

## The culture of foreign business and its impact on culture and Albanian economy

MBA, Msc. Albana SHEHU

ORBICO SH.P.K, Tiranë

Prof. Asc. Elez OSMANI

Qendra e Hulumtimeve Ekonomike - Ulqin

Prof. Asc. Diana SHEHU

Universiteti Bujqësor i Tiranës

Msc. Skënder MURATI

Universiteti Privat "Kristal" Tirana

### Abstract

As a result of democratic processes that happened in Albania after 90 years, and in the context of globalization, firms can compete freely in the market. An important role in the economy play foreign business firms, as large companies, as well as small firms that make a significant percentage. Foreign firms that have their activities in Albania are mainly from countries of Italy, Greece and the Balkans, etc. The study will analyze the culture of large firms and small of foreign business, how it affects the performance of these firms. On the other hand the study will highlight the benefits that bring these firms as economy and culture as well. In this framework will be analyzed, various obstacles facing foreign businesses related to the adaptation of the Albanian legislation and policies and taxes. Subject of discussion in this paper will be culture and performance of Vodafone Albania and ORBICO SHPK firm, which is an international company that is operating in all Balkan countries, including Albania. After a detailed analysis of the culture of these companies, will be drawn conclusions in what ways this culture reflects in the Albanian business and will be given recommendations on what can be done better in the future.

**Key words:** Culture of business, performance, impact, company

### Introduction

The outcome of democratic processes in Albania was switching to the market economy, which led to a significant number of foreign firms to develop their activity in Albania. In this context, despite the delay, relevant laws were adopted for business activity. In 2007 the law was passed to the National Registration Center in February of 2009, which was approved law business licensing reforms in Albania, has started the National Licensing Center (NLC), a central public institution under the Ministry of Economy, Trade and Energy. With the investment of capital in a new market, in other foreign firms face many challenges. These challenges may arise from difficulties:

1. the transfer of management methods and values that brings the company that comes to invest,
2. in relation to work, employees at all levels
3. relations with the government, in terms of facilities that it creates for foreign business.

These difficulties may be associated with cost and potential risks, so the culture of the host country has an important role in foreign business performance. The first factor that plays a role in communication between the board foreign

### Elements of organizational culture

Core Beliefs	Values	Fears	Behavior Norms	Infrastructure
Core Beliefs combine to create the organizations formula for success	Values are the positive results that flow from the core beliefs	Fears are the negative results of ignoring core beliefs and violating values	Values and fears combine to form the boundaries of normative behavior	Infrastructure organizes people, process and structure to enforce behavioral norms
Individual Champions	Tenacity & Risk Taking	Management & Mediocrity	Ignore & Exaggerate	Freedom & Rewards

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firms and the country where the firm invests is the culture and language. It is a fact that the Albanians learned foreign languages as required by economic difficulties and by emigration abroad. So the communication in particular, firms that operate from the regions of Greece, Italy, etc. which are neighbors is easier.

### Metodology

1. Statistical data from INSTAT, Vodafone and ORBICO SHPK
2. Surveys
3. Interview

### Results and Discussions

Organizational culture is a system of shared actions, values and beliefs that develops among organizational members over time that distinguishes one organization from another. Dr. Robert Hardy in the book *"The Self-Defeating Organization"* applies his model of Self-Defeating Behaviors to organizations to understand how cultures are formed, how they change, and why they become self-defeating at times. There are five elements that combine to form an organization's culture which are presenting in the scheme below.

We analyzed Vodafone Albania because this organizational culture, with these elements has made it a big one and successful companies in Albania.

Vodafone Albania (VFAL) is a subsidiary of Vodafone Group Plc that provides an extensive range of mobile telecommunications services, including voice and data communications, and it is the world's largest mobile telecommunications company, with a significant presence in Europe, the United States and the Far East through the Company's subsidiary, partners and direct investments. The Group presently operates in 27 countries worldwide. Vodafone Albania is licensed as the second national operator of mobile service GSM in Albania on June 2001 through the international open tender process. In December 2010 the company received the Individual Authorization by the Authority of Electronic and Postal Communications (AKEP) to provide 3G services and on January, 2011 the 3G technology services become available in Tirana and surrounding areas

Year after year, Vodafone has increased its performance and today it is one of the leading companies in the Albanian market, making a significant contribution to the Albanian economy. Organizational culture of this company expressed in several ways:

#### **1. Internal communication**

The main pillar for a business organization to achieve its objectives and strategy is internal communications. The company includes about 500 people from the board of directors to assistants and employees. "The Organization That Can not Communicate can not change, and the corporation That can not change is dead." Nido Qubein, Author and Chairman of McNeill Lehman.

#### **2. Communication with customers**

Based on the principle "customer is king". the Company provides to its Customers in Albania a wide range of high quality Communication Services, including voice and data communications, ensuring that Customers use the best telecommunications network and benefit from innovative and quality services. Organizational culture has allowed the company to understand what buyers really need to feel, what to see and what to expect from the company. Today Vodafone runs 130 shops all over the country.

Increasing performance of this company, shows data from surveys and interviews. They show that over 60% of customers say that they are very satisfied and over 25% are satisfied from the services that the company offers.

#### **3. Communication with the community**

A good performance indicator of a company is relations with the community.

On February 2008, Vodafone Albania announced the establishment of Vodafone Albania Foundation, the first ever Albanian business charity organization in country. The main focus of this foundation is to help people to different needs they have, to assist and support the various communities for different problems of fields social, cultural, environmental protection etc. To stay close to the

community to earn their trust as the leading company in the market, the company has implemented several projects in cooperation with the government, local government, various associations and foundations

that operate domestically and internationally. Some of the most important projects implemented by the company since its establishment are:

Sustainable reintegration to former victims of trafficking; Psychological, social and physical rehabilitation of the prisoners of Kavaja and Lushnja prison; Art is within us all; The improvement of life conditions for HIV positive children in Albania 2009;

Social Business- professional training for youth on services 2009; Strengthening of women's position in the Albanian rural district; Giving a Moment- providing palliative care to terminally-ill cancer patient and their family; Sustaining the youth center "Eja"; Rrëshen youth development center; Daily hospice center and specialist training on palliative care in the Korça region; Training program in behavioral interventions for therapists of autism spectrum disorder.

#### **4. Communication with media**

This communication is accomplished not only by being transparent about the activity that the company develops, but the company sponsors programs or activities of various media. Throughout its activity in Albania, Vodafone has increased its business performance, being one of the leading companies that contribute significantly to the Albanian economy. Vodafone Albania has recruited the best working force and expertise in the country. To increase its performance, the company invests in training and motivating its employees. The fact is that Albanian youth aspire to be employed at this company. About 60% of young people interviewed expressed this fact and appreciated the high performance of this company. Despite the success achieved by this company, really in the market today with the insertion of two new companies Eagle Mobile and Plus has increased competition. In September 2007 ended the phase of privatization of the third operator mobile telephony in Albania Eagle Mobile, where 76% of company stock is Turkish and the rest of the Albanian state.

In November 2010 the company was founded in Albania's fourth mobile, Plus.me stock from Albania and Kosova.

If Vodafone with a history of more than 10 years in Albania is consolidating and has managed to become the market leader, it is not so in the case of small number of companies that have been created in recent years. We can mention the company ORBICO SHKP, which is part of ORBICO group, which operates in 11 countries of Eastern Europe being the leader of the distribution. ORBICO company in Albania is a new company which was established in April 2010. The company has the marketing and distribution activities of various products and the company's challenges are new products especially products of Estee Lauder. Good name and image, and organizational culture ORBICO company as the leading company in all Balkan countries is a good chance to enhance the image company ORBICO in Albania.

Despite high organizational culture of this company and direct communication with customers is not yet achieved the consolidation of its products in the Albanian market. This happens for several reasons:

1. Economic and political crisis have an impact on sales of perfumes
2. The culture of the people certainly has its impact on purchasing products, so that the reality in our country shows that people can still buy products with lower prices, and even forged and not to buy quality goods. The high number of sales and consolidation for a period of 10 years for these companies in other Balkan countries confirms the reality of a culture formed in connection with marketing.
3. Low prices in neighboring countries, major markets have often discounts and visa liberalization brought the

Albanians to move more outside and take advantage of offers of these products in these countries.

4. Many products enter Albania without paying custom duties and value added tax.

5. The fact that the Albanian fiscal laws do not apply it correctly, more cosmetic stores seeking to buy products without sales tax receipts

From surveys and interviews held company ORBIKO SHPK. with its customers results that about 80% of them expressed the fact that they are satisfied with the performance and culture of the company, but at the question why did not they sold many of these products listed as factors that do not have enough income and prefer to buy goods with lower prices, although they are imitation.

### **Recommendations**

1. Legal regulation of the tax system and taxation of Albania, which means that the Albanian government to change this system, not at the expense of foreign firms, which bring their bankruptcy. This is not useful for Albanian economy, because it brings that foreign firms do not come to invest in Albania
2. The fight against corruption in the customs system, which means the enforcement of laws against smuggled goods and low prices.
3. The control of foreign companies that bring new products and have exclusive rights to sell in order to prevent counterfeiting of products.
4. Increasing people's economic welfare will consequently lead to increased sales of new products. It depends on state policy to increase the welfare of its citizens.

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