

Assessing the role of the private sector in the country's EU integration process: evidences from Albania

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Abstract

Acknowledging the private sector as a key interest group for the EU polymaking level, little importance is given to the role of this sector during one country's EU negotiation and membership processes. At the candidate country level, this role is articulated implicitly, but insufficiently. There are in general few evidences on the private sector interest and contribution to the EU integration process, although they remain country specific. Additionally, key connecting linkages between the private sector and EU processes relate to the impact the latter have on the private sector, regarding all internal transformation processes and adaptation to the "new market rules". Regarding Albania, there is currently: (1) no analysis on the private sector level of information on the EU, reforms, costs/benefits, together with the role and contribution that may come to the negotiation stages by the sector; (2) no assessment of the sector's perceptions of difficulties and potentials, as well as expectations at national/European level; and (3) no assessment of the current capacity to face the challenges and benefit from the potentials within EU, as a larger market. An evidence-based analysis on these issues will be conducted for the Albanian case, conducting a questionnaire that targets 65 top companies by sectors that will be previously selected based on a prioritization methodology. Starting a comprehensive public discussion on connecting linkages between the EU integration process and the private sector is necessary in this "momentum" of the country, aiming at helping the policy-making with practical evidences on the current capacities and expectations of the sector, as well as spaces/instruments for further involvement and contribution.

Keywords: private sector, EU integration process, involvement, contribution, public discussion

JEL Classification: L20, L29, L29

1. Background

The private sector is a very important non-state actor to be involved in the negotiation process and it is practically the real momentum for Albania as it is expecting to formally start the negotiation talks. Being a very important interest group

at the EU level, at the candidate country level to this sector is given a practical little importance, due to several factors related to the workload of the process, its bureaucratic and technical nature, but also due to the weak linkages between public-private sectors in Albania, while being exclusively a central government-driven process.

To the moment, in Albania the role and contribution coming from this sector is articulated quite implicitly and insufficiently, so even for the other similar countries there are few evidences (and mixed practices) in place on the private sector's interest and contribution (both practical and effective) to the country negotiation process. In all cases, level and quality of involvement of this issue remains country-specific, having a direct impact on the EU integration process length, dynamics and transitory phases.

The second motivation relates to the key connecting linkages between the private sector and the EU integration process in terms of all required reforms and all required internal transformation processes that are going to happen in the country and are going to have a direct impact on the private sector in terms of its adaptation to the "new market rules" and the new requirements related to standardization.

Currently, Albania lacks of: (1) an analysis on the private sector level of information on the EU, the reforms, the costs and benefits from integration and as a result, an analysis on the role and contribution by the sector that may come to the negotiation stages; (2) an assessment on the sector's perception of difficulties, potentials and expectations; and (3) an assessment of current capacities of the sector in facing the EU negotiation and membership processes while also benefiting from the higher potentials within EU, as a larger market.

The private sector is not simply a non-state actor, it has its internal dynamics and challenges, as well as its focus on the economic activity. Assuch, it should be seen carefully in terms of sharing information and expertise, getting involved and contributing, through effective instruments and consistently in time.

Specific objective of this paper is to conduct an evidence-based analysis on these issues, on the basis of key primary data collected for the Albanian private sector. These findings aim at helping the policymaking authorities with practical evidences on the sector's information, capacities, expectations and type of contribution.

2. Literature review

Serious information can help to work against biased information coming from certain groups and gives companies the opportunity to prepare themselves early on for the new possibilities and challenges which accession will bring. Where there are

strong business organizations, the work of dissemination can sometimes be done better (Mayhew, 2005).

Cooperation with all interested partners requires an efficient coordination mechanism that is stable, functional and adaptable to national political system, administrative culture and institutional capacity (Gordana & Nikola, 2013).

Although state and non-state actors often shared incentives to cooperate, non-state actors hardly got involved in public policymaking. Hungary, Poland and Romania give only limited evidence for the emergence of sustained cooperation with state authorities in the accession period (Borzella & Buzoga A., 2010).

One of the advantages of the Croatian Negotiation Framework was the wide negotiation approach. The principle that the EU project is the project of the entire society was applied. It was necessary to use the expertise and knowledge of professionals both within and outside the administration (Lazarević, Engelman, Ristevska-Jordanova, & Marovic, 2014).

Adequate structures and mechanisms for cooperation with public institutions as well as free, clear and accessible flows of information on matters of public interest through structured durable mechanisms are of critical importance. Decentralization of the cooperation serves the diversity of needs and opportunities for collaboration (Jano, 2015).

Albania has made some progress and has some level of preparation in terms of its private sector' capacity to cope with competitive pressure and market forces within the Union (European Commission, 2020). Related to the institutional and regulatory framework for the EU negotiation, Albania has already established the negotiation structures and intensively works in updating the approved National Plan for the EU Integration (NPEI) and in promoting the Partnership Platform for the EU (PPEI) Integration to the non-state actors that wish to get involved and contribute to the integration process of the country.

3. Methodology

A questionnaire has been prepared and sent to top 100 companies of the private sector. For the purposes of the questionnaire design, several standard models are consulted (such as the Euro barometer) and adoption is made to the Albanian context. A previous prioritization and selection of the sectors and subsectors for the companies sample is done on the basis of the following criteria: (1) priority sectors for the Albanian economy to the moment (current strengths); (2) potential sectors to support the economic growth and development for the next 10 years (emerging strengths); (3) key sectors to promote and boost for the EU level competitiveness; (4) large sectors

in terms of total number of companies; and (5) sectors with low level of regulation (expected to have the highest impact due to the Acquis). List of companies is taken from the Albanian Institute of Statistics and a total number of 65 companies have responded, with a response rate of 65%.

4. Key findings and results

From a total of 29 questions developed, key findings are summarized in the below provided tables.

When asked on the key informing tools on the EU issues, majority part of the companies state that they get information on TV news and through Google/formal websites.

| Where do you mostly get informed on the EU issues? | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Valid | Google/ web sites | 17 | 26.2 |
| | Written media | 5 | 7.7 |
| | Social media | 14 | 21.5 |
| | Not interested | 1 | 1.5 |
| | All the above | 1 | 1.5 |
| | TV programs | 7 | 10.8 |
| | TV news | 20 | 30.8 |
| | Total | 65 | 100.0 |

Related to how much information they have on the EU economic criteria to accomplish by the country before accession, 56.9% state that they have modest information, while 18.5% has stated to have little information. More than 70% of the companies have expanded or modest information, and only around 8% have to the moment, no information at all.

| How much information do you have on the EU economic criteria to accomplish? | | Frequency | Percent |
|---|-----------------------|-----------|-------------|
| Valid | Modest information | 37 | 56.9 |
| | Little information | 12 | 18.5 |
| | Expanded information | 11 | 16.9 |
| | No information at all | 5 | 7.7 |
| | Total | 65 | 100.0 |

To the moment, around 82% of the interviewed companies have never been invited nor participated in any discussion or meeting on EU issues. Less than one fifth of the companies have been invited by the state authorities to discuss on EU integration and this means that central government has not been sufficiently active in communicating with the private sector, as stated in the NPEI.

| In the last 12 months, have you been invited and participated in any discussion/meeting on EU issues? | | Frequency | Percent |
|---|--|-----------|-------------|
| Valid | I have been invited and have participated | 9 | 13.8 |
| | I have been invited, but have not participated | 1 | 1.5 |
| | Do not know / no interest | 2 | 3.1 |
| | Never invited | 53 | 81.5 |
| | Total | 65 | 100.0 |

Even though central government states that the Partnership Platform for the EU Integration (PPEI) is very important for providing a widely inclusive approach of the EU integration process, there is a high percentage of the interviewed companies (70.8%) stating that they have no information on the PPEI as they are not aware of the existence of such a Platform.

| Are you aware of the Partnership Platform for the EI? | | Frequency | Percent |
|---|---------------------------|-----------|-------------|
| Valid | | 1 | 1.5 |
| | No | 46 | 70.8 |
| | Do not know / no interest | 3 | 4.6 |
| | Yes | 15 | 23.1 |
| | Total | 65 | 100.0 |

More than half of the companies state that they are very much interested in receiving information on the EU processes of the country and about 30% of the companies state that they are somewhat interested, so majority part of the companies are very much interested or somewhat interested in receiving information on the EU processes.

| Are you interested in receiving information on the EU processes of the country? | Frequency | Percent |
|---|-----------|---------|
| | | |

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| | | | |
|-------|--|----|-------------|
| Valid | | 1 | 1.5 |
| | Not interested at all | 1 | 1.5 |
| | Somewhat interested | 18 | 27.7 |
| | Do not know | 1 | 1.5 |
| | Little interested | 9 | 13.8 |
| | Interested for general knowledge, but it will not affect my business | 1 | 1.5 |
| | Very much interested | 33 | 50.8 |
| | Extremely interested | 1 | 1.5 |
| | Total | 65 | 100.0 |

More than half of the companies state that there is not continuous and satisfactory information on the EU issues and in the EU processes of the country. This is an important finding that needs to be addressed from the state actors in the near future, as level of information supports overall involvement and effective contribution.

| Do you think that there is continuous and satisfactory information on EU? | | Frequency | Percent |
|---|-------------------------------|-----------|-------------|
| Valid | | 1 | 1.5 |
| | There is enough information | 14 | 21.5 |
| | There is little information | 38 | 58.5 |
| | There is a lot of information | 3 | 4.6 |
| | Do not know / no interest | 2 | 3.1 |
| | There is no information | 7 | 10.8 |
| | Total | 65 | 100.0 |

More than 60% of the asked companies have stated to be sufficiently informed or little informed on the rules for exporting to the region and within the region. As the EU integration consists in internalization of domestic companies and trade openness, this finding is quite important and positive for the private sector's perspective within a larger market.

| Are you informed on the rules for exporting to the region and within the region? | | Frequency | Percent |
|--|-----------------------|-----------|-------------|
| Valid | Sufficiently informed | 23 | 35.4 |

| | | | |
|--|---------------------------|----|-------------|
| | Little informed | 20 | 30.8 |
| | Very much informed | 11 | 16.9 |
| | Do not know / no interest | 5 | 7.7 |
| | Not at all informed | 6 | 9.2 |
| | Total | 65 | 100.0 |

Additionally, more than 60% of the companies declare to have full capacities or enough capacities to fulfill the exporting standards. This finding must be further detailed and re-validated during the process.

| Do you have capacities to fulfill the exporting standards? | | Frequency | Percent |
|--|--|-----------|-------------|
| Valid | Have enough capacities | 21 | 32.3 |
| | Have full capacities | 23 | 35.4 |
| | Have little capacities | 12 | 18.5 |
| | Do not know / not my case / not available for my company | 7 | 10.8 |
| | No capacities | 1 | 1.5 |
| | Will have capacities | 1 | 1.5 |
| | Total | 65 | 100.0 |

When asked on the practical obstacles and weaknesses resulting in low levels of involvement and contribution by the private sector to the EU processes of the country, majority part of the companies state that it is not an issue of lack of time, neither a lack of expertise, nor a lack of desire. Around 65% of the companies state that they do not engage and contribute as a result of lack of information. As a practical obstacle and weakness, this concern should be addressed by the state actors as soon as possible.

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| Lack of information on the process | | Frequency | Percent |
|------------------------------------|-------|-----------|---------|
| Valid | Yes | 42 | 64.6 |
| | No | 23 | 35.4 |
| | Total | 65 | 100.0 |

| Lack of time, very much focused on the economic activity | | Frequency | Percent |
|--|-------|-----------|---------|
| Valid | Yes | 23 | 35.4 |
| | No | 42 | 64.6 |
| | Total | 65 | 100.0 |

| Lack of expertise, out of the focus and activity | | Frequency | Percent |
|--|-------|-----------|---------|
| Valid | Yes | 25 | 38.5 |
| | No | 40 | 61.5 |
| | Total | 65 | 100.0 |

| Lack of desire, it remains a public concern | | Frequency | Percent |
|---|-------|-----------|---------|
| Valid | Yes | 19 | 29.2 |
| | No | 46 | 70.8 |
| | Total | 65 | 100.0 |

After that, companies are asked to agree or disagree with few statements linked to the EU integration process and positively affecting the EU integration process of the county.

More than 45% of the companies state that “the rules and laws affecting the company are clear enough, do not change quite often and there is satisfactory information from the public authorities”. On the contrary, 43% of the interviewed companies disagree.

| The rules and laws affecting my company are clear, do not change often and there is satisfactory information from public authorities. | Frequency | Percent | |
|---|------------------------------|---------|-------------|
| Valid | | 3 | |
| | Totally disagree | 28 | 43.1 |
| | Agree | 24 | 36.9 |
| | Do not know / no information | 4 | 6.2 |
| | Totally agree | 6 | 9.2 |
| | Total | 65 | 100.0 |

One fifth of the companies declare that they are not satisfied with the manner and level of consultation and involvement of the private sector on laws and regulations affecting economic activity. This finding is in line with the overall public-private consultation processes that happen in the country, experiencing an improvement in the general consultation climate between the two sectors, also in terms of good governance.

| My company is satisfied with the manner and level of consultation and involvement of the private sector on laws and regulations affecting economic activity | Frequency | Percent |
|---|-----------|---------|
| Valid | 5 | 7.7 |

| | | | |
|--|------------------------------|----|-------------|
| | Totally disagree | 13 | 20.0 |
| | Agree | 37 | 56.9 |
| | Do not know / no information | 1 | 1.5 |
| | Totally agree | 9 | 13.8 |
| | Total | 65 | 100.0 |

Approximately 50% of the companies state that they have not benefited from the free trade agreements. As other studies have analyzed, this is also due to the low level of preparation and involvement of the private sector into the country's previous trade agreements. Learning from this experience is useful when preparing for the trade openness.

| My company has benefited from free trade agreements. | | Frequency | Percent |
|--|------------------------------|-----------|-------------|
| Valid | | 6 | 9.2 |
| | Totally disagree | 30 | 46.2 |
| | Agree | 11 | 16.9 |
| | Do not know / no information | 8 | 12.3 |
| | Totally agree | 10 | 15.4 |
| | Total | 65 | 100.0 |

More than 70% of the companies state that their goods and services are able to compete with their peers at the regional or European level. Again, this finding must be further detailed and re-validated during the process.

| The company's goods and services are able to compete with their peers at the regional or European level. | | Frequency | Percent |
|--|------------------------------|-----------|-------------|
| Valid | | 3 | 4.6 |
| | Totally disagree | 5 | 7.7 |
| | Agree | 25 | 38.5 |
| | Do not know / no information | 2 | 3.1 |
| | Totally agree | 30 | 46.2 |
| | Total | 65 | 100.0 |

Majority part of the companies (more than 70%) state that the private sector has practically the capacity to contribute to the country's integration processes. As such, their capacities and expertise should support the integration process.

| The private sector has practically the capacity to contribute to the country's integration processes. | | Frequency | Percent |
|---|------------------------------|-----------|-------------|
| Valid | | 3 | 4.6 |
| | Totally disagree | 8 | 12.3 |
| | Agree | 24 | 36.9 |
| | Do not know / no information | 4 | 6.2 |
| | Totally agree | 26 | 40.0 |
| | Total | 65 | 100.0 |

Approximately 50% of the interviewed companies state that the country accession to the EU will happen in between the next 5-10 years. Based on this perception, the private sector seems to preparing itself for the EU accession, as it seems to be an imminent event.

| When do you expect the country to integrate into the EU? | | Frequency | Percent |
|--|---|-----------|-------------|
| Valid | | 3 | 4.6 |
| | Within the next 5 years | 10 | 15.4 |
| | Between the next 5 - 10 years | 30 | 46.2 |
| | Do not know, cannot predict it based on the info I have | 7 | 10.8 |
| | After 10 years | 15 | 23.1 |
| | Total | 65 | 100.0 |

Around 70% of the companies state that they will somehow or a lot benefit from the country's EU membership. This positive perception is in line with an overall positive expectation the Albanian society has on the country's EU accession and potential benefits, in terms of improvement of both the economic and political systems.

| In your perception, will your company benefit from EU membership? | | Frequency | Percent |
|---|----------------------|-----------|-------------|
| Valid | | 2 | 3.1 |
| | Will not benefit | 6 | 9.2 |
| | Will somehow benefit | 25 | 38.5 |

| | | | |
|--|------------------------------|----|-------------|
| | Will benefit a little bit | 10 | 15.4 |
| | Will benefit a lot | 20 | 30.8 |
| | Do not know / no information | 2 | 3.1 |
| | Total | 65 | 100.0 |

Lastly, more than half of the companies declare that they would want or have a lot of desire to directly contribute to the EU integration processes of the country. The public authorities should more actively target these companies and involve them in the negotiation processes step by step.

| Would you want to contribute to the EU integration processes of the country? | | Frequency | Percent |
|--|------------------------|-----------|-------------|
| Valid | I am indifferent | 4 | 6.2 |
| | I would want | 23 | 35.4 |
| | I have little desire | 10 | 15.4 |
| | I have a lot of desire | 18 | 27.7 |
| | Do not know | 10 | 15.4 |
| | Total | 65 | 100.0 |

5. Conclusions

At the candidate country level, little importance is given to the private, due to several factors related to the workload of the process, its bureaucratic and technical nature, but also due to the weak linkages between public-private sectors.

Having its internal dynamics and focus, the private sector should be seen carefully in terms of sharing information and expertise, getting involved and contributing, through effective instruments.

To the moment, in Albania the role and contribution coming from this sector is articulated quite implicitly and insufficiently.

Around 82% of the interviewed companies have never been invited nor participated in any discussion or meeting on EU issues. More than half of companies state that they are very much interested in receiving information on the EU processes of the country, but there is not continuous and satisfactory information from the state authorities. Majority part of the companies (more than 70%) state that the private sector has practically the capacity to contribute to the country's integration processes.

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Around 70% of the companies state that they will somehow or a lot benefit from the country's EU membership, which is going to happen between the next 5-10 years.

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