

## **DYNAMICS OF PRODUCTION FOR THE ENTERPRISES WITH PRIVATE OWNERSHIP: CASE STUDY**

**NUHI SELA<sup>1</sup>, HAMIT ALIU<sup>2</sup> & ANA RISTEVSKA<sup>3</sup>**

<sup>1</sup>Department of Management & Marketing, Faculty of Economics, State University of Tetova, Tetova, Macedonia

<sup>2</sup>Department of Management & Marketing, Faculty of Economics, State University of Tetova, Tetova, Macedonia

<sup>3</sup>Faculty of Economics Prilep, University "St. Kliment Ohridski" Bitola, Macedonia

### **ABSTRACT**

The last decades of great political, economic and technological changes, also the role of the state, free market competition, and the internationalization of businesses, have made the environment in which operates businesses to be quite complex. However, regardless of the environment in which business operates, specialized for a limited number, they will be subject to competitive pressures and this is why competitive strategy problems are especially important for growth of small and medium economic subjects.

Through the strategy, business executives need to answer questions, for example: where they are, where they should arrive and what to undertake to achieve certain goals. Conceptually, the strategy sets out the definitions of the market, competition, customer needs, technology, demographic changes and a large number of other factors that determine the strategic formulation of action. Given that, small and medium enterprises today represent more than 98% of companies in the EU, and as a result, many national organizations for export promotion are increasingly necessary to support the small sector of the economy as an incentive for the creation of new values through development programs, which are characterized by flexibility and innovation.

In this international scientific conference, we will represent the working strategy of the private company "Ing. Luli" from Struga, Republic of Macedonia, also we will show the real possibilities of the company and at the same time most important its contribution to the regional development.

**KEYWORDS:** Ing Luli-Macedonia, Global Economy, Regional Development, Strategy, Private Sector

### **INTRODUCTION**

We are aware that contemporary world today with the development of technologies and techniques, offers great chances to subjects of small and medium enterprises, and with that being more competitive in a market economy, also to the economic and initiative of national and international development. Prosecution of economic entities means the process of transformation from the existing situation in the new one. The challenges of globalization with which obviously small and medium economic subjects in Macedonia are faced, are imperative for the establishment of strategic objectives and maintain competitive advantages in the market.

One of the main issues for the economy of The Republic of Macedonia is the definition for open market economy, which means liberalization and integration of markets, rapid economic development, improving business and investment climate, and free products with quality and popularity.

This guarantee solving current problems, especially nowadays when we are facing slow recovery phases from the recession, which will probably continue in 2014 (Sources: From the World Bank Report)<sup>1</sup>.

Considering the fact that economic efficiency and regional competitiveness is a complex phenomenon, the Ministry of Economy is working actively on creating a more favorable climate. The main goal is work and promotion in the economic competitiveness of firms through the Program for development of entrepreneurship, competitiveness and innovation of the small and medium enterprises, through the program for development of clusters industrial policy, international cooperation, promotion of foreign and local investment, are working actively in creating a more favorable climate of work and promotion in the economic competitiveness of firms also<sup>2</sup>.

As a result of the development of economic entities and individual equity, contemporary trends bend it increasingly at the center of tools, for increasing the sustained competitive of ability, and with that becoming an important factor of entrepreneurship, as well as specific guarantees of the future of their business which are limited by a number of products or services<sup>1</sup>. The fact that small enterprises today consist more than 90% of the companies in the EU many national organizations for promotion of export, means that it is necessary to support the small sector of the economy as the incentive to create new values through development programs which are characterized by flexibility and innovation<sup>3</sup>.

The main strategic goal for increasing productivity and quality is the realization of competitive advantage, because the strategy enables small enterprises, and exploits the weakness of competitive and affordable suburbs in the market suitable for the development of business culture, which they constantly upgraded. For private and public businesses success, the management strategy focuses on information systems that are in the service of decision making, therefore when the company balances long-term risk with short-term commitments, achieves the improvement of activity of the organization and ignores all the opportunities not related to its basic technology.

In continuation we will mention, strategy as central categories of small and medium economic subjects, theoretical data on competition, local and regional development, regional development program for regional development in Macedonia, and also respectively south – west regional development plan, vision, goals, priorities and activity of the company “ING-LULI” from Struga, Macedonia.

### **Research Methodology: Study on Regional Enterprises, Competition and Development, Opportunities through the Regional Program of the Republic of Macedonia**

Regional Development Strategy of Republic of Macedonia, according to the program 2009-2019 (Official Journal of the Republic of Macedonia no. 119/09) is one of the main strategic documents for planning the development of R. Macedonia<sup>4</sup>.

Strategic goals of the regional plan based on a regional development program for the Republic of Macedonia 2009 - 2019 are:

- Competitive region in the framework plan national and international, which will be characterized by rapid, dynamic and sustainable development.

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<sup>1</sup> Resource: World Bank Report, “Global economic perspective for year 2011”.

<sup>2</sup> [www.economy.gov.mk](http://www.economy.gov.mk)

<sup>3</sup> European Agency for Reconstruction, 2007: Small Enterprise Development of Macedonia, pg. 12-14.

<sup>4</sup> Resource: Official Journal of the Republic of Macedonia no. 119/09

- Social cohesion, economic and spatial development between urban and rural municipalities within the region with its optimal, special and specific use.

Its purpose is to accelerate in the integration processes in the EU and NATO because, according to experts, the process is frozen in these institutions, causing uncertainty to potential foreign investors in Macedonia. According to the statistics we have a decline since 2009 (145 mil.EU) and 2010 (132.5 mil.EU)<sup>5</sup>.

Therefore, the objectives and priorities identified in the overall strategy, in accordance with the basic use of the document, measures and instruments to encourage the development of regions, and their financing, the relevant institutions and mechanisms for implementation. Those are specified in Action plan (2010 - 2012) for the implementation of regional development strategy, which in accordance with the law for balanced regional development have been approved for a period of three years, and is in final stages of preparation, supported financially by the state, donors and stakeholders at regional and local levels.

Today, the national strategy (continuous program of the government) of the development of small and medium enterprises (SME) provides basic orientation for the realization of the vision, goals and priorities set out in the field of entrepreneurship and small and medium enterprises for a long time period. Strategic goals are to increase the number of SME, increase the number of employment in SME, and increase the contribution of SME in the creation of gross domestic GDP (national strategy for development of small and medium enterprises, 2002 - 2013).

So, for a period of three years in The Republic of Macedonia, European funds encouraged the competitiveness and growth of IPA, regional and rural development for small and medium firms. For example, in 2011 are exploited 98 million EU, in 2012 are exploited 105 million EU, and in 2013 117.2 million EU<sup>6</sup>.

Otherwise, The Republic of Macedonia as a candidate for membership in the European Union (EU), for the period from 2007 to 2013 were approved 622.5 million euro's for funds provided through the IPA pre-accession assistance programs<sup>7</sup>. The Republic of Macedonia has obtained the right to use decentralized management of pre-accession assistance tools and components of institutional capacity building, regional development, human resources development and rural development.

### **Developments, Possibilities and Results of “Ing – Luli” From Macedonia**

Private and public sectors are formed according to the terms of financing, establishment and management businesses. There is a difference in the private sector, which is established and managed as a result of private initiative, the axis of which is private and public ownership to be established, managed and financed by the state or government agencies. The advantage of small firms is important in the framework of a market economy and offers great opportunities for employment, reduction of unemployment and also an important role in economic development because they are a leading providers and force drivers of economic activities.

In this paper a case study is a company named “ING – LULI” from Struga, Macedonia founded in 12.07.1994. The company today possesses modern equipment for the production of: adhesives for construction and decorative plaster, with the highest quality products **PEVALIT**, resulting in the internal market and outside of The Republic of Macedonia.

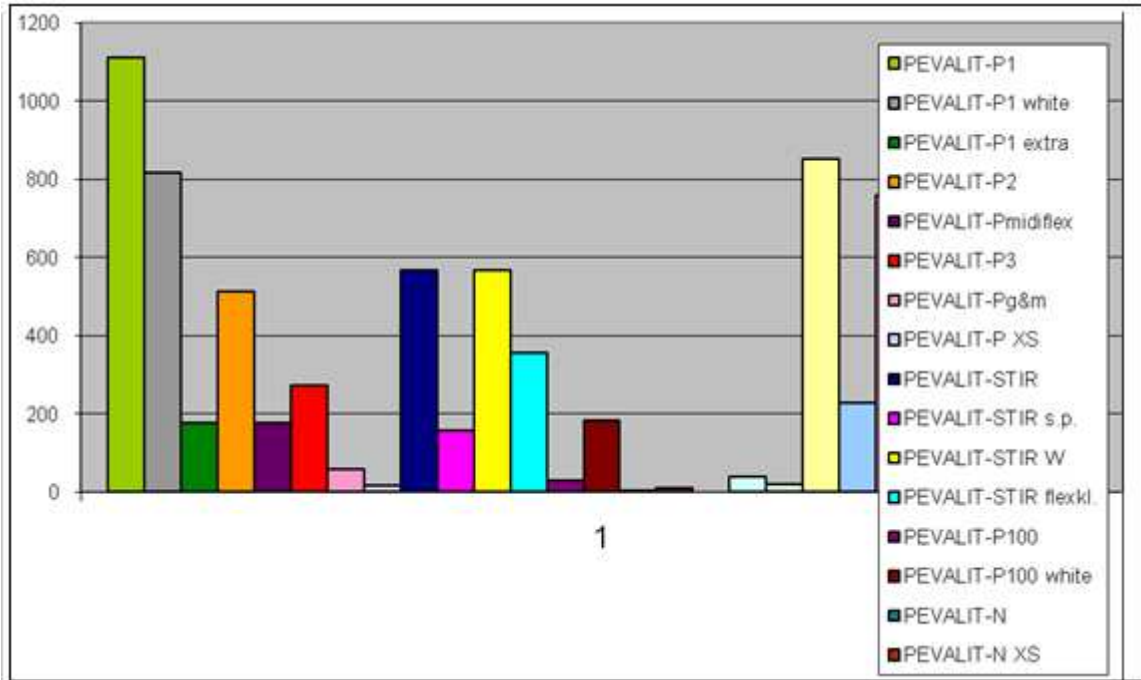
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<sup>5</sup> [www.stat.gov.mk](http://www.stat.gov.mk)

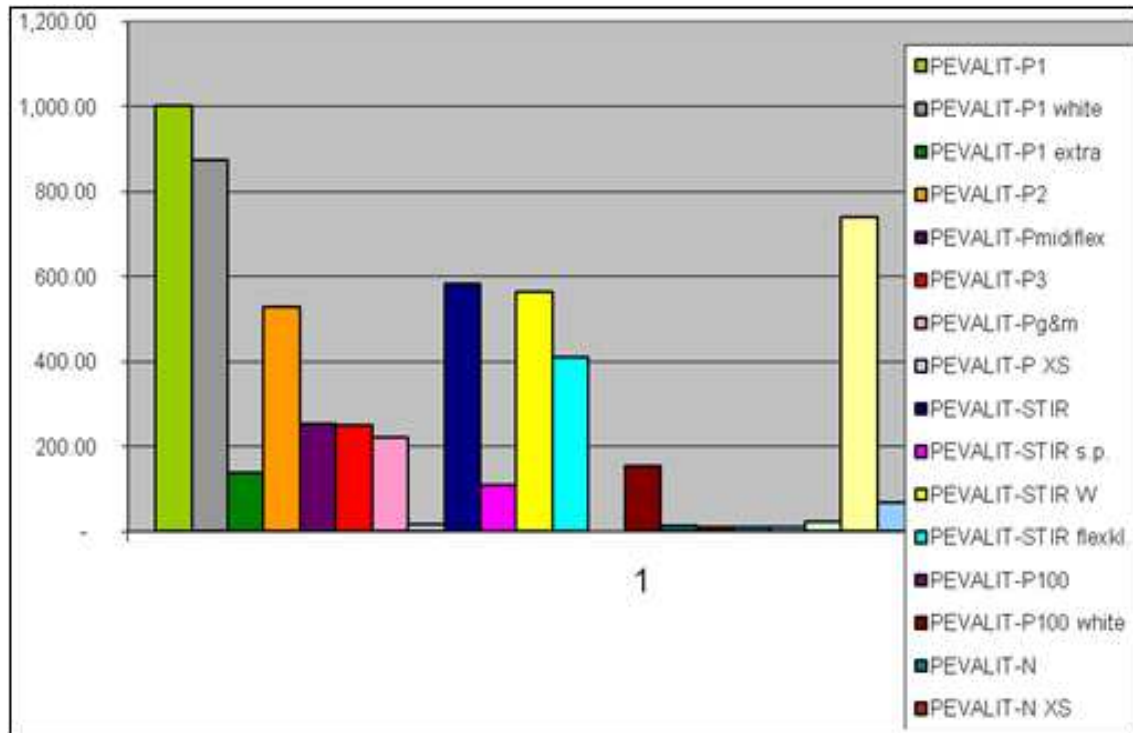
<sup>6</sup> Resource: Issued by the Chamber of Commerce of the Republic of Macedonia [www.mchamber.org.mk](http://www.mchamber.org.mk)

<sup>7</sup> [www.zhurnal.mk](http://www.zhurnal.mk)

Prices on the enterprise market are adequate to the same products that are offered on the competitive market. Undertaking from the beginning onwards the enterprise marked growth in development trends as shown in graph no: 1, 2, 3 and 4 and types of products consumed in tons for the year 2009-2012 table no. 1 and 2.



Graphic 1: Business Results in Period 2009

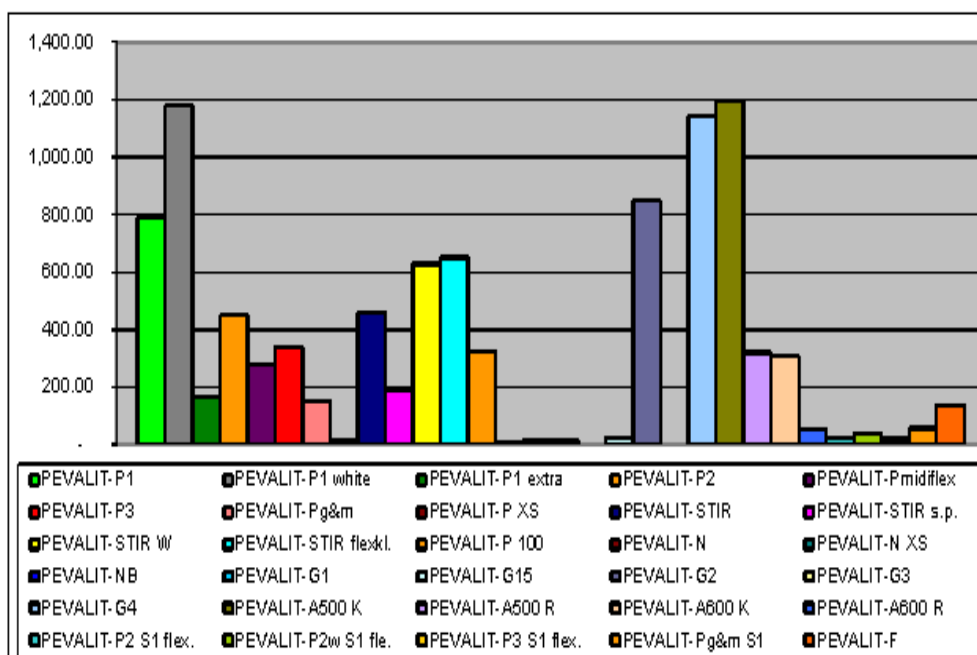


Graphic 2: Business Result in Period 2010

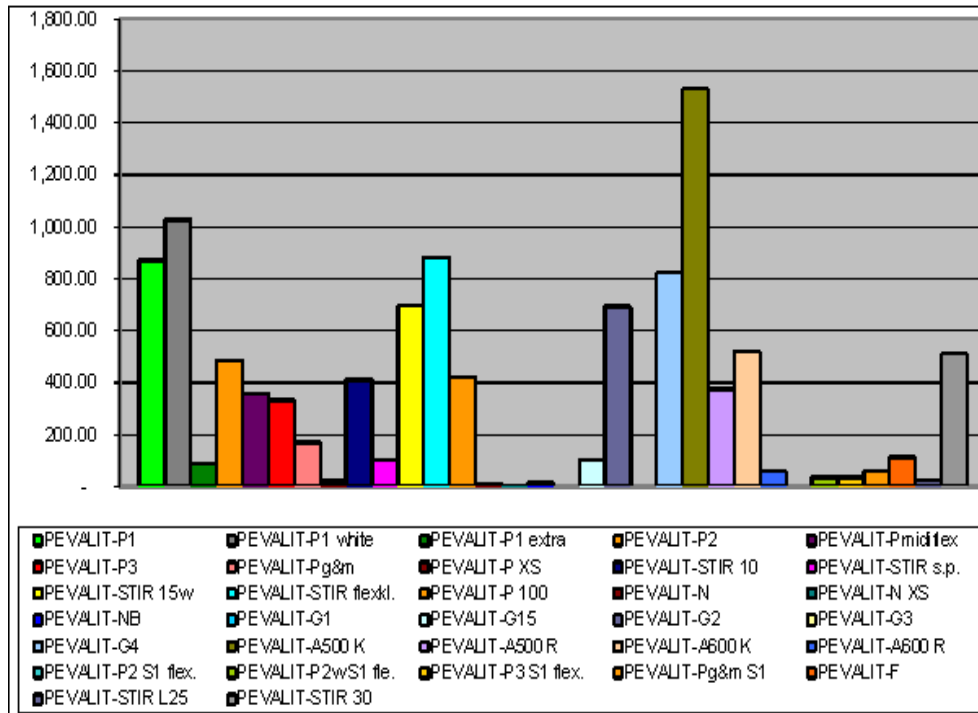
**Table 1: Types of Products Consumed in Tons for the Year 2009-2010**

Production in tons 2009		Production in tons 2010	
PEVALIT-P1	1110.5	PEVALIT-P1	1,001.50
PEVALIT-P1 white	815.5	PEVALIT-P1 white	874.12
PEVALIT-P1 extra	177.4	PEVALIT-P1 extra	137.12
PEVALIT-P2	513.6	PEVALIT-P2	528.83
PEVALIT-Pmidiflex	177.4	PEVALIT-Pmidiflex	251.55
PEVALIT-P3	272.1	PEVALIT-P3	248.48
PEVALIT-Pg&m	56.8	PEVALIT-Pg&m	219.41
PEVALIT-P XS	15.2	PEVALIT-P XS	16.40
PEVALIT-STIR	565.1	PEVALIT-STIR	582.07
PEVALIT-STIR s.p.	157.4	PEVALIT-STIR s.p.	110.27
PEVALIT-STIR W	566.8	PEVALIT-STIR W	564.36
PEVALIT-STIR flexkl.	354.2	PEVALIT-STIR flexkl.	409.87
PEVALIT-P100	27.3	PEVALIT-P100	-
PEVALIT-P100 white	182.3	PEVALIT-P100 white	154.80
PEVALIT-N	3.2	PEVALIT-N	12.00
PEVALIT-N XS	8.3	PEVALIT-N XS	10.00
PEVALIT-NB	0	PEVALIT-NB	8.10
PEVALIT-G1	39.4	PEVALIT-G1	9.50
PEVALIT-G15	18.6	PEVALIT-G15	22.70
PEVALIT-G2	851.9	PEVALIT-G2	738.10
PEVALIT-G3	227.1	PEVALIT-G3	66.60
PEVALIT-G4	759.8	PEVALIT-G4	509.59
PEVALIT-A500 K	696.5	PEVALIT-A500 K	707.99
PEVALIT-A500 R	245.9	PEVALIT-A500 R	246.22
PEVALIT-A600 K	160.7	PEVALIT-A600 K	144.47
PEVALIT-A600 R	64.3	PEVALIT-A600 R	82.65
PEVALIT-F	152	PEVALIT-F	142.18
<b>Total</b>	<b>8219.3</b>	<b>Total</b>	<b>7,798.88</b>

Furthermore we will be able also to present the results for a period of two years - 2011 and 2012. And also a presentation of the range of products which are consumed in tons per year from 2011 to 2012 by the company “ING Luli” from Struga, Macedonia.



**Graphic 3: Business Result in Period 2011**



Graphic 4: Business Result in Period 2012

Table 2: Production in Tons 2011-2012

Production in tons/2011		Production in tons/ 2012	
PEVALIT-P1	788.40	PEVALIT-P1	870.20
PEVALIT-P1 white	1,178.10	PEVALIT-P1 white	1,027.10
PEVALIT-P1 extra	166.58	PEVALIT-P1 extra	90.00
PEVALIT-P2	450.00	PEVALIT-P2	486.00
PEVALIT-Pmidiflex	279.00	PEVALIT-Pmidiflex	358.00
PEVALIT-P3	339.10	PEVALIT-P3	333.00
PEVALIT-Pg&m	153.00	PEVALIT-Pg&m	169.50
PEVALIT-P XS	14.00	PEVALIT-P XS	22.00
PEVALIT-STIR	462.00	PEVALIT-STIR 10	411.00
PEVALIT-STIR s.p.	186.70	PEVALIT-STIR s.p.	104.70
PEVALIT-STIR W	628.00	PEVALIT-STIR 15w	696.00
PEVALIT-STIR flexkl.	651.00	PEVALIT-STIR flexkl.	882.45
PEVALIT-P 100	325.85	PEVALIT-STIR L25	27.00
PEVALIT-N	5.00	PEVALIT-STIR 30	512.30
PEVALIT-N XS	18.00	PEVALIT-P 100	423.00
PEVALIT-NB	13.00	PEVALIT-N	10.00
PEVALIT-G1	-	PEVALIT-N XS	5.00
PEVALIT-G15	25.50	PEVALIT-NB	14.00
PEVALIT-G2	848.30	PEVALIT-G1	-
PEVALIT-G3	-	PEVALIT-G15	102.00
PEVALIT-G4	1,145.00	PEVALIT-G2	693.70
PEVALIT-A500 K	1,195.00	PEVALIT-G3	-
PEVALIT-A500 R	319.50	PEVALIT-G4	826.00
PEVALIT-A600 K	310.30	PEVALIT-A500 K	1,531.20
PEVALIT-A600 R	54.00	PEVALIT-A500 R	375.00
PEVALIT-P2 S1 flex.	23.00	PEVALIT-A600 K	520.00
PEVALIT-P2w S1 fle.	41.00	PEVALIT-A600 R	61.00
PEVALIT-P3 S1 flex.	19.80	PEVALIT-P2 S1 flex.	-
PEVALIT-Pg&m S1	57.50	PEVALIT-P2w S1 fle.	37.00
PEVALIT-F	137.70	PEVALIT-P3 S1 flex.	36.00
<b>Total</b>	<b>9,834.33</b>	PEVALIT-F	114.00
		<b>Total</b>	<b>10,796.15</b>

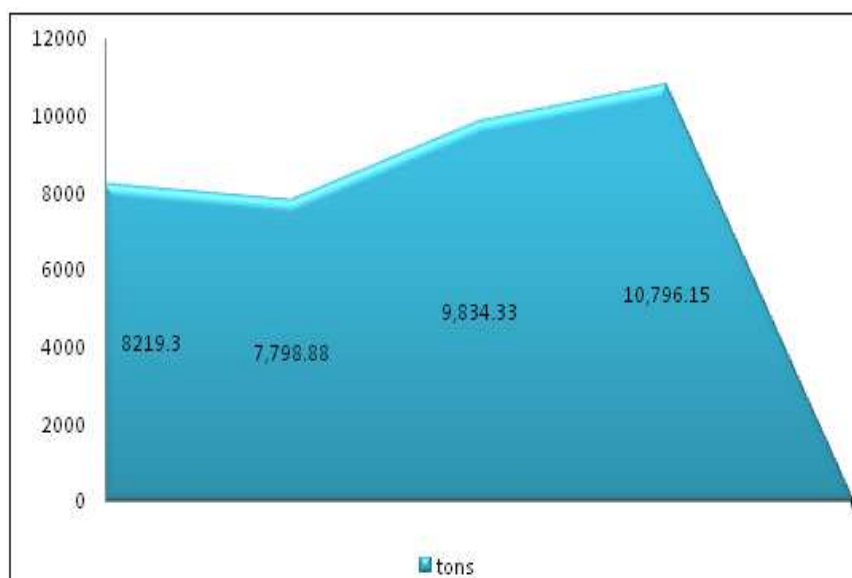
LRead phonetically

Dictionary – View detailed dictionary.

The enterprise “ING-LULI” has started its activity as a commercial enterprise, for retail and wholesale building materials supplied by the country and abroad. Then, in 1998 begin to draft a program, for the production of adhesives for construction.

Furthermore, with such products in the domestic market, emerged in June 1999, with a capacity of 10 tons in one shift, with high quality according to European norms, that affected economic growth and mitigating the economy. Since 2000, the business environment for the distribution of goods, within and outside the country had increased continuously in production and general revenues of the enterprise.

There are enhanced programs of the **Pevalit products, graph 5**, which includes all finite stages of construction. **“Our tendency is**, that this range of products will extend and complete all products required today in construction, and also structural increase in the number of workers and expansion of commercial space”<sup>8</sup>.



**Graph 5: The Trend of Increasing Listen Read Phonetically**

From this Graphic we see that the dynamics of production in tons has followed the dynamics of sales shown in the table 3.

**Table 3: The Trend of Growth in Tons**

Year	2009	2010	2011	2012
tons	8219.3	7,798.88	9,834.33	10,796.15

In 2005 with assistance and grant provided by the European Bank for development, part of our products by the Institute of Accredited "ZAG Ljubljana" (Institute for construction in Ljubljana), Slovenia, benefits the certificate, for standardized quality norms with the new European EN 12004. This certificate and secure means that access are available in the market of Western Europe. Our market in Macedonia is stable, with continual sales, export continuously in the Kosovo market, included in 1 / 3 of our products.

<sup>8</sup> [www.pevalit.de](http://www.pevalit.de)

We also work with partners to secure the market there, mostly because of quality products and services and respect for deadlines. Since 2005 we export to Austria, Switzerland and Germany, where there is gradual increase in production. However, our enterprise also has plans for future development. That is the result of gradual development and expansion of sustainability in today's market.

The best competition for a clear definition of the company is achieving the vision to compete in the market, where the objective is developing new products for existing markets (replacement of some components of the product with new ingredients), also developing the products with certain types of qualities, developing new size in order to extend product life cycles of existing or to benefit, and to entice consumers with new product.

To achieve success in the organization requires a study of macroeconomic and external micro environment that will lead to satisfying the needs of the organization. To achieved the competition with other companies with similar products, is necessary that the company finds a way how to do this, namely to develop strategic analysis of external and internal environment, who are incoming information tools for enterprise decisions for business success.

In a better way this identification will be shown by strategic analysis, ordered of importance in monitoring of the external and internal environment to the company, procedures developed as follows table 2 the appropriate thing for this identification will be shown by strategic analysis, ordered of importance in monitoring of the external and internal environment to the company, procedures developed as follows table 2 the appropriate thing for this identification will be shown by strategic analyses, ordered of importance in monitoring of the external and internal environment to the company, procedures developed as followstable 2 in a better way this identification will be shown by strategic analyses, ordered of importance in monitoring of the external and internal environment to the company procedures developed as follows. The appropriate thing for this identification will be shown by strategic analysis, ordered of importance in monitoring of the external and internal environment of the company, procedures developed as follows table 2 in a better way this identification will be shown by strategic analysis, ordered of importance in monitoring of the external and internal environment to the company, procedures developed as follows table in a better way this identification will be shown by strategic analysis, ordered of importance in monitoring of the external and internal environment to the company procedures developed as follows table.

Based on this analysis and based on analysis of macro and micro environment, defined are the possible directions of development of short-term and medium businesses in “ING-Luli” from Struga, Macedonia.

Listen

Read phonetically

Dictionary – View detailed dictionary

- **Noun**

- Cohesion

Listen

Read phonetically

Dictionary – View detailed dictionary



**Short-Term are**

- Reinvestment in addition to the capacity of products
- Expanding market (mapping)
- Marketing Strategy
- More investments in training staff - person qualified management and employees
- Better knowledge of English, so it can be used for computing benefits of this technology in business.

Listen

Read phonetically

Dictionary – View detailed dictionary

**Medium-Terms are**

- Reinvestment of technology, to save time and other resources, simultaneously increases productivity and they are in step with the trends and benefits of computing, because it offers more opportunities for business, as the placement of goods and communication both local and abroad.
- Addition of games, that are required in standardized products in construction today.

The result of these spatial data means, sustainable development in the future market, and also opportunities for better access to Western market and beyond, compiling by project plan developed by this company. The strategic plan, defined before, which bring major changes in environment, means implementation of the strategy and brings the best growth conditions in all phases of enterprise business.

**CONCLUSIONS**

Competitiveness and regional development in small business, has an important role in the marginalization of market economy that offer great opportunities, for employment and economic development. Therefore the subjects are stimulating innovation in economic activities, thus enabling a quality of life for the community. The challenges facing small economic entities are imperative for establishing strategic objectives, and maintaining competitive advantage, which means superior or otherwise being in the market. The strategy of The Republic of Macedonia under long-term plans for developing programs through entrepreneurship, competitiveness and innovation of the enterprises of small and medium enterprises, industrial policy, international cooperation, works to promote the competitiveness and development of the firms. Surroundings are crucial to business success and existence; therefore they must do their best to known factors in the external and internal environment which affect their work.

The purpose of small businesses is to focus on management development strategy, which means that companies should be prepared for innovation as the driving force of national and world competition in a market economy, and with that to maximize the competitive ability through price-list and functional strategy, and at the end minimize weaknesses competitive. Enterprise “ING-Luli” from Struga, Macedonia holds a leading role in the local market and overseas with its quality products, sustainable and competitive prices and sufficient services to buyers and of course the use of a perfected technology, as an important competitive factor. Development opportunities for growth and development in this Company are medium and short-term.

Listen

Read phonetically

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