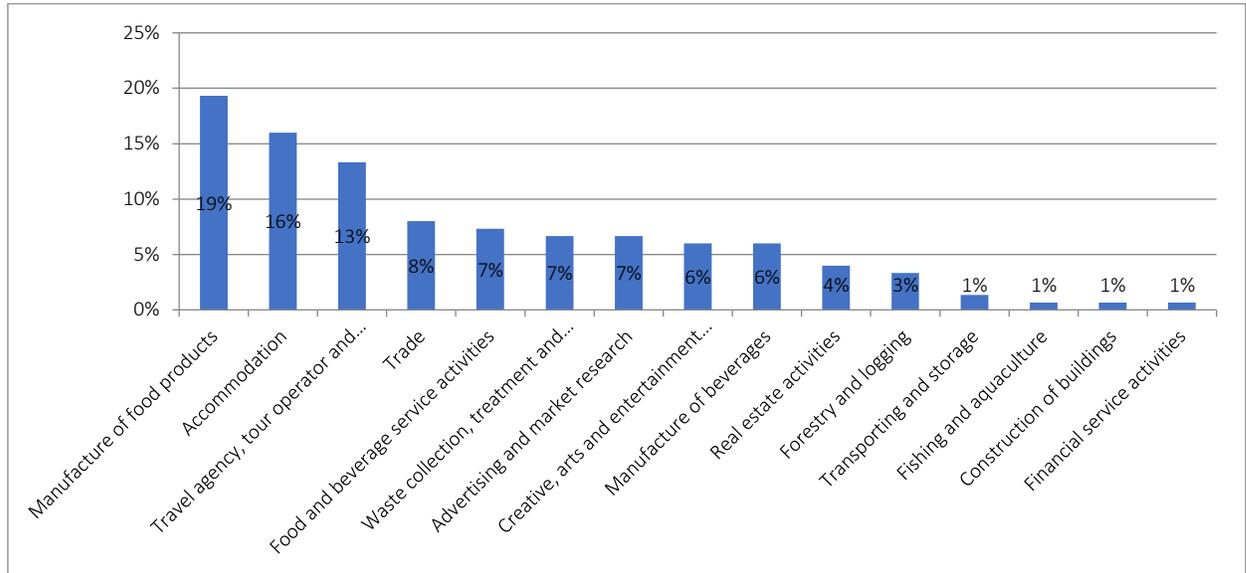
These results were expected as agriculture and tourism are the main sector of economic development of the municipality, according to the strategic plans. Permet is well known for its traditional and tasty local products, so the manufacture of these products is seen as one of the sectors with the greatest potential of development. The number of tourist visiting Permet is significantly increasing every year, so the sector of accommodation and travel agency are considered as sectors with the greatest potential of development in Permet. Currently, there is an increase of the business registered in these sectors.
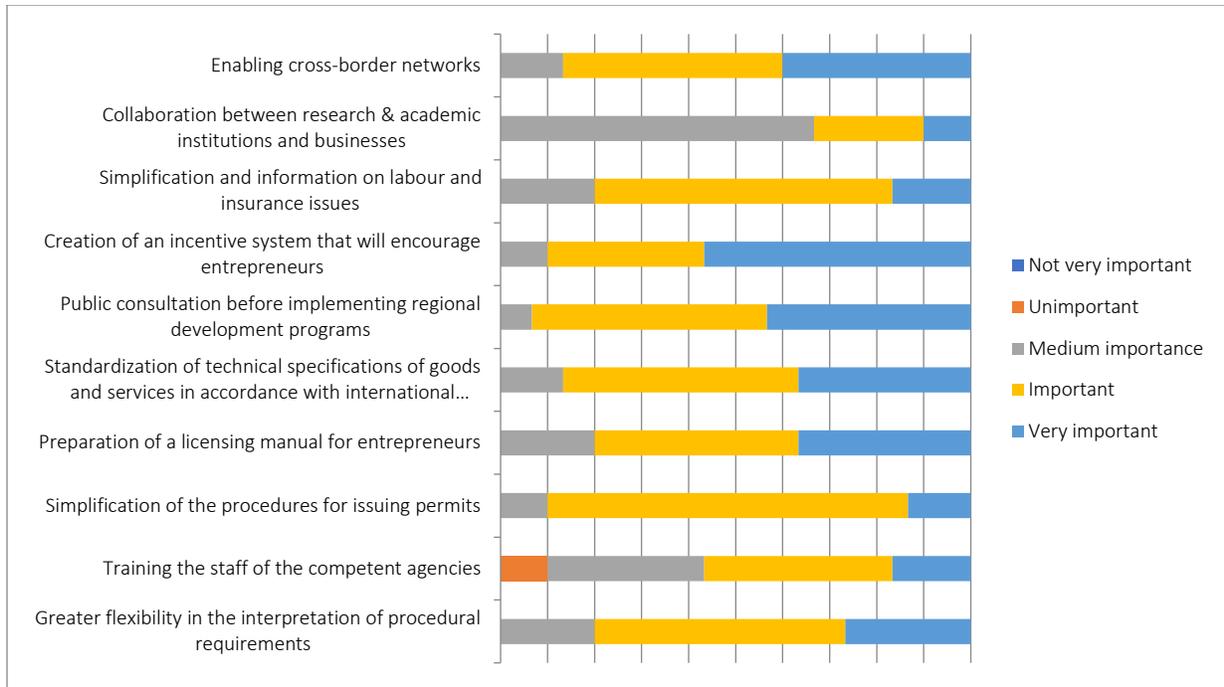
2.2 Policies for improving business environment for start-ups

Question 3: Please evaluate the impact of the following policy measures in improving the environment for start-ups.

We considered 10 policies (see graph below)and they were asked to evaluate each of them from 1-5:

1- Not very important

 2- Unimportant

3- Medium importance

4- Important

5- Very important

Based on the answers the most important policy measures are :

- ✓ Public consultation before implementing regional development programs
- ✓ Creation of an incentive system that will encourage entrepreneurs
- ✓ Simplification of the procedures for issuing permits
- ✓ Enabling cross-border networks

The interviewers evaluated the following policy measures as less important:

- ✓ Training the staff of the competent agencies
- ✓ Collaboration between research & academic institutions and businesses.

Question 4: Please evaluate the impact of the following policy measures in improving the financing environment for start-ups.

We considered 7 policies (see graph below)and they were asked to evaluate each of them from 1-5:

1- Not very important

 2- Unimportant

3- Medium importance

4- Important

5- Very important
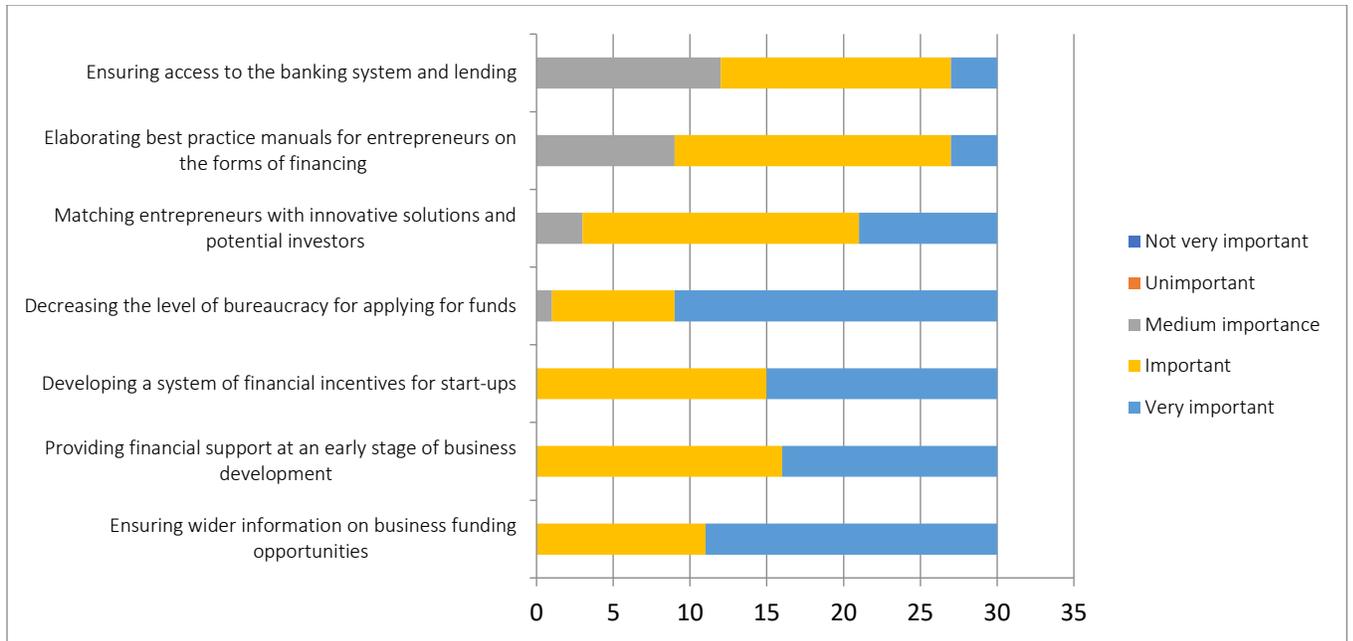
Based on the answers the most important policy measures are :

- ✓ Ensuring wider information on business funding opportunities
- ✓ Providing financial support at an early stage of business development
- ✓ Developing a system of financial incentives for start-ups
- ✓ Decreasing the level of bureaucracy for applying for funds

The interviewers evaluated the following policy measures as less important:

- ✓ Ensuring access to the banking system and lending
- ✓ Elaborating best practice manuals for entrepreneurs on the forms of financing

The answers for these questions are in line with results above. From the analysis of the answers of the first question we concluded that the lack of bodies in support of entrepreneurship is another weak point of the current business environment. This in turn is related with difficulties in accessing all the necessary information for start-ups and lack of support in dealing with bureaucracy in registering, issue of permits and application for funds.

The creation of a business club will ensure great access to information regarding business funding opportunities especially at the early stages. Also it will support the start-ups in dealing with the difficulties in compiling all the necessary documents for registering, issue of permits and application for funds. The interviewers declared that the training of the staff was not the most important policy measure because

based on their previous experience the training was theoretical instead of being more practice focused. The collaboration between research and academic institutions policy was not important for them because there does not exist many research centers in the region (there is only one university).

Question 5: Where do you think most of the new business ideas come from in your area?

The possible options listened were the following:

- Mostly from the businesses themselves (intrapreneurship)
- Mostly from foreign investors
- Mostly from the university's research and development
- Mostly from young people
- Mostly from unemployed
- Others

The results are presented in the graph below. The majority of them agreed that most of the new business idea in the area come from young people (32%) and from foreign investors (30%).
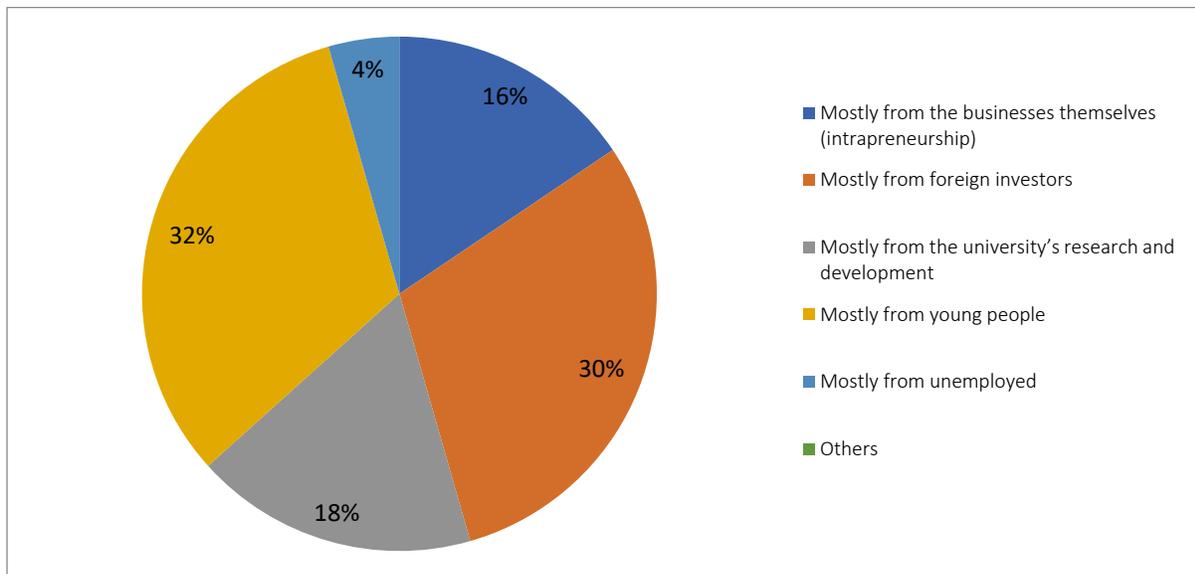
2.3 Start-up challenges

Based on the answers of the interviewers the three main important challenges in starting a new business are:

Access to finance: The biggest challenge when starting a new business is financing. The interviewers, especially the businesses, stated that   that they have faced very obstacles when they launched their business like: recruiting qualified and competent people, product/brand raise awareness, bureaucracy etc . But the top challenge was financing. Some of them said that they self funded the business or mortgage their home. According to them access to funds is nearly impossible because the banking system is very tough for the new business especially for the service-based businesses. Due to bureaucracy and lack of qualified resources the application for funds is very difficult.

 Qualified human resources: In Permet there is lack of qualified human resources due to the **high brain-drain to Tirana and abroad in search of better and stable opportunities. The low wages and incentive system is another problem. This one of the reasons why more of the actual businesses are family businesses.**

 Access to market: If you are not able to sell your product/service you will not survive. One of the interviewers said " We are well known for many traditional food and artisan products but we cannot sell them especially abroad due to lack of formalization and **conformance with international standards"**

Many of them mentioned one successful case for dealing with these challenges: Pro Permet. It is a voluntary association among active Albanian entities in the sector of tourism and accommodation, agro-food producers, entities of artisan activities that operate in Përmet Municipality, Këlcyrë and other district Communes. Members of the Consortium are collaborating especially to promote the territory, to develop tourism by promoting typical products, agro and handicraft products the development of accommodation such as hotels, restaurants and environmental preservation. It will be beneficial for start-ups to be part of such consortium because they provide an extraordinary opportunity to local producers to market their goods in a more effective and efficient way and to get financial and non financial aid.

2.4 Business club an opportunity for start-ups

None of the interviewers were aware of the existence of a business club and they did not know what a business club is. After being explained to them what a business club is, the majority accepted that the creation of a business club will help to boost the entrepreneurship in the area because it will help the start-ups to address effectively and efficiently their challenges.

According to them a business club in terms of infrastructure should offer a space to be used by them as an office with the necessary office equipment (computer, printer especially the ones that can print promotional materials) and connection to high internet speed. While in terms of services it should offer professional administrative, legal and economic support; visibility of their businesses; information about funding opportunities and support in applying for funds.

They were asked to mention the most important target sector in the area for the business club, and their answers can be grouped in two categories:

Tourism: hotel, guesthouse, restaurants, tour operator

Agro-industry: production of typical local food products

Some mention other sectors like production of handmade products or creative activities that can offer a unique experience to tourist.

Annex 1: Guide questionnaire for the interview

This interview is conducted in the framework of Business Club project which is funded by the INTERREG-IPA CBC Program. Its aim is identify the needs as stated by the local actors in terms of current business environment, business types and sectors, difficulties faced, challenges addressed and their perception about the functioning of a business club. The information provided here is completely confidential and will be used for research purposes exclusively.

Business club concept: *The main challenge of the Business Clubs will be the provision of professional support to newly established enterprises in the c/b area, in order to boost sustainable economic development. The Business Clubs will thus operate as business support facilities with a focus on businesses initiated by representatives of groups vulnerable and with high risks of unemployment (young people, women, people with disabilities, etc). This means that 5 working places will be designed and equipped for start-uppers to have an office, a place connected to knowledge resources, which will also provide of certain web/ electronic tools to support their effort towards a prosperous entrepreneurial activity.*

Question 1: Please evaluate the level of the following area's characteristics in relation to the current business environment in Permet.

	1-Very bad	2-Bad	3-Medium	4-Good	5-Very good
Quality of human labour force					
Quality of social infrastructures (schools, hospitals, cultural centers etc.)					
Quality of infrastructure in rural areas					
Quality of infrastructure in urban areas					
Taxation framework					
Political stability					
Corruption & Criminality					
Effectiveness of national authorities					
Effectiveness of regional authorities					
Effectiveness of local authorities					
Effectiveness of public services					
Existence of bodies supporting entrepreneurship in the area					
Quality of cross-border infrastructures for businesses (e.g. crossing points, roads)					
Level of cross-border trading activity					
Access to information					
Public consultation for strategic documents					

Question 2:From the list below please select the five (5) sectors of the economy (NACE) that you consider to have the greatest potential for the region.

- o   Crop and animal production
- o   Forestry and logging
- o   Fishing and aquaculture
- o   Mining of coal and lignite
- o   Manufacture of food products
- o   Manufacture of beverages

- o   Accommodation
- o   Food and beverage service activities
- o   Publishing activities
- o   Telecommunications
- o   Computer programming, consultancy and related activities
- o   Financial service activities

- o Manufacture of textiles
- o Manufacture of leather and related products
- o Manufacture of wood and of products of wood and cork, except furniture
- o Manufacture of chemicals and chemical product
- o Manufacture of basic metals
- o Manufacture of electrical equipment
- o Manufacture of machinery and equipment
- o Manufacture of motor vehicles, trailers and semi-trailers
- o Manufacture of furniture
- o Electricity, gas, steam and air conditioning supply
- o Waste collection, treatment and disposal activities; materials recovery
- o Construction of buildings
- o Trade
- o Transporting and storage

- o Real estate activities
- o Legal and accounting activities
- o Architectural and engineering activities; technical testing and analysis
- o Scientific research and development
- o Advertising and market research
- o Veterinary activities
- o Rental and leasing activities
- o Travel agency, tour operator and other reservation service and related activities
- o Office administrative, office support and other business support activities
- o Education
- o Human health activities
- o Creative, arts and entertainment activities
- o Sports activities and amusement and recreation activities

Question 3: Please evaluate the impact of the following policy measures in improving the environment for start-ups.

,	1- Not very important	2-Unimportant	3-Medium importance	4-Important	5-Very important
Greater flexibility in the interpretation of procedural requirements					
Training the staff of the competent agencies					
Simplification of the procedures for issuing permits					
Preparation of a licensing manual for entrepreneurs					
Standardization of technical specifications of goods and services in accordance with international standards					
Public consultation before implementing regional development programs					
Creation of an incentive system that will encourage entrepreneurs					

Simplification and information on labour and insurance issues					
Collaboration between research & academic institutions and businesses					
Enabling cross-border networks					

Question 4: Please evaluate the impact of the following policy measures in improving the financing environment for start-ups.

	1- Not very important	2-Unimportant	3-Medium importance	4-Important	5-Very important
Ensuring wider information on business funding opportunities					
Providing financial support at an early stage of business development					
Developing a system of financial incentives for start-ups					
Decreasing the level of bureaucracy for applying for funds					
Matching entrepreneurs with innovative solutions and potential investors					
Elaborating best practice manuals for entrepreneurs on the forms of financing					
Ensuring access to the banking system and lending					

Question 5: Where do you think most of the new business ideas come from in your area? You can select up to three options.
- o Mostly from the businesses themselves (intrapreneurship)
- o Mostly from foreign investors
- o Mostly from the university's research and development
- o Mostly from young people
- o Mostly from unemployed
- o Others

Question 6: What are the main challenges in starting a new business?

Question 7: Are you aware of existence of business clubs in Albania? If yes, how could you rate their work?

Question 8: Do you think that the creation of a business club in the area could help to boost the entrepreneurship? Please explain.

Question 9: What type of infrastructure and service should offer a business club?

Question 10: Which are the most important target sector in the area for the business club?