



Research Article

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Small and Medium-Sized Enterprises in the Process of Fiscalisation: Case Study the City of Durres

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Abstract

This paper aims to assess the impact of fiscalization on reducing fiscal evasion in small and medium-sized enterprises (SMEs). SMEs play a crucial role in economic development, particularly in developing countries, contributing significantly to GDP. However, they are vulnerable to external economic factors and regulatory changes. Fiscalization is viewed as a strategy to combat fiscal evasion and promote formalization in the economy. Despite Albania's status as a developing economy with structural and legal deficiencies, fiscalization offers potential benefits. This study focuses on analyzing the significance of SMEs in the economy, their involvement in fiscal evasion, and the transition to fiscalization. Through a questionnaire distributed to SMEs in Durres, we aim to understand their perspectives on the implementation of fiscalization, the challenges they face, and the government support available.

Keywords: Small and medium enterprises (SMEs), fiscalization, fiscal evasion

1. Introduction

In Albania, fiscalization has brought great and profound changes to the Albanian tax system, turning into a process of reform and modernization.

Fiscalization is considered as the process which made the real-time reporting of all tax information, through certain financial programs, at the same time it is a comprehensive reform which especially affects the field of issuing invoices, influencing the follow-up of taxpayers' income and expenses by institutions. relevant. Through this process, which includes several measures, the aim is to reduce fiscal evasion in transactions with and without cash, by monitoring and controlling the turnover of all transactions and the movement of goods and services.

Faced with these changes are small and medium-sized businesses, which are considered to be

important and with a great contribution to economic development.

There is not yet a complete definition of SMEs. Different definitions are used in different countries, and even institutions use different definitions, for example the World Bank defines SMEs as enterprises with 300 employees, UNDP defines SMEs as enterprises that can employ up to 200 employees, while African Bank uses a threshold of 50 employees.

Whereas according to the European Commission, small and medium enterprises are classified as enterprises with less than 200 employees, with an annual turnover of less than €50 million and a total balance of less than €43 million.

On the basis of the number of employees, the SMEs include:

- a) Micro enterprises (1 – 9 employees)
- b) Small enterprises (10 – 49 employees)
- c) Medium-sized enterprises (50 - 250 employees).

SMEs - They are one of the main areas of interest for many economic policy makers, in an effort to accelerate the pace of growth in low-income countries. Many authors rightly consider these enterprises as a pillar of economic development and a key factor of social stability.

The contribution of these companies can be summarized in a few key points, as follows

- a) Small and medium-sized enterprises solve the employment problems of the country.
- b) Small and medium enterprises make an important contribution to the GDP of the country.
- c) Small and medium enterprises provide a valuable contribution to the development of large enterprises.
- d) Small and medium enterprises make an important contribution to the country's export-import

SMEs are both important and delicate in adapting to innovations in the sector where they operate. New technologies, work methods, laws, all of these represent costs in one way or another in the changes they bring. In addition to costs, management skills are required in the best and most profitable incorporation for the business, in creating work plans, strategies, etc.

This paper will focus precisely on the problems encountered by SMEs during the fiscalization process, the costs that this process has had, the benefits and the adaptation of enterprises to these innovations.

Considering the main reasons for undertaking the process of fiscalization, the reduction of the informal economy, we will also analyze how much of a problem this form of economy brings to the economy of a country and what more governments can do in reducing fiscal evasion and leading to the formal economy.

The best way thought to understand the progress along the stages of recognition, information, implementation and the progress along the work with the fiscalization process, is direct contact with SMEs. This contact will be built through the distribution of questionnaires and interviews conducted in the businesses of the city of Durrës.

1.1 The Aim of the Work

The aim of this study consists of:

- a) To provide general information on the fiscalization process, its implementation and necessary procedures.
- b) To understand the difficulties encountered by SMEs during innovation behaviors and the importance of their development for the country's economy.
- c) To analyze the process of introducing and the progress of fiscalization in Albania, highlighting the first difficulties, the provision of support by the state and the progress of SMEs in this process.
- d) To make an evaluation of the opinion of small and medium-sized businesses in their experiences with the implementation of fiscalization.
- e) To provide valuable suggestions on possible improvements.

1.2 Research Questions

- a) Why are SMEs considered as one of the main pillars of the country's economic development?
- b) What is the importance of the process of fiscalization?
- c) What have been the costs of fiscalization?
- d) What have been the biggest difficulties during fiscalization?
- e) What benefits will the Albanian financial sector have from the implementation of fiscalization?
- f) Have SMEs been able to adapt to the process of fiscalization?

1.3 Hypothesis of Research

- a) Basic hypothesis: The fiscalization process according to businesses was a necessary process, which has facilitated their work process.
- b) Null Hypothesis: The process of fiscalization according to businesses was not a necessary process as it has made the work processes difficult.

2. Literature Review

2.1 Analysis of SMEs and their significance

We mentioned above that there are different definitions of SME and these definitions vary from country to country and from one author to another author(s). SMEs are those companies that have the following characteristics:

The management is independent; usually the managers are also owners ✓ Capital is supplied and ownership is held by a small group of individuals ✓ The area of activity of these enterprises is mainly local.

The enterprise is small when compared to the main units of its field.

Table 1. The definition of SME according to the European Commission

Company	No. of employees	Annual turnover	Annual Balance
Micro	1 - 9 employees	Up to 2,000,000 EUR	Up to 2,000,000 EUR
Small	10 - 49 employees	Up to 10,000,000 EUR	Up to 10,000,000 EUR
Medium	50 - 249 employees	Up to 50,000,000 EUR	Up to 43,000,000 EUR

Source: The European Commission

If we manage to understand the role and importance of these enterprises in the economy, we would consider SMEs as leaders of innovation and employment, thus a potential basis for economic growth in general.

According to Sultan, in his paper in 2007, a summary of the political and economic benefits was expressed, which states that SMEs¹:

- Create jobs with a lower capital cost

¹ (Sultan S.S.2007) - *Competitive advantage of small and medium sized enterprises: The Case of Jordan's Natural Stone Industry*

- Positively contribute to GDP
- Create opportunities to create entrepreneurship foundations
- Provides the flexibility needed to adapt to market changes
- It contributes to development policies that are more oriented towards decentralization and rural development.

In Curran's 1986 paper, there is no doubt that SMEs will remain important in any free and industrialized society, taking part in every sector of the economy².

According to Binks and Coyne, SMEs continue to provide a high level of employment but not only in industries considered traditional such as construction, but also in new sectors such as professional and scientific services³

Studies from the European Union (EU) emphasize that micro, small and medium enterprises play an important role in the economy. SMEs are seen as a key source of entrepreneurial skills, innovation and employment opportunities. According to studies conducted in 2005, it was concluded that about 23 million SMEs provide about 75 million jobs and represent about 99% of all enterprises in the EU.

Due to their potential to diversify and expand industrial production, SMEs are the driving force in economic and industrial growth and development. Recognizing the contribution of SMEs to the economy, as a catalyst and engine of growth, has focused efforts on creating and maintaining a stable private sector dominated by small and medium-sized enterprises⁴.

Beck, Demircuc-Kunt & Levine have also made their contribution to the definition of SMEs, considering them as the main source of income and employment, and as key factors in reducing poverty in a country⁵

Innovation is another characteristic of SMEs, bringing innovation to the production process, which is seen as valuable in the eyes of the consumer. Small and medium-sized companies play an active and critical role in the process of innovation, due to their ability to use new technology⁶.

Kongolo in his study in 2010 also confirmed that SMEs have historically taken an important role in contributing to the economic progress of many countries around the world⁷.

Using the case of Northern Italy, Piore and Sabel (1984) have argued that small enterprises are more efficient because they have adopted a flexible approach to specialization⁸.

There has also been a growing interest in establishing whether this model could be applied or replicated in developing countries⁹. The World Bank has given special importance to SMEs in the last decade as well, looking at the problem of poverty eradication.

It is generally agreed that micro and small enterprise development can be a key ingredient in poverty reduction¹⁰. The importance that SMEs have for the economy is also related to the importance and the weight they have on the income of families. Thus, evidence shows that small businesses contribute significantly to household income¹¹.

² (Curran, J., Stanworth, J. And Watkins, D., 1986) - *The survival of the small firms the economics of survival and entrepreneurship*

³ (Binks, M. and Coyone, J., 1983) - *The birth of enterprise*

⁴ (M. Pasanen, 2022) - *Small and Medium Enterprises (SMEs): Some Pertinent Issues*

⁵ (Beck, T. Asli Demircuc, K. & Levine, R., 2005) - *SMEs Growth, and Poverty: Cross Country Evidence.*

⁶ (Abdullah, M. A., 2000) - *Small and Medium Enterprises (SMEs): Some Pertinent Issues*

⁷ (Kongolo, M., 2010) - *Job creation versus job shedding and the role of SMEs in economic development; African Journal of Business Management Vol. 4(11), pp. 2288-2295*

⁸ (Piore, M. & Sabel, C., 1984) - *The Second Divide: Possibilities for Prosperity Basic Books.*

⁹ (Schmitz, H., 1989) - *Flexible Specialization: A New paradigm of Small-Scale Industrialization; (Pedersen Poul Ove, 1994) - Structural Adjustment and the Structure of the Economy of Small Towns in Zimbabwe*

¹⁰ (World Bank, 1997) - *Taking Action to Reduce Poverty in Sub-Saharan Africa*

¹¹ (Lied Holm, C., McPherson, M. & Chuta, E., 1994) - *Small enterprise employment growth in rural Africa, American Journal of Agricultural Economics Vol. 76, pp. 1177-82.*

SMEs have been considered by many authors as the driving force in economic and industrial growth and development, due to their potential to diversify and expand industrial production. The recognition of the contribution of SMEs to the economy, as a catalyst and engine of growth, has focused efforts on creating and maintaining a stable private sector dominated by small and medium enterprises^{12 14}. Smallbone and Frederick in 2001 pointed out that SMEs have a large and decisive impact on SME development and that this importance comes mainly from governments, especially those of developing countries. These authors acknowledge the potential of SMEs to contribute to economic development. What is important in achieving this weight in the economy is if the government of the country gives them the necessary ingredients to operate in this sector and offers them adequate support for growth and development.

The importance of SMEs was emphasized even more during the COVID-19 pandemic, where more countries requested an expansion of SME activity in products or services in order to meet the logistical needs that were lacking in facing this situation. Many characteristics of SMEs served in periods of this type, such as the flexibility to move from one production line to another similar one increases their competitive ability to adapt to new production conditions, becoming the basis for overcoming difficult situations. economic.

2.2 Small and Medium-sized Enterprises in Albania

Micro, small and medium enterprises represent the backbone of the Albanian economy,¹⁴ considering that 99.83%¹⁵ of active enterprises are SMEs, accounting for 81.6% of the total number of employees and contributing to about 68.2% of total investments in economics.

Law no. dated 22.12.2008, article 4 "Amendment of law no. 8957, dated 17.10.2002 for Small and Medium Enterprises" (Official Publications Center, 2010), is responsible for identifying and defining SMEs as such.

According to this law, the definition of SMEs is based on the number of employees and the presented annual turnover.

Below, we will present in tabular form the criteria on the basis of which the classification of SMEs is made.

Table 2. The definition of SME according to Albanian legislation

Micro	1 - 9 employees	Up to 2,000,000 EUR	Up to 2,000,000 EUR
Small	10 - 49 employees	Up to 10,000,000 EUR	Up to 10,000,000 EUR
Medium	50 - 249 employees	Up to 50,000,000 EUR	Up to 43,000,000 EUR

Source: The Albanian legislation

2.3 Economic environment for economic development of SMEs in Albania

The main challenges related to the development of the private sector, especially SMEs, are the relatively weak investment climate and the level of corruption. In 2014, according to the "Global Competitiveness Report 2013-2014", Albania was ranked 95th out of 148 countries/economies, thus

¹² (Hilary, R,2000) - Small and medium sized enterprises and the business environment ¹⁴ INSTAT publication on the figures of 2019

¹⁴ companies have been registered in total in 2019 according to INSTAT

losing six places in the ranking since last year. Albania is classified in the group of countries that are in the second stage of competitiveness development (also called the "stage of economic efficiency incentives".

Albania is ranked 82nd among 190 economies for the ease of doing business, according to the World Bank's latest annual ratings. Additionally, Albania's ranking deteriorated to 82 in 2019 from 63 in 2018.

As indicated in Albania's 2018-2020 Economic Reform Program¹⁵, the main problems are informality and high levels of perceived corruption.

Albania is characterized by a large informal sector and therefore the tax burden is borne by a relatively small number of enterprises, thus giving informal enterprises an unfair advantage. Thus, formal enterprises that cover the tax burden may not be able to enter or expand within a market. The reason for this is not being able to compete with the lower business costs of their informal competitors. Albania also performs under a high level of corruption¹⁶.

In Transparency International's 2018 Corruption Perceptions Index, Albania ranked 36th, which positioned it as the 99th least corrupt economy out of 180 countries and territories¹⁷.

The majority of Albanian enterprises are located in Tirana. However, this percentage has fallen since 2013 and the number of SMEs continues to grow in other economic centers, including Berat, Elbasan, Fier, Korça and Shkodra¹⁸.

Enhancing transparency and reducing informality through regulatory reforms can attract foreign investments, enabling SMEs to expand their operations internationally and participate more effectively in the global market. Additionally, fostering innovation and improving infrastructure can support SMEs in meeting international standards and demands, facilitating smoother entry into global trade networks. According to Merko et al., 2019, referring to the Trade Map data, it can be easily evident that Albania's trade balance is negative in most of the products for 98 product groups.

3. Methodology

In this paper, a study and analysis of various literatures on the treated topic was made, ensuring coherence in the verification of the conclusions drawn. We have developed a short analysis on the fiscalization process and the situation in other European countries, in order to understand the procedures followed by them. A more in-depth analysis has been made for Albania, following the stages of implementation of fiscalization step by step, how they were presented to businesses, their reaction and the necessary procedures that were undertaken at each stage.

The most important part in the methodology of this work is based on the questionnaire developed. The questionnaire is addressed to businesses of different sectors, large and small in the city of Durrës¹⁴.

3.1 Work methodology

The methodology used is a function of the goals set at the beginning of the paper. The study is based on empirical research. For the preparation of this paper, a wide literature was used, which includes materials and works of many foreign and local authors, studies of regional and national character.

¹⁵(EC, 2018) - Commission assessment: Economic Reform Program Albania (2018-2020)

¹⁶ (Ministry of Economic Development, Trade and Entrepreneurship, 2014) - Business and Investments Development Strategy for Years 2014-2020.

¹⁷(Transparency International, 2018) - Corruption Perceptions Index 2018

¹⁸(INSTAT, 2018) - Statistics on Small and Medium Enterprises, 2016

¹⁴ In the questionnaire, priority was given to businesses in rural areas, due to the lower level of information possessed and the technology not being developed. In this way we aim to understand more about the real difficulties of the fiscalization process.

For the realization of the study, a large number of information sources were used from the official websites of important institutions, both national and international, where we can mention: International Monetary Fund, World Bank, OECD, Ministry of Finance, Bank of Albania, INSTAT, ETC.

The purpose of this paper is to provide general information on the development of SMEs, their constituent structure, informality in the economy and fiscalization as a new process and application to limit fiscal evasion. Fiscalization, as we mentioned, has been adopted by Albanian businesses for more than a year in their economic functioning. What we intended to deal with in this paper is how this process is managed by SMEs. The realization of the purpose of the project was done by first understanding SMEs, their problems, financing and the difficulties they encountered in securing finances, their implication in the informal economy and the costs and difficulties encountered in the inclusion of fiscalization in the internal structures of businesses small and medium, as the most fragile actors of the economy.

Through the drafting of a questionnaire addressed to various subjects, small and medium-sized businesses in the city of Durrës, I aimed to get their opinion on the entire process of fiscalization, the bearing of costs, the adaptation of new programs and equipment that they had to take into operation, support from state structures, etc.

3.2 Questionnaire development

A structured questionnaire was developed to gather primary data from small and medium-sized businesses in the city of Durrës. The questionnaire was designed to obtain information on the demographics of the companies, their opinions on fiscalization, and other relevant topics. It included sections with Likert scale questions for quantitative data and open-ended questions for qualitative insights.

Questionnaires are used in a variety of contexts in research. A questionnaire is an instrument that gathers data. Through it, the path is defined, which answers the research questions, which are presented in the studies. The advantages of the questionnaire in this case are the preservation of the privacy of businesses in their answers, the simplicity in distribution without losing the concept and the accuracy of the answers as well and the shorter duration compared to an interview.

The drafting of the questionnaire was done after analyzing the current situation in Albania and seeing the importance of reducing the level of the formal economy, the impacts of economic events and their effects on SMEs and analyzing the impact of taxation on the economy.

The questionnaire has been developed in order to obtain several categories of information thus making a questionnaire design based on sections.

Through the first two questions of the questionnaire, it is aimed to obtain information on the demographics of the company in order to see the classification of businesses based on the size and the sector in which they operate.

Then they were asked about the opinions that businesses have regarding what fiscality aims to minimize, such as fiscal evasion, the organization of the process by the responsible institutions, etc.

Some of the questions were developed using the "Likert Scale" method, where businesses give their evaluations regarding the topics asked, while the rest aim to collect qualitative information.

An explanation for each question developed in the questionnaire will be made in issue 3.5 along with the presentation of the results, clarifying the goal that each question had to achieve.

The questionnaire was developed bearing in mind the hypotheses raised at the beginning of this paper as well as after an analysis of secondary data on the situation in Albania regarding fiscalization.

3.3 Distribution of Questionnaire

The distribution was done by using different social networks but also by printing and distributing the questionnaire manually. Before distributing the questionnaire, it was tested on a defined sample to

assess that the questions addressed are understandable for that target, correct, match the answers and conditions of the sample, and if the concepts are understandable and suitable for them or not and whether a preliminary explanation of each question is necessary.

I decided to test the questionnaire first in 4 businesses and it turned out that there was no term or definition that the respondents did not understand.

After testing the questionnaire using acquaintances, professional relationships, but also random visits to small and medium-sized businesses, I was able to collect and include in this study a number of 96 businesses.

3.4 The data used

Primary Data Analysis:

The primary data collected via the questionnaire were processed using Google Forms and Excel. Quantitative data from Likert scale questions and other closed-ended questions were analyzed using descriptive statistics and visualized through charts. Qualitative data from open-ended questions were analyzed thematically to identify common themes and insights.

Secondary Data Analysis:

Secondary data from literature, reports, and official statistics were reviewed and synthesized to provide context and support for the primary findings. This included analyzing existing definitions and characteristics of SMEs, their role in the economy, and challenges related to fiscalization.

3.5 Charts and Graphs

The chart methodology for this paper provides a structured approach to examining the fiscalization process among SMEs in Durrës. By using a combination of surveys, interviews, and secondary data, and presenting findings through various charts and graphs, the study aims to offer a detailed and accurate analysis of the impacts and challenges associated with fiscalization in this context.

4. Results Analysis

The results were presented through various charts, each addressing specific aspects of the survey, such as business size, sector, opinions on fiscal evasion and fiscalization, government support, and information access. Detailed explanations were provided for each chart to clarify the findings and their implications.

By combining quantitative data analysis with thematic analysis of qualitative responses, the study provides a comprehensive understanding of the challenges and perceptions of SMEs regarding fiscalization. This mixed-methods approach allows for a thorough examination of both numerical trends and nuanced insights from the businesses involved.

4.1 Review of the primary data and their analysis

Below we will analyze in detail the primary data collected from the questionnaire distributed by means of the Google Forms format and then processed in Excel by building the corresponding graphs.

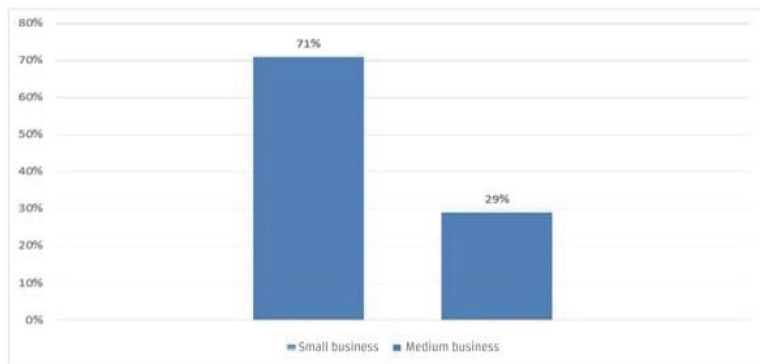


Chart 1. Classification of the surveyed businesses into small or medium
Source: The questionnaire

The provided chart shows the classification of the surveyed businesses into small or medium-sized categories. According to the chart:

- 71% of the respondents are classified as small businesses.
- 29% of the respondents are classified as medium businesses.

This visual representation emphasizes that the majority of the businesses surveyed are small businesses, which is significant for understanding the focus and context of the study, particularly in relation to the challenges and perspectives on fiscalization faced by these smaller enterprises.

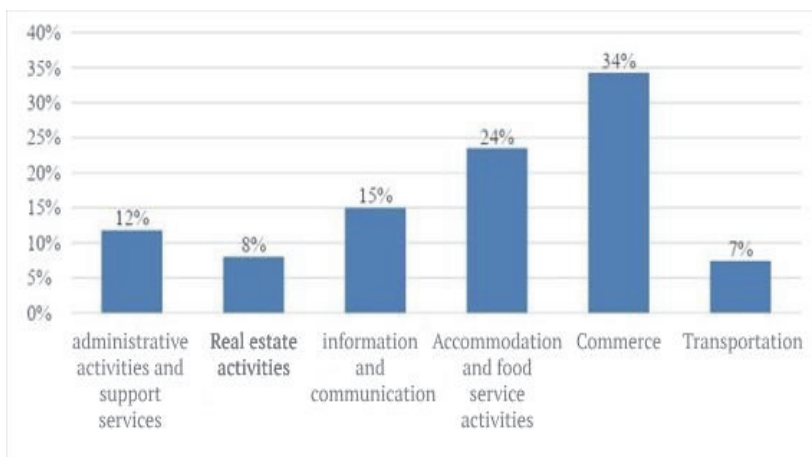


Chart 2. The sectors in which businesses operate
Source: The questionnaire

The chart above provides information on the sector to which the respondents in this study belong. This is a data which serves us in recognizing the flow that the company can have in its activity.

This distribution highlights the diverse sectors represented in the survey, which helps provide a comprehensive view of the challenges and perspectives of SMEs from various industries regarding the fiscalization process.

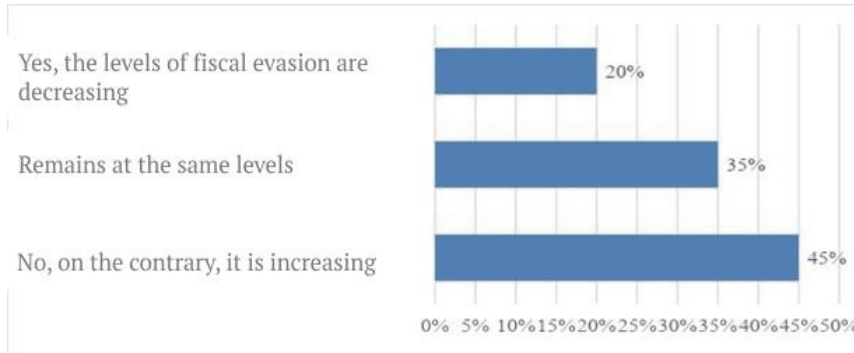


Chart 3. Opinion of respondents on the reduction of tax evasion in Albania

Source: The questionnaire

In the chart above, we are presented with data on how businesses see Albania's situation in relation to fiscal evasion.

This data indicates that the majority of businesses perceive fiscal evasion as either stable or worsening, highlighting concerns about the effectiveness of current fiscal policies and enforcement measures.

Small and medium-sized businesses as a whole do not think that fiscal evasion is shrinking, the largest percentage of them are of the opinion that we have an increase of this level (45%) or remains at the same level. This is because evasion is more part of the culture of businesses and to influence its contraction will require a good combination of processes such as fiscalization, educational programs on the negative effects and punitive measures, but at the same time do not come with penalties that would negatively affect the closure of businesses.

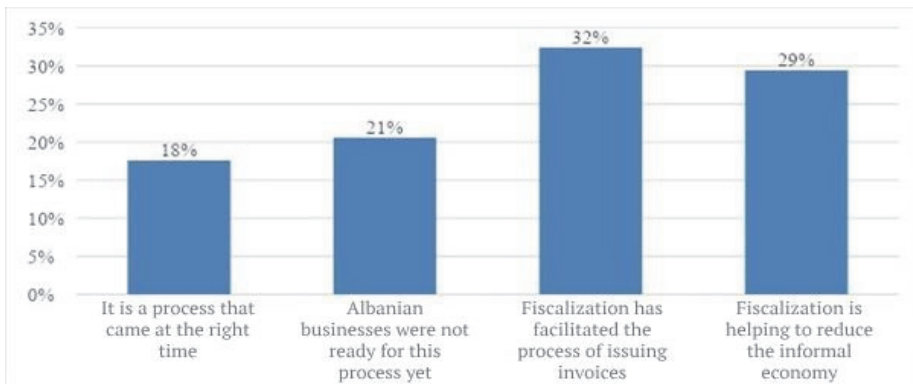


Chart 4. The opinion of the respondents on fiscalization

Source: The questionnaire

To the extent of 32.4% of small and medium-sized businesses think that the fiscalization process has facilitated the process of issuing invoices, making it faster and more accurate, as it avoids delays in writing the VAT blocks by hand and errors during their completion in the performed calculations. With fiscalization, invoices are automated, they are issued faster and the level of inaccuracy is reduced.

These results indicate mixed feelings about the fiscalization process. While a significant portion acknowledges its benefits in facilitating invoice issuance and reducing the informal economy, there is also a notable percentage of respondents who feel that businesses were not adequately prepared for its implementation.

The chart above shows the opinion of the respondents on how they saw the fiscalization process and how ready the businesses were for this process.

Numerous ambiguities are reflected among businesses during the phases of fiscalization. Small businesses, mostly more than medium ones, are more vulnerable, because most of them do not have qualified employees who maintain their daily finances.



Chart 5. Respondents' opinion on structured and effective enterprises and organization in the development of this process by the government

Source: The questionnaire

These results highlight that while there was support from state structures, many businesses still faced considerable ambiguity during the fiscalization process, indicating areas where clarity and communication could be improved.

Numerous ambiguities are reflected among businesses during the phases of fiscalization. Small businesses, mostly more than medium ones, are more vulnerable, because most of them do not have qualified employees who maintain their daily finances.

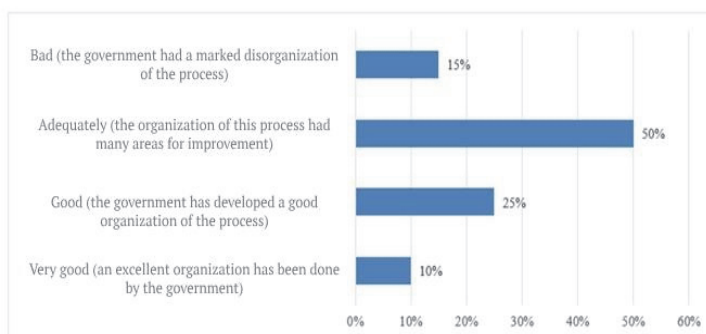


Chart 6. The assessment of businesses for this organization by state structures from Very good to Bad

Source: The questionnaire

These charts indicate that while a quarter of respondents viewed the government's organization of the fiscalization process positively, half felt there were significant areas for improvement. A smaller portion rated it poorly, highlighting the need for better organizational efforts and communication. In the chart above, we are presented with data on the assessment that businesses give on the organization made by the government before the implementation of fiscalization, during the process and after its finalization. The organization means all the measures taken by the government in widely informing the businessmen and facilitating the successful completion of this process.

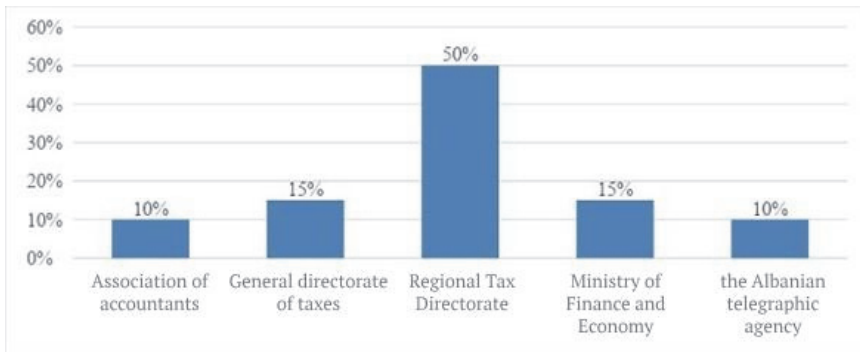


Chart 7. The most supportive institution during the process of fiscalization.

Source: The questionnaire

These results highlight that the Regional Tax Directorate played a significant role in supporting businesses during the fiscalization process, while other institutions like the General Directorate of Taxes and the Ministry of Finance and Economy also contributed but to a lesser extent. Among the government institutions that have helped these businesses the most in overcoming the difficulties, 50% have been the respective regional tax directorates. This result was also expected because DPT is the institution responsible for developing the fiscalization program, but also because these institutions are more accessible for businesses compared to other institutions located in the capital.

A special importance in this process has been played by the support of various responsible institutions in informing and overcoming business obstacles. The chart above shows the evaluation of businesses for some of the institutions at their service in terms of the support given in the process of fiscalization.

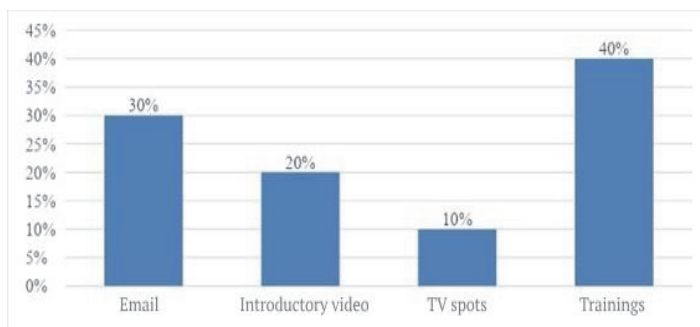


Chart 8. What were the ways of obtaining information from these institutions or others in the presentation of the fiscalization process.

Source: The questionnaire

This chart indicate that trainings were the most favored method for receiving information about the fiscalization process, followed by emails. Introductory videos and TV spots were less popular but still played a role in disseminating information. The most widespread form of obtaining information for 40% of the respondents was the trainings developed by the tax department. This is also due to the fact that demonstrations or explanations through videos are seen by businesses as easier to understand compared to written information sources.

The chart above presents data on the most efficient ways from which businesses have received valuable helpful information regarding the necessary steps for the fiscalization process.

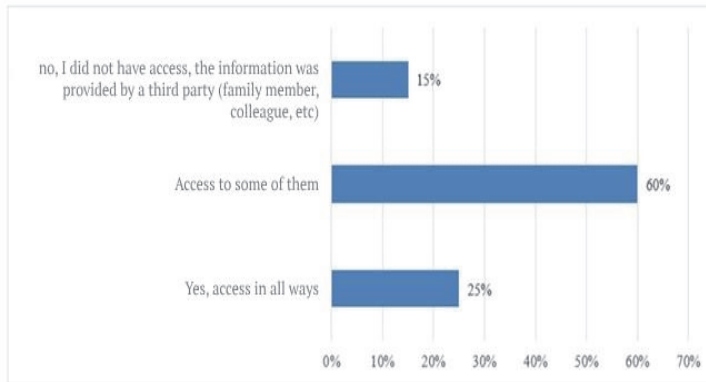


Chart 9. Access to obtaining information on the fiscalization process for businesses

Source: The questionnaire

Although the responsible institutions may offer many opportunities for training, sending emails or other forums, it is important that businesses have access to these resources.

The chart above shows data on the access that businesses have had to the information resources provided by the various institutions, to see how accessible businesses are.

Only 25% of the respondents had access to all the ways of providing information and 60% had access or information to only a part of them. This result again appears to be good since businesses, although from one source, have been able to be informed about the process innovations from time to time.

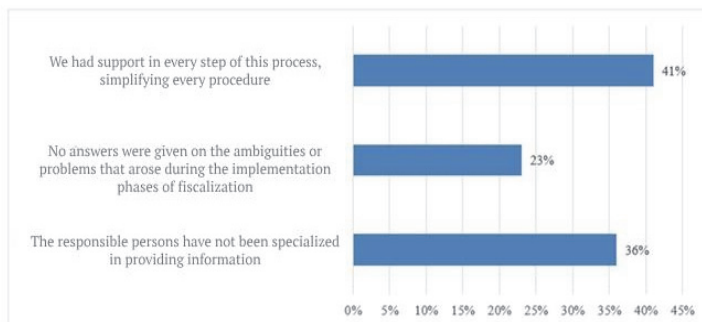


Chart 10. The quality of the information received in the form of instructions for businesses during the fiscalization process.

Source: The questionnaire

Being a new process, the trainings of the training staffs themselves have been of great importance in order to convey the information in the best possible and understandable ways for businesses. Despite the support and information given, where 41% think that full support was given by the relevant institutions, 36% think that these people responsible for distributing information were not qualified and specialized. In the chart above, data is presented precisely on the evaluation that businesses have made of the training staff who were responsible for the training of businesses.

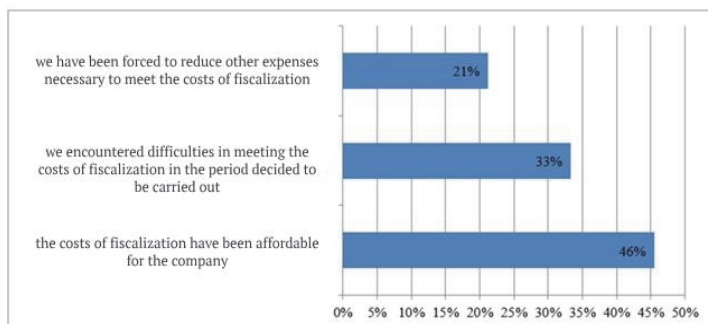


Chart 11. Meeting the costs necessary for the implementation of fiscalization.

Source: The questionnaire

The costs necessary for the implementation of fiscalization are sometimes classified as high or affordable.

The chart above shows the assessment that businesses have made for the costs necessary during the fiscalization process.

Fiscalization costs in the amount of 46.3% have been affordable by small and medium-sized businesses and this tells us about a not high level of costs as long as small and medium-sized businesses have encountered difficulties.

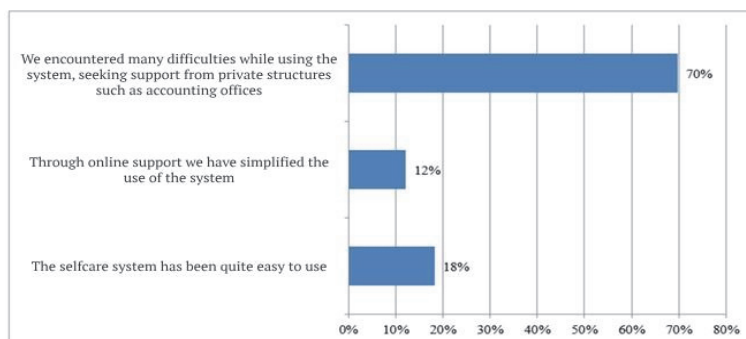


Chart 12. Assessment of the fiscalization process in the simplification of use

Source: The questionnaire

Being directly related to the technological use, it has been seen necessary to get the opinion of businesses whether this process has been simple to use or not.

The Selfcare system is presented in the eyes of the business as 70% of the respondents answered that they encountered difficulties in using it and they had to turn to professionals such as accounting

offices. Only 18.2% answered that the invoice system was rather simple and understandable in use.

At the end of this questionnaire, in order to have a clearer picture of the problems of businesses, they were asked about their main problem encountered in the implementation of fiscalization. This question also serves us to create an idea about the weakest points during the application of new processes, what should be kept in mind in the policies undertaken by the government. Among the biggest problems found in 41.2% are the technical problems of the system itself. This has come in the first months of use where the system itself was not 100% complete, but over the months the technical problems have been reducing.

5. Conclusions

After reviewing the literature and analyzing the answers received from the questionnaire addressed to small businesses, I can give you the results as below, giving you at the same time answers to the research questions raised at the beginning of the paper.

At the end of these conclusions, we will be able to verify one of the hypotheses of the work.

Small and medium-sized enterprises (SMEs) play a vital role in the economies of every country, especially in those that are developing, for this reason it is important to analyze the situations they face during the policies undertaken. While there may be initial challenges, SMEs can reap significant benefits by embracing fiscalization systems and practices, where from our analysis we have reached the following conclusions:

5.1 *Enhanced compatibility*

Fiscalization helps SMEs ensure compliance with tax regulations, minimizing the risk of fines and legal issues related to tax evasion. By implementing electronic systems for registration and reporting of transactions, SMEs can accurately track their financial activities and fulfill their tax obligations, leaving no room for human errors such as forgetting invoices, losing them, recording periods wrong etc.

5.2 *Simplifying processes*

Fiscalization systems simplify business processes for SMEs by automating tasks such as invoicing, reporting and record keeping. This reduces paperwork, simplifies operations and improves overall efficiency. SMEs can focus more on their core business activities and reduce the administrative burden associated with manual tax compliance procedures. Although the beginnings of use during the survey proved to be difficult to adapt, learning with the selfcare platform as well as synchronizing with the existing up-to-date platforms, the further development of the platforms that provide the fiscalization service into more user-friendly platforms for the simple user, brings a series of benefits which are also recognized by the respondents after a use of more than two years.

5.3 *Financial Management Improvement*

Fiscalization systems offer SMEs accurate and reliable financial data. This enables better financial management, informed decision-making and strategic planning. SMEs can analyze their financial performance, identify areas for improvement and develop strategies for growth. The use of the selfcare program comes with the creation of an independence from accounting offices, giving a monthly overview to businesses without the immediate need to connect with accountants.

5.4 *Cooperation and Support*

State institutions throughout the implementation process of fiscalization have developed various organizations in favor of informing businesses, so that the deficiencies in the preparation of the staff

that trained these businesses have led to a lack of preparation in fiscalization users.

Despite this, SMEs have found a relatively satisfactory support from cooperation with local tax authorities, where they can receive guidance, support and training to ensure compliance and to address any concerns or challenges. The collaboration fosters a supportive environment for SMEs to adopt fiscalization effectively.

By embracing fiscalization, SMEs can improve tax compliance, streamline operations and gain access to financial services. Despite the initial challenges, long-term benefits make fiscalization an essential process for SMEs (not only) in the management of their financial transactions, bringing a simplification of the work processes for its users.

In conclusion, we can say that despite all the initial difficulties that were encountered during fiscalization, after two years of use, businesses recognize the benefits brought, where they mainly stop at simplifying the invoicing process and speeding it up. In this way, relying on the results of the questionnaire, the literature reviewed, personal experience, observations made in small and large businesses, I can say that the basic hypothesis of the paper is validated.

6. Recommendations

Seeing an improved situation in the adaptation to the fiscalization process on the part of professionals, we say that the recommendations given will be a combination of what should have been done more and what can be done now, keeping in mind the following recommendations as applicable in every process which is new and innovative.

6.1 Awareness and education

Tax authorities, industry associations and technology providers should collaborate to raise awareness among SMEs of the benefits of innovative ideas, be open to new applications and demonstrate the benefits that are enabled.

Create manuals or video manuals that are accessible online so that there is a point of reference for any ambiguity even for common people.

The development of options that include the possibility of managing warehouses and reflecting in a simplified way the business activity would be attractive for the average SME that is run by the administrator. Also, the market and the competition between providers of fiscalization programs have had a positive effect, seeing an accelerated improvement of pages and programs that are increasingly intuitive for the user. In this way, an incentive is created for a wider involvement from the first moments of the implementation of an idea.

Another strong point that can be used is the integration of a fiscal calendar for the business, given that businesses, mainly small ones, are afraid of penalties and fines.

Awareness through explaining how fiscalization minimizes the possibilities for penalties would be a good effective way that could be used by the relevant institutions.

6.2 Supporting infrastructure

A problem that has emerged in recent months is the hacks that have occurred against the government, thus creating doubts about the security of data and online systems. An initiative of this level is to be appreciated, especially when it is undertaken by a small country like Albania, but innovation is accompanied by uncertainty. For this reason, governments should invest in the necessary infrastructure, to minimize the suspicion that business data may be damaged, but also to ensure the implementation and functioning of fiscalization.

6.3 Comparison with Existing Literature

With existing literature, it is evident that small and medium-sized enterprises (SMEs) are universally recognized for their crucial role in economic development, consistent with the definitions and characteristics provided by various authors and institutions. Our survey found that 71% of respondents were small businesses, highlighting their significance and vulnerability when adapting to new processes. This aligns with the European Commission's definition of SMEs and the characteristics identified by Sultan (2007), who emphasized the political and economic benefits of SMEs, such as job creation and positive contributions to GDP.

Curran (1986) and Binks and Coyne both highlighted the persistent importance of SMEs across sectors, including traditional industries and new sectors like professional and scientific services. This is reflected in our findings, where businesses from diverse sectors were surveyed, underscoring the comprehensiveness of the data and the sector-specific challenges faced by SMEs. Studies from the European Union (2005) and Beck, Demirguc-Kunt & Levine have underscored SMEs as key sources of employment, innovation, and economic diversification, which our survey supports by noting the significant role of SMEs in fostering economic growth and flexibility.

Our survey also revealed that fiscal evasion remains a significant concern among SMEs, with many businesses believing it is either increasing or remaining constant. This is consistent with the findings of Kongolo (2010) and the World Bank's emphasis on SMEs in poverty reduction and economic stability. Additionally, the technical and organizational challenges faced by SMEs in the fiscalization process mirror the issues of informality and corruption highlighted in Albania's economic environment, as noted in the Global Competitiveness Report and Transparency International's Corruption Perceptions Index.

Furthermore, the flexibility and adaptability of SMEs, which were crucial during the COVID-19 pandemic, as noted by various studies, are evident in our survey results. Many SMEs have had to navigate the complexities of fiscalization, often requiring professional assistance due to technical difficulties. This resonates with the observations of Piore and Sabel (1984) regarding the efficiency and specialization of small enterprises, and Smallbone and Frederick (2001), who emphasized the need for governmental support to realize the economic potential of SMEs.

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