

Notes from the survey and the answers from the businesses

Marjan Nikolov, M.Sc.
Center for Economic Analyses -CEA
makmar2000@yahoo.com

Institutions and businesses

- (1) Most often mentioned institutions and causes of increased transaction costs are: the Public Revenue Office, the Customs Administration, the Law on Working Relations, lack of coordination among ministries, court procedures and the judiciary, bankruptcy procedures, tender procedures, political party-oriented public administration and pressures, and the procedures of issuing licenses and authorizations by ministries.

Public administration

- (2) In the behavior and everyday work of public administration, certain comfort may be noted in terms of not-adhering to legally determined time frames for businesses to obtain a certain right from it. The “mid-level” administration apparatus and its technical capacities, including the manner in which it provides services, all raise the issue of whether prescribed measures and procedures are perhaps too rigid, or the administration staff has low capacity to process files and submissions – or perhaps, a combination of both factors. A part of this problem may be the fact that there is performance measuring lacking with public administration staff, so once established working relations are perceived as guaranteed regardless of results achieved in work. This eventually jeopardizes the very implementation of legal solutions. Perhaps the remedy to this all may be sought in providing more training and information, and even in the elimination of political party influences.
- (3) Another thing that should be noted is the procedure of issuing various documents, a thing implying only unnecessary administration and costs for businesses. The problem lies in the fact that, in its updating of procedures in this field, the state does not seem to follow rapid changes in competitive conditions of operation and does not consult businesses; yet, the damage has to be highlighted of the too frequent modification of legislation. Some activities have not been fully regulated.
- (4) Information on amendments and on current regulations i.e. the availability of such information to businesses, is of key importance.
- (5) The importance was also stressed of monitoring and control in terms of the existence and operation of relevant standards and laboratories.

The general trend and specific features of the environment

- (6) A serious disadvantage of our business environment is the (low) quality of human resources as well as the development of professions and their

professional and ethic behavior. Unfortunately, the issue remains open on whether we have highly-qualified people or we have the problem of maintaining bad business ethics. People are simply not used to working by using the capacity needed, a thing required by this market and new conditions of operation.

- (7) More account is taken of personal acquaintances and lobbying than of respecting laws as being the rules of the game.
- (8) The general situation of decreased purchase power, perhaps in combination with mentality, implies expectations that someone performing administrative tasks is to be rewarded for doing what represents their working tasks. This kind of expectations is a two-way one, meaning such things are expected by both the beneficiary and the public administration.
- (9) Some representatives of businesses do not wish to work with state institutions because collection of payment is low, and they do not want to have any contacts with them. The problem is that funds are collected for the payment of suppliers by state administration bodies, and then a percently share of it is requested for accumulated payment although this represents a duty that nevertheless has to be met.
- (10) The confused manner of operation and the lack of coordination, with frequent interferences of politics in the business sector, all result in uncertainty and hesitancy, which in turn destroys from the very start the basic function of each organization, and even of each citizen in Macedonia – the planning. This is especially destructive to the planning of cash inflows, billing, and payment, and this all creates an atmosphere of uncertainty which represents an unfavorable climate for operation. This leaves more space for incidental solutions that are of palliative nature, subject to frequent errors, motivating businesses to behave beyond legally set frames. The monitoring system maintained within various commissions and courts thus becomes overloaded with petty cases, which takes away the time and focus to be allocated to grave criminal behavior and deviations within economy.
- (11) The informal economy brings about unfair competition.