

## **Non – Technical Summary**

### **Ownership Structure Impact on Enterprise Behaviour – The Case of Albanian Privatised Enterprises**

By

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#### **Abstract**

The aim of this research work is to identify and to analyse the behaviour and the extent of restructuring process of the Albanian privatised enterprises during transition - an area that has not received much attention in the literature. The analysis of post-privatisation enterprise behaviour is one area where economic theorizing is beginning to catch up with the actual events in transition economies.

The restructuring of Albanian enterprises is now under way and the process is broadly similar to that found in other transition economies. However, Albanian's unique economic and political history has influenced the development of its market system, property rights and legal and institutional framework and the poor state of law

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enforcement. These are the particular features of the Albanian economy, which have made economic reforms difficult.

An enterprise survey complemented by secondary research is conducted to identify the factors that had contributed, to the restructuring process and to any improvement in performance, and to estimate the importance of each particular factor. Given that restructuring is a multidimensional process and considering the measurement problems, the authors use a combination of methods to investigate the extent of the restructuring of Albanian enterprises. The primary research confirms the limitations of the data in Albania, which in many areas are more serious than in other countries.

This research concludes that the restructuring process has been very slow in Albania, and that privatised firms outperform enterprises dominated by state. In addition, the results of the econometric study provide some evidence that domestic outsider-controlled firms perform better than other forms of private ownership. In general, the lack of co-ordination between microeconomic and macroeconomic policies, the uncertainty regarding privatisation of large state-owned enterprises, and the weaknesses in legal, institutional and financial frameworks, has resulted in a lack of strong incentives for managers to restructure their enterprises.

Consequently, the main findings generated enable us to develop only broad guidelines for designing future policy such as:

- consistent and co-ordinated macroeconomic and microeconomic policies.
- ensure an understandable and enforceable legal and institutional structure
- utilise the active shareholders to establish, monitor and enforce the statutory regulations and institutional structures.
- strengthening creditor protection

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