

## Approach of Investment Firms in Albania

Alma Zisi

University "Aleksander Moisiu" Durres, Lagj. Nr 1, Currila, Durres, Albania

Doi:10.5901/mjss.2014.v5n6p91

### Abstract

*During December 2011 – January 2012, a survey on the market situation and foreign firms' opinion was carried out related the several influencing factors on the firms' decision to invest. The factors surveyed were the labour force, technology, capital, legal aspect and political stability, tax structure, land access, investing environment, various regulations, etc. These factors are rated according a scale of importance of 1-5, from the less important to very important. The same factors are analysed comparing the firms' experience with their expectations before investing, as an indicator of market study. In addition, firms are asked about their involvement in research and development, market research for the future, increase or decrease of turnover and market share, expectations for the next two years, as well as the descriptive information on their legal form, firm activity, nationality of the mother company, year of establishment in Albania, etc. The purpose of this questionnaire is to have a clear view of the effects that such factors have on the decision-making of foreign firms which have some experience in the Albanian market.*

### 1. Results of Influencing Factors on Current Foreign Investors in Albania

About 60 firms of foreign capital were questioned on their perceptions, according to their experience, about business environment and how different conditions affect the company's activity and plans. This survey was carried out from AIDA<sup>1</sup>, under the direction of UNCTAD and in close collaboration with the Foreign Investors Association in Albania (FIAA) and UNDP.

Throughout the work with the questionnaire, some inputs with missing values are used. Different categorizations were used, where possible, For example, in the first part of the questionnaire (Part A) on the business environment and factors influencing the company's plans to invest, the scales 1-5 are used where for the purposes of this analysis they are regrouped in 3. For the Part B of the questionnaire different scales have been used depending on the questions.

To reveal the effects that several factors have on the firm's decisions on the future are taken into consideration the descriptive and regressive analysis. All estimations are carried out by means of SPSS.

### 2. Regressive Analysis of Influencing Effect on the Firm's Development

#### 2.1 Dependent variables

The dependent variables taken into consideration are: the number of employees in 2012 compared to 2010, encoded 1 and 0 and the market share in 2010 compared to 2008 to check the influencing effect that several category variables have upon them. The regression binary is used encoded in 1 increased and 0 low or unchangeable, and "0" is used as a reference category.

#### 2.2 Independent variables (explanatory variables)

Some independent variables are taken into consideration, but in the end only the variables resulting statistically important have been considered, leaving outside the variables that correlate with several others.

The independent variables taken into consideration are: the number of employees in 2010 compared to 2008, labour cost, information technology, government and public integrity, (lack of corruption), reasonable taxes, land access, low level of bureaucracy, interaction with authorities, ease of company registration and start-up, monitoring of market for development opportunities, existence of a strategic plan for its development in the future, year of establishment, part of foreign ownership, number of the employees compared to 2008, turnover and market share compared to 2008 and

<sup>1</sup> The questionnaire was developed by AIDA. The processing of data generated by the questionnaire and the results are individual work of the author.

forecast for the number of employees in 2012 compared to 2010.

Firms are constantly involved in advertisement campaigns and they follow the company's development strategy. A large number of companies (52.54%) have a clear strategic plan for the future of at least the next 1-3 years. In 69% of them, the market share they possess has increased from 2008 to 2010. Most of the firms have a strategic plan for the future (about 83%). 80% of the firms, who have increased their market share, have also increased the turnover in 2010 compared to 2008. There is a statistically important correlation of 1% between the turnover and the market share about level. More than half of the firms are thinking to increase the number of employees in 2012 compared to 2010.

The increase of market share from 2008 to 2010 is statistically influenced by the increase of turnover, the strategic plan for the future and the forecast to increase the number of employees in the two upcoming years. 85% of the firms, who experienced an increase of the market share in 2010 compared to 2008, have a strategic plan for the future. However, even among those firms, whose market share has not changed, or has decreased, do have a strategic plan for the future.

Among the firms, whose market share has decreased or is unchanged, more than half have the same turnover trend, while among the firms, whose market share has increased from 2008 to 2010, 80% of them have achieved to increase the turnover, thus this correlation is statistically important at 1% (chi-square = 11.966 and p-value=0.001). More than half of the firms expect to increase the number of employees in the future when most of them have experienced an increase of the market share (62.5%). There is a statistically important correlation between the forecast to increase the number of employees and the increase of the market share, however it is not in high levels. Here we can mention the labour cost or the clarity or accuracy of laws and regulations as factors which have an impact.

The increase of number of employees in 2010 is statistically important correlated with the existence of a strategic plan for the future development (at the level 1%), the increased market share in 2010 compared to 2008 (p <10% ), the forecast for the number of employees in the next two years (p <1%), future expansion or development (p <10%). In addition, if we analyse the trend or the forecast to increase the number of employees from 2012 to 2010, we can see that the majority of firms have a strategic plan for the future. The increase of the number of employees and the firm's forecast for expansion or development is statistically closely correlated (p-value = 0.001).

Table1: No. of employees in 2012 compared to 2010

| Factors^   | B17_n No. of employees in 2012 compared to 2010 |                    |        | Market share in 2010 compared to 2008 |               |        |
|--|---|--------------------|--------|---------------------------------------|---------------|--------|
|  | .00 increased                                   | 1.00 Low/unchanged | Total  | Increased                             | Low/unchanged | Total  |
| <b>B1_n company's involvement in R&amp;D</b>                                   |   |                    |        |                                       |               |        |
| 00 Yes   | 33.9%   | 23.7%              | 57.6%  | 41.4%                                 | 15.5%         | 56.9%  |
| 1.00 No  | 22.0%   | 20.3%              | 42.4%  | 27.6%                                 | 15.5%         | 43.1%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%         | 100.0% |
| <b>B3_n Is the company monitoring the market for development opportunities</b> |   |                    |        |                                       |               |        |
| .00 Yes  | 52.5%   | 40.7%              | 93.2%  | 63.8%                                 | 29.3%         | 93.1%  |
| 1.00 No  | 3.4%  | 3.4%               | 6.8%   | 5.2%                                  | 1.7%          | 6.9%   |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%         | 100.0% |
| <b>B5_n Strategic plan for future development</b>                              |   |                    |        |                                       |               |        |
| .00 Yes  | 28.8%   | 23.7%              | 52.5%  | 39.7%                                 | 13.8%         | 53.4%  |
| 1.00 No  | 27.1%   | 20.3%              | 47.5%  | 29.3%                                 | 17.2%         | 46.6%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%         | 100.0% |
| <b>B6 Is the company considering expansion/improvement</b>                     |   |                    | **     |                                       |               |        |
| 0 Yes  | 55.9%   | 32.2%              | 88.1%  | 62.1%                                 | 25.9%         | 87.9%  |
| 1 No   | .0%   | 11.9%              | 11.9%  | 6.9%                                  | 5.2%          | 12.1%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%         | 100.0% |

|  |       |       |        |       |       |        |
|--|-------|-------|--------|-------|-------|--------|
| <b>B13_n Foreign part of ownership</b>                 |       |       | +      |       |       |        |
| .00 100 foreign  | 35.6% | 37.3% | 72.9%  | 51.7% | 20.7% | 72.4%  |
| 1.00 Not all foreign                                   | 20.3% | 6.8%  | 27.1%  | 17.2% | 10.3% | 27.6%  |
| Total  | 55.9% | 44.1% | 100.0% | 69.0% | 31.0% | 100.0% |
| <b>B15_n No of employees in 2010</b>                   |       |       |        |       |       |        |
| .00 Less than 250                                      | 44.1% | 39.0% | 83.1%  | 58.6% | 25.9% | 84.5%  |
| 1.00 More than 250                                     | 11.9% | 5.1%  | 16.9%  | 10.3% | 5.2%  | 15.5%  |
| Total  | 55.9% | 44.1% | 100.0% | 69.0% | 31.0% | 100.0% |
| <b>B16_n No of employees in 2010 compared to 2008</b>  |       |       | ***    |       |       | +      |
| .00 Increased  | 45.8% | 15.3% | 61.0%  | 46.6% | 13.8% | 60.3%  |
| 1.00 Low/ unchanged                                    | 10.2% | 28.8% | 39.0%  | 22.4% | 17.2% | 39.7%  |
| Total  | 55.9% | 44.1% | 100.0% | 69.0% | 31.0% | 100.0% |
| <b>B17_n No. of employees in 2012 compared to 2010</b> |       |       |        |       |       | +      |
| .00 Increased  |       |       |        | 43.1% | 12.1% | 55.2%  |
| 1.00 Low/ unchanged                                    |       |       |        | 25.9% | 19.0% | 44.8%  |
| Total  |       |       |        | 69.0% | 31.0% | 100.0% |
| <b>B19_n Turnover in 2010 compared to 2008</b>         |       |       |        |       |       | **     |
| .00 Increased  | 39.0% | 27.1% | 66.1%  | 55.2% | 10.3% | 65.5%  |
| 1.00 Low/ unchanged                                    | 16.9% | 16.9% | 33.9%  | 13.8% | 20.7% | 34.5%  |
| Total  | 55.9% | 44.1% | 100.0% | 69.0% | 31.0% | 100.0% |
| <b>B20_n1 Market share in 2010 compared to 2008</b>    |       |       | +      |       |       |        |
| .00  | 43.1% | 25.9% | 69.0%  |       |       |        |
| 1.00   | 12.1% | 19.0% | 31.0%  |       |       |        |
| Total  | 55.2% | 44.8% | 100.0% |       |       |        |
| <b>Year of establishment</b>                           |       |       | +      |       |       |        |
| .00 After 2000   | 42.4% | 23.7% | 66.1%  | 46.6% | 19.0% | 65.5%  |
| 1.00 Before 2000                                       | 13.6% | 20.3% | 33.9%  | 22.4% | 12.1% | 34.5%  |
| Total  | 55.9% | 44.1% | 100.0% | 69.0% | 31.0% | 100.0% |

(From the author)

^ Chi-square test was performed to examine whether or not method use significantly varies between categories of each factor. +p<0.10; \*p<0.05; \*\*p<0.01; and \*\*\*p<0.001.

In the first part of the questionnaire, we have taken into consideration the variables influencing as categorical factors on the firms decision to invest or the factors which the firm has forecasted and then they are compared to what we find at the moment that they come to invest in Albania.

About half of the firms have the same experience with what they have forecasted about the financial availability. About 1/3 of the firms said that the market share has increased and have the same opinion on the financial availability. Between to variables there is a statistically important correlation at the p-value<10%. About 81%of firms see labour cost as an important factor influencing the firms' decision to invest. Between the labour cost and the increase of the number of employees there is a statistically important correlation (p=0.055) and also with the market share (p-value = 0.081).

2.2.1 Financial and human capital

Table 2: No. of employees in 2012 compared to 2010

| Factors^   | B17_n No. of employees in 2012 compared to 2010 |                    |        | Market share in 2010 compared to 2008 |                |        |
|--|---|--------------------|--------|---------------------------------------|----------------|--------|
|  | Increased                                       | 1.0 Low/ unchanged | Total  | Increased                             | Low/ unchanged | Total  |
| <b>A1_3 Financing availability</b>                 |   |                    | +      |                                       |                |        |
| 1 No importance                                    | 18.6%   | 8.5%               | 27.1%  | 17.2%                                 | 10.3%          | 27.6%  |
| 2 Neutral  | 13.6%   | 10.2%              | 23.7%  | 13.8%                                 | 8.6%           | 22.4%  |
| 3 Important  | 23.7%   | 25.4%              | 49.2%  | 37.9%                                 | 12.1%          | 50.0%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_3 Financing availability- Forecast</b>       |   |                    |        |                                       |                | +      |
| 1 Bad  | 3.4%  | 10.2%              | 13.6%  | 8.6%                                  | 5.2%           | 13.8%  |
| 2 Neutral  | 30.5%   | 22.0%              | 52.5%  | 31.0%                                 | 22.4%          | 53.4%  |
| 3 Good   | 22.0%   | 11.9%              | 33.9%  | 29.3%                                 | 3.4%           | 32.8%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>AA4 Labour cost</b>                             |   |                    | +      |                                       |                | +      |
| .00  | 15.3%   | 3.4%               | 18.6%  | 17.2%                                 | 1.7%           | 19.0%  |
| 1.00   | 40.7%   | 40.7%              | 81.4%  | 51.7%                                 | 29.3%          | 81.0%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A1_6 Availability of qualified labour force</b> |   |                    |        |                                       |                |        |
| 1 No importance                                    | 3.4%  | 5.1%               | 8.5%   | 6.9%                                  | 1.7%           | 8.6%   |
| 2 Neutral  | 10.2%   | 13.6%              | 23.7%  | 15.5%                                 | 8.6%           | 24.1%  |
| 3 Important  | 42.4%   | 25.4%              | 67.8%  | 46.6%                                 | 20.7%          | 67.2%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_6 Availability of qualified labour force</b> |   |                    | *      |                                       |                |        |
| 1 Bad  | 13.6%   | 22.0%              | 35.6%  | 22.4%                                 | 13.8%          | 36.2%  |
| 2 Neutral  | 10.2%   | 13.6%              | 23.7%  | 15.5%                                 | 8.6%           | 24.1%  |
| 3 Good   | 32.2%   | 8.5%               | 40.7%  | 31.0%                                 | 8.6%           | 39.7%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A1_7 Linguistic skills</b>                      |   |                    | +      |                                       |                |        |
| 1 No importance                                    | 1.7%  | 10.2%              | 11.9%  | 6.9%                                  | 5.2%           | 12.1%  |
| 2 Neutral  | 16.9%   | 11.9%              | 28.8%  | 22.4%                                 | 6.9%           | 29.3%  |
| 3 Important  | 37.3%   | 22.0%              | 59.3%  | 39.7%                                 | 19.0%          | 58.6%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_8 Information technology skills</b>          |   |                    |        |                                       |                | +      |
| .00  | 20.3%   | 18.6%              | 39.0%  | 22.4%                                 | 17.2%          | 39.7%  |
| 1.00   | 35.6%   | 25.4%              | 61.0%  | 46.6%                                 | 13.8%          | 60.3%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_8 Information technology skills</b>          |   |                    | +      |                                       |                |        |
| 1 Bad  | 3.4%  | 10.2%              | 13.6%  | 12.1%                                 | 1.7%           | 13.8%  |
| 2 Neutral  | 18.6%   | 16.9%              | 35.6%  | 22.4%                                 | 13.8%          | 36.2%  |
| 3 Good   | 33.9%   | 16.9%              | 50.8%  | 34.5%                                 | 15.5%          | 50.0%  |
| Total  | 55.9%   | 44.1%              | 100.0% | 69.0%                                 | 31.0%          | 100.0% |

(By the author)

^ Chi-square test was performed to examine whether or not method use significantly varies between categories of each

factor. +p<0.10; \*p<0.05; \*\*p<0.01; and \*\*\*p<0.001.

The increase of the number of employees is considerably correlated with the forecast about the information technology and linguistic skills (p-value<10%), also with the forecast about the availability of qualified labour (p-value<5%). The variable about the increase of the market share is statistically correlated with the information or skills forecast (p-value<10%).

### 2.2.2 Legal aspect

Table 3: No. of employees in 2012 compared to 2010

| Factors <sup>^</sup>   | B17_n No. of employees in 2012 compared to 2010 |                     |        | Market share in 2010 compared to 2008 |                |               |
|--|---|---------------------|--------|---------------------------------------|----------------|---------------|
|  | Increased                                       | 1.00 Low/ unchanged | Total  | Increased                             | Low/ unchanged | Total         |
| <b>A2_12 Governance, public integrity (lack of corruption)</b> |   |                     | +0.053 |                                       |                |               |
| 1 Bad  | 20.3%   | 28.8%               | 49.2%  | 34.5%                                 | 15.5%          | 50.0%         |
| 2 Neutral  | 20.3%   | 11.9%               | 32.2%  | 22.4%                                 | 10.3%          | 32.8%         |
| 3 Good   | 15.3%   | 3.4%                | 18.6%  | 12.1%                                 | 5.2%           | 17.2%         |
| Total  | 55.9%   | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0%        |
| <b>A1_13 Reasonable taxes</b>                                  |   |                     |        |                                       |                |               |
| 2 Neutral  | 13.6%   | 11.9%               | 25.4%  | 20.7%                                 | 5.2%           | 25.9%         |
| 3 Important  | 42.4%   | 32.2%               | 74.6%  | 48.3%                                 | 25.9%          | 74.1%         |
| Total  | 55.9%   | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0%        |
| <b>A1_29 Customs and trade regulations</b>                     |   |                     |        |                                       |                |               |
| 1 No importance  | 5.1%  | 6.8%                | 11.9%  | 6.9%                                  | 5.2%           | 12.1%         |
| 2 Neutral  | 18.6%   | 8.5%                | 27.1%  | 19.0%                                 | 8.6%           | 27.6%         |
| 3 Important  | 32.2%   | 28.8%               | 61.0%  | 43.1%                                 | 17.2%          | 60.3%         |
| Total  | 55.9%   | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0%        |
| <b>AA33 Ease of company registration and start-up</b>          |   |                     |        |                                       |                | **<br>(0.008) |
| .00  | 20.3%   | 15.3%               | 35.6%  | 17.2%                                 | 19.0%          | 36.2%         |
| 1.00   | 35.6%   | 28.8%               | 64.4%  | 51.7%                                 | 12.1%          | 63.8%         |
| Total  | 55.9%   | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0%        |
| <b>AA9 Clarity and accurateness of laws and regulations</b>    |   |                     |        |                                       |                | *(0.044)      |
| .00  | 10.2%   | 11.9%               | 22.0%  | 10.3%                                 | 12.1%          | 22.4%         |
| 1.00   | 45.8%   | 32.2%               | 78.0%  | 58.6%                                 | 19.0%          | 77.6%         |
| Total  | 55.9%   | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0%        |

(By author)

<sup>^</sup> Chi-square test was performed to examine whether or not method use significantly varies between categories of each factor. +p<0.10; \*p<0.05; \*\*p<0.01; and \*\*\*p<0.001.

Several factors, such as legal aspect or governance, influence on the increase of the market share or increase of the number of employees.

### 2.2.3 Investing climate

Table 4: No.of employees in2012 compared to 2010

| Factors^   | B17_n No.of employees in 2012 compared to 2010 |                     |        | Market share in 2010 compared to 2008 |                |        |
|--|--|---------------------|--------|---------------------------------------|----------------|--------|
|  | Increased                                      | 1.00 Low/ unchanged | Total  | Increased                             | Low/ unchanged | Total  |
| <b>A1_15 Land access</b>                                       |  |                     | +      |                                       |                |        |
| Not important  | 11.9%  | 10.2%               | 22.0%  | 17.2%                                 | 5.2%           | 22.4%  |
| 2 Neutral  | 18.6%  | 3.4%                | 22.0%  | 15.5%                                 | 6.9%           | 22.4%  |
| 3 Important  | 25.4%  | 30.5%               | 55.9%  | 36.2%                                 | 19.0%          | 55.2%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_15 Forecast about access in time</b>                     |  |                     |        |                                       |                | *      |
| 1 Bad  | 20.3%  | 10.2%               | 30.5%  | 22.4%                                 | 8.6%           | 31.0%  |
| 2 Neutral  | 23.7%  | 22.0%               | 45.8%  | 24.1%                                 | 20.7%          | 44.8%  |
| 3 Good   | 11.9%  | 11.9%               | 23.7%  | 22.4%                                 | 1.7%           | 24.1%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>AA16 Possibility to own land with clear ownership title</b> |  |                     | +      |                                       |                |        |
| .00  | 30.5%  | 13.6%               | 44.1%  | 31.0%                                 | 13.8%          | 44.8%  |
| 1.00   | 25.4%  | 30.5%               | 55.9%  | 37.9%                                 | 17.2%          | 55.2%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>AA17 Industrial parks security</b>                          |  |                     |        |                                       |                | +      |
| .00  | 44.1%  | 30.5%               | 74.6%  | 46.6%                                 | 27.6%          | 74.1%  |
| 1.00   | 11.9%  | 13.6%               | 25.4%  | 22.4%                                 | 3.4%           | 25.9%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>A2_17 Forecast about industrial parks security</b>          |  |                     |        |                                       |                | +      |
| 1 Bad  | 13.6%  | 18.6%               | 32.2%  | 24.1%                                 | 8.6%           | 32.8%  |
| 2 Neutral  | 32.2%  | 22.0%               | 54.2%  | 32.8%                                 | 22.4%          | 55.2%  |
| 3 Good   | 10.2%  | 3.4%                | 13.6%  | 12.1%                                 | .0%            | 12.1%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |
| <b>AA34 Ease to find a job and stay permit</b>                 |  |                     |        |                                       |                | +      |
| .00  | 22.0%  | 15.3%               | 37.3%  | 20.7%                                 | 17.2%          | 37.9%  |
| 1.00   | 33.9%  | 28.8%               | 62.7%  | 48.3%                                 | 13.8%          | 62.1%  |
| Total  | 55.9%  | 44.1%               | 100.0% | 69.0%                                 | 31.0%          | 100.0% |

(By author)

^ Chi-square test was performed to examine whether or not method use significantly varies between categories of each factor. +p<0.10; \*p<0.05; \*\*p<0.01; and \*\*\*p<0.001.

Factors such as land access, the forecast about this factor, ability to own land with clear ownership title, security of industrial parks, ease to find a job and stay permit are all influencing on the investment environment.

The majority (55.9%) consider access to land as a really important factor influencing on the opportunity to invest. This factor is closely correlated with the increase of the number of employees (p-value=0.054).

### 3. Analysis of Influencing Factors on the Increase of the Number of Employees in 2012 Compared to 2010

The number of employees in 2012 compared to 2010 has been used as a dependent variable. There is used *binary logistic regression* while as reference categories are: the number has decreased or is unchanged, while the category

under study is the increase of number of employees.

While as independent or influencing variables are taken several variables related with the number of employees, market share, foreign ownership share as well as factors related with the legal and government aspect. The variables for regression effect are encoded into two categories. The variables not important have been omitted by the study.

The increase of number of employees in the two upcoming years is affected 31 times from the increase in the number of employees on the year for which the firms have responded, which is statistically important (p-value <0.01). Similarly, the increase in the market share has a great influence in the increase of the employees' number at about 31 times which also statistically important (p-value <0.05). The possibility to own land as an important factor influencing on invest affect negatively on the increase of the number of employees (p-value <5%) and there are 0.04 times less chances to increase the number of employees.

Table 5: No. of employees in 2012 compared to 2010

| No. of employees in 2012 compared to 2010 <sup>a</sup> |                    | B              | Std. Error | p    | OR     |
|--|--------------------|----------------|------------|------|--------|
| Intercept  |                    | -.589          | 1.418      | .678 |        |
| No. of employees in 2010 compared to 2008              | .00 Increased      | 3.463          | 1.205      | .004 | 31.925 |
|  | 1.00 Low/unchanged | 0 <sup>b</sup> | .          | .    | .      |
| Market share in 2010 compared to 2008                  | .00 Increased      | 3.435          | 1.556      | .027 | 31.032 |
|  | 1.00 Low/unchanged | 0 <sup>b</sup> | .          | .    | .      |
| Opportunity to own land with clear ownership title     | .00 Important      | -3.191         | 1.405      | .023 | .041   |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Year of establishment                                  | .00 After 2000     | 2.307          | 1.271      | .070 | 10.049 |
|  | 1.00 Before 2000   | 0 <sup>b</sup> | .          | .    | .      |
| Financing availability                                 | .00 Important      | -1.940         | 1.105      | .079 | .144   |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Social insurance system regulation                     | .00 Important      | 1.904          | 1.071      | .075 | 6.715  |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Foreign ownership share                                | .00 100% foreign   | -3.397         | 1.487      | .022 | .033   |
|  | 1.00 Not foreign   | 0 <sup>b</sup> | .          | .    | .      |
| Ability to use local resources                         | .00 Important      | -2.170         | 1.166      | .063 | .114   |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Trade and customs regulations                          | .00 Important      | -3.580         | 1.795      | .046 | .028   |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Interaction with the authorities                       | .00 Important      | 3.063          | 1.790      | .087 | 21.391 |
|  | 1.00 Not important | 0 <sup>b</sup> | .          | .    | .      |
| Chi-Square   |                    | 41.676         |            |      |        |
| p-value  |                    | .000           |            |      |        |

(By author)

- Binary logistic regression where the dependent variable: No. of employees in 2012 compared to 2010 has two categories 1-increased and 0- Decreased/unchanged. Decreased/unchanged is a reference category.
- Reference category
- Binary logistic regression; +p<0.10; \*p<0.05; \*\*p<0.01; and \*\*\*p<0.001

The firms established after 2000 have more possibility to increase the number of employees in the next 2 years (p-value <10%). The financing availability as an important factor influencing on the firms decision-making affect about 0.144 times less on the firms decisions to increase the number of employees (p-value <10%). The legal aspect or others related to the legislative aspects are very much important for the increase of the number of the firms' employees. The interaction

with the authorities as an important factor influencing on the firms decisions affects insignificantly on the increase of the number of employees, at about 21 times, which is statistically important for the p-value <10%. The trade and customs regulations influence 0.028 times less on the increase of the number of employees, which is statistically important at the level of 5%. The regulations on the social insurance systems influence about 6.7 times on the increase of the number of employees ( $p = 0.075$ ). The increase of number of employees is 0.03 times less probable at the firms with 100% foreign ownership compared to those with partial or no foreign ownership ( $p = 0.022$ ).

#### 4. Conclusions

The questionnaire on FDI or foreign firms operating in the country is carried out in forms which exercise their activity in different economic fields, in particular in the area of Tirana. This is due to the fact that the majority of operating firms is located in this area. However, the aspect of firms geographic extension is really interesting to analyse, if it had a fuller coverage.

One of the main limitations was the lack of possibility to compare them with the domestic firms. Other aspects that should have been taken into consideration were: extension or coverage of foreign firms, larger samples would bring simpler results to be analysed. Some questions about the country's development or other questions on the economic development should have been included in order to do a better analysis. Since they are cross-sectorial data, it is not possible to make comparisons through the years or cross-checking the results with the economic development.

#### 5. Novelty of the Questionnaire

- It gives a clear view of the factors influencing on the decision-making of firms which have some experience in the Albanian market;
- Problematic factors are identified;
- Firms have the possibility to compare their experience with their expectation and also test the significance of this factor on the firm's decision to invest, thus presenting information on what the firms have before investing in our market;
- Firms are asked on their situation regarding the number of employees, market share, opportunities for research and development as well as the trends for the future, which somehow provides us with a view on the continuation of foreign investments in Albania.