



Public enterprises and performance of privatized firms in Albania

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Abstract:

Studies where this paper is based are relatively the same methodology followed regarding the selection of samples aiming to study the correlation between the type of ownership (distinguished by type and level of concentration) and other factors and firm performance measure forms different (labor productivity, net profit margin, growth in total factor productivity). For the purposes of this paper we are focused on some of the econometric analysis carried out by being the main target function: behavioral characteristics of different types of owners of privatized companies with massive privatization method.

Kay words: enterprises, performance, privatization, Public sector, Albania

Public enterprises, their role and challenges in the development of the country

The number of state-owned enterprises or as otherwise called the public enterprises (PE) significantly increased since early '30's, but particularly after the Second World War as in developed countries and in developing countries. The aim was to Manifold:

- To overcome the problems arising from market deficits and shortfalls in capital**
- Promoting economic growth**
- Reduction of mass unemployment and**
- Ensuring national control over the overall direction of the economy, especially in developing countries.**

Public enterprises, their role and challenges in the development of the country

$$ProbINDFIRMS_{it} = \alpha_i + OWNCON97_i + \beta_1 PERF_{it} + \sum \beta_j X_{ijt} + \varepsilon_{it}$$

PERFit is the performance of the firm in year t, while Xjit are all other variables such as firm size, capital intensity, sector, etc. methods of privatization. Results. Before giving the results of the empirical estimation of the models mentioned above it is important to note that the ownership structure of privatized enterprises has changed much in the years after privatization. This happened in both dimensions, in terms of concentration and type of owner. Starting with the concentration of ownership of data reveal that the average percentage of shares owned by the largest owner has increased from 37% in 1997 to 50% in 2002. The table below shows the changes of types of dominant during the 1997-2002 periods.

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Independent Variables	(1)	(2)	(3)	(4)
LC1 ne 1997	0.653 * (1.69)		0.573 * (1.69)	
LC3 ne 1997		0.482 ** (2.23)		0.311* (1.60)
Ln	-0.932 *** (-3.03)	-1.069 *** (-3.32)		
Report net profit / sales			-0.085 ** (-2.11)	-0.078 ** (-2.03)
Ln Asset fixes	-0.373 (-0.84)	-0.446 (-1.03)	-0.410 (-0.94)	-0.435 (-1.01)
Ln ratio fixed assets / working	1.033 *** (2.84)	1.037 *** (2.86)	0.515 (1.51)	0.523 (1.56)
Ln ratio fixed assets / working-squared	-0.108 (-1.25)	-0.104 (-1.19)	0.001 (0.00)	-0.010 (-0.11)
Sector manufactures	1.242 (1.16)	0.990 (0.99)	1.357 (1.27)	1.106 (1.09)
The standard deviation of profit	0.063 (0.86)	0.071 (0.93)	0.083 (1.07)	0.075 (0.99)
Years of privatization	0.382 (0.76)	0.009 (0.02)	0.447 (0.91)	0.111 (0.30)
The method of privatization	-1.093 (-0.88)	-0.837 (-0.67)	-0.849 (-0.65)	-1.014 (-0.78)
Ind. conflicts of Korp.	-2.764 * (-1.62)	-2.925 * (-1.73)	-3.501 ** (-1.91)	-3.764 ** (-2.10)
constant	0.563 (0.15)	2.473 (0.73)	1.565 (0.40)	3.725 (1.11)
log likelihood	-61.81	-61.20	-64.35	-65.04
LR CHI2 (10)	22.65 ***	29.57 ***	23.27 ***	21.89 ***
Nr. the observations	237	237	237	237

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Potential tools for improving the management of public enterprises

Contracting

In certain circumstances, governments want to keep state-owned enterprises, but in other situations may contract for some construction services or infrastructure operation and management of some or all of the functions of public enterprises. Contracting for infrastructure and public services allows enterprises to agree to private companies to provide services or facilities that meet government specifications. In general, public enterprises, public bodies contract by three types of contracts: service management and rental contracts.

Potential tools for improving the management of public enterprises

Public - private partnerships

Another potential means of improving the management of public enterprises is through public-private partnerships (PPP), which are collaborations with corporations, small businesses, non-governmental organizations and civil society organizations to provide goods and social services beneficiaries.

Public enterprises and the private sector cooperate in providing services and infrastructure through a variety of mechanisms including:

- a- concessions**
- b- Joint ventures**
- c- Informal and voluntary cooperation.**

Potential tools for improving the management of public enterprises

Privatization

**Besides the known theoretical dimensions, experts identify two
tendencies in public sector reforms in OECD countries:**

- ☐ **the reform based on privatization (objective basis for a market economy)**
- ☐ **Reform based in de / regulation**

Conclusion

Theoretically, a change in the ownership of public enterprises leads to organizational restructuring and changes in behavior that allow state enterprises to operate under concurrent aspects and collect revenue. In appropriate circumstances, the transfer of ownership in the private sector will change the organizational characteristics, so that state enterprises begin to operate in ways that allow them to undertake missions clear and accurate, to be more innovative, to manage human resources efficiently and increase productivity through greater efforts at work. Improvements in organizational performance can lead to improvements in financial management, best production of goods and services, more efficient distribution services and creating more employment opportunities.

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Thank you ! ! !