APPLYING INFORMATION TECHNOLOGY ELEMENTS IN BUSINESS: THE CASE OF ALBANIA

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Abstract: Albania has experienced a new development era in several sectors of the social and economic development in the last 20 years. Meanwhile, the latest trends made it a necessity for domestic businesses and institutions to adopt the new technologies and thus benefit from their vast advantages. This paper focuses on the application of ERP systems in the Albanian businesses, as it still remains an important challenge for the domestic entrepreneurs. The paper concludes that level of use for these systems is good, but problems arise when it comes to maintenance and knowledge.

Introduction

The last years of the 20th century and the beginning years of the 21st century have certainly been the most thrilling period. Turning the network technologies towards the communication and commerce tools has surely influenced the way people communicate with each other and the way organizations do business. High-speed communication links together technology and people. Computers inside a network share trillions of characters per day, allowing us to take money from anywhere in the world, check the weather in pretty far locations, or buy airline tickets anywhere anytime. This technology has a huge impact over the relations between the organizations and its clients, suppliers and partners. Telephone networks, wireless or not, can afford instant voice and text communication anywhere and anytime. All this has brought humanity up to another level, where any innovation is a common good for all. In other words, we are already part of a global information society, where the technological development knows no boundaries.

This paper considers the situation in Albania related to the application of such elements as the ERP systems inside several companies. Specific questionnaires were prepared in order to fulfill the objectives of the study and were used to state the conclusions.

IT in Albania

The Albanian market for Internet services offers a high growth potential because of the low level of actual penetration. Internet access is offered through several ways including dial-up, satellite, ADSL, Wi-Fi and optical fiber. Broadband connections are continuously rising more and more as a reaction to the considerably lower prices during the last two years. Internet access is being offered massively through Internet cafes. Considering the potential advantages brought by applying ICT elements for a further social and economic development, Albania has taken huge steps forward towards establishing a knowledge-based society, improving therefore the ICT-related vocabulary.

The mobile communication market has been increasing fastly due to high competition, starting with Vodafone and then with Eagle Mobile and, in the last month, Plus. Most of customers use prepaid services. As the market of voice mobile telephony came into the highest point, the number of subscribers increased slower, therefore the companies in the market are considering to raise their average income per customer. Some of the initiatives on this purpose include encouraging prepaid customers to accept contract offers and then encouraging them to accept GPRS or EDGE-based data services, as their data transfer services.

Different points of view over ERP systems

ERP systems are useful in several sectors of the economy, including manufacturing industries, health and central institutions. According to estimates, the annual incomes of companies using the ERP systems reach billions of USD, while the main suppliers for these systems - including SAP and ORACLE - earn a level of income, comparable with that of Microsoft.

Many companies show great improvements in their figures after implementing the ERP systems, while others have experienced huge losses from the same strategy. The difference lies in the huge gap between the theoretical approach and the practical implementation related to the ERP systems.

Theoretical approach

This approach is about what is possible to happen when everything goes as it should be, i.e. the best possible alternative. In that case, a successful ERP project would have the following advantages:

- ERP systems offer a high level of information access for the whole company, meaning that, as soon as the data are in the system, anyone may see them;
- the company can adopt the “best practices”;
- restructuring of the business operations in such a way that different functions can be performed altogether as one;
- defining a unique plan for every branch of the company;
- standardization of jobs and information everywhere in the company;
the ability to fulfill the requirements from a bigger number of clients with the same number of employees;

Implementation

In practice, there are huge problems in achieving each of the objectives mentioned above, which then will affect the whole company’s success. For this reason, ERP systems may also seem like a tremendous experience for a company, in the following ways:

- unique standardization of the various methods in performing the jobs makes many employees feel like outsiders;
- data distribution towards the external environment (business partners, central institutions) may put to serious danger the several freedoms that do exist in a big company;
- ERP implementation asks for a lot of time, 1-3 years on average. During this period, the managerial team might change, new markets may arise and even the competition may rise, harming the company in different ways.
- ERP systems are very complex, leading to improper, but necessary delays;
- ERP systems are costly, consisting often in unpredictable expenses in a short time.

Based on the different points of view mentioned above, we were able to get some results from the Albanian companies through questionnaires. A summary will be shown in the following section.

ERP in Albania

In Albania, building and implementing software or computer systems similar with ERP systems has drawn more attention just after important political changes in the beginning of 90s.

In these period the first companies of the sector were established, companies like Infosoft and IMB, which took the first steps towards creating this type of product, with their respective software named Financa 5 and Alpha, which had continuous changes and updates according to customer requirements.

The main activities covered from the software mentioned above with several specific modules included business management, accounting, daily tasks, managing relationships with third parties, such as clients, suppliers, partners, employees, central institutions etc. Their products helped these companies to acquire many clients, including: commercial centers; manufacturing companies; service companies; central institutions.

Since 2008, a new product was introduced in the market, Bilanc, which initially served only for the domestic companies, but its place in the market is growing rapidly.

We should also mention here the foreign-developed software, such as SAP, NAVISION, Oracle Finances, etc., mainly used by the branches of foreign companies in Albania. In order to maintain its position in a more competitive environment, IMB has introduced lastly its new product Winline, which actually is the choice made from big domestic companies.

In many of the companies that use such products the system implementation has been very successful. In relation with this issue, we developed a study that was entirely focused on these companies, from several sectors of economy, like trade, telecommunication, manufacturing, postal services and also central institutions (Sevrani, Baci, and Martini, 2009). According to this study, most of Albanian companies use ERP systems developed abroad, such as SAP or Oracle, while only a few of them use “home-made” products. Besides, almost 90% of the companies use mostly the financial and accounting modules, while the least used referred to production plan, quality management, treasury and input management etc. (Figure 1).

The managerial staff in these companies believes that using ERP systems in daily tasks made their business more profitable. In most cases (70%-80%), the cause chosen was an improved control over data, consisting in fewer hours of work and on time collection of information. Meanwhile, good reporting quality, improved management of the company, information accuracy and decision making improvement were
considered of less importance. Only a fraction of 20% thought of competitive advantage as the main source for the increased income in their companies, thinking of ERP as the proper tool for improving the inner management.

In choosing the proper ERP system, the most important factor was its functionality (70%). Almost 50% of the interviewed defined system implementation and the technology needed as primary factors, while cost and complexity were less chosen. The least chosen factor referred to the level of module integration that the system had.

Another issue studied was the implementation of these systems, as it remains an important challenge for the companies. This process, according to the results taken, would depend mainly on proper staff training (60%) then on complexity (50%) and on total costs (20%), without ignoring the problems associated with the data transfer from the older system to the new one.

Regarding staff training, as an important element in the system implementation, the response showed that in 50% of cases the training is done from the vendor of the product, 10% represent training from their own IT staff and the remaining part of companies train their staff with the help of third parties. The small percentage of training from inside the company is related to the limited human resources capable for this issue.

ERP systems maintenance is arranged by the company’s staff or from another company. Meanwhile, in most of cases, companies acquiring ERP systems look for package adaptation with their business features.

Among the interviewed, most of them considered as important factors for a successful implementation of ERP systems the following:
- level of cooperation and confidence in the vendor company;
- granted assistance from a fully experienced local company;
- business experience and the necessary information for the business needs;
- level of experience of the managerial staff with similar software;
- well-planned implementation and a highly correct and accurately managed process;
- highly-qualified and devoted staff;
- the fiscal and accounting law in order.

Conclusion

ICT and its elements become more and more important as they comprise the ability to determine the future trends in a global environment, perform in a parallel way with other recent trends related to social and economic changes. This will soon transform the world economy to a knowledge economy, through creating a global information society for a better common future.

ICT elements in Albania are expanding very much lately. Statistics shows that the level of Internet access in Albania is lower than the EU average. This consists in a considerable barrier for the primary objectives of our national society towards European integration, but the future growth potential is evident.

ICT elements have an undisputable impact over business activity. Internet, e-commerce and, lastly, ERP systems help companies to achieve bigger profits, bigger share and faster product delivery. ERP systems, in particular, enable a proper management and control on daily business operations, by improving the companies’ performance day by day.

On the other hand, ERP systems in Albania along with their complexity are still a brand new reality for domestic companies. According to the study, the big companies are those who mainly use foreign products to manage the daily activities, while other businesses use homemade products. The fact that Albanian companies are producing similar software to ERP systems is certainly a positive thing, but there are other important drawbacks. The system implementation is a major problem, and then there is the maintenance problem. Most of companies tried to solve these problems benefiting from the strong cooperation with the vendor companies, but for the other companies the competitive advantage from the ERP systems can turn into a heavy burden and major reason for bankruptcy if not well managed.

Still, when the starting point comes from homemade products trying to earn the biggest share in the market, everything will go in the right way for Albanian businesses. ERP systems are very important for businesses, and for the Albanian ones that will represent a better future in a highly competitive global environment.

References
