

RESEARCH ARTICLE

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Current situation of wood processing industry in Albania

ELVA ÇAUSHI*, PANDELI MARKU

Faculty of Forestry, Agricultural University of Tirana

Abstract

Wood processing industry in Albania, as well as many other industries, faces a series of problems, and depends on various factors; factors, which influence the technical and economic indicators of these companies in many different ways. Wood processing industry in Albania is made up of dozens of large companies and hundreds of small and medium enterprises, spread throughout the country, that deal everyday with several technical and organizational problems. The main purpose of this study is the identification of the main problems of wood processing companies operating as limited liability company (l.t.d.). Clear indicators show the overall situation in the wood processing industry, and suggest possible improvements on the most problematic sectors. The study shows that 68% of these companies deal with manufacturing of furniture, 18% of them deal with production of saw lumber, 10% of them deal with manufacturing of doors, windows; and only 4% of them deal with the manufacturing of other products. Manufacturing of furniture is based mainly on the use of wood panels and MDF; an indicator that shows that the furniture structure has changed a lot in the recent decades.

Keywords: wood processing, industry, raw sawing, competition, cost, production, price, product.

1. Introduction

Between the '50s and '80s of the last century, the wood-processing industry evolved rapidly in Albania, and primarily in Tirana, Elbasan, Shkodra, Lac, Fush-Arrëz and Pogradec [1].

In the '90s, the wood-processing industry suffered a total destruction. In the subsequent years, private companies began to operate and developed their activity in this sector initially as small enterprises and later on as big ones.

Nowadays, the wood processing industry has taken its full physiognomy, and its production has gained stability. Wood products are sold basically within the domestic market. Only 15% of these products (raw materials like parquet, wooden elements, etc.) are being exported [2].

Usually, it is noted a lack of general information on the wood-processing industry financial situation and progress. For this reason this study aims to ascertain the state of manufacturing companies in the wood-processing industry by considering several problematic issues in order to recommend possible improvements. Another goal of the study is to follow the progress of the wood-processing companies, taking into consideration their changes over time, related this to the prospects and forecasted trends of the Albanian economy.

2. Material and method

- Data collection was conducted through a primary research; the used method was surveying.
- 49 companies located in 18 districts of Albania are surveyed through direct (face-to-face) standardized interviews,
- A complex questionnaire that includes a variety of topics on the existing conditions of the wood-processing companies was compiled.

A series of problems generated on the basis of these data. The main rubrics of this questionnaire included the following sections:

- General information on the company and legal form;
- Data on the main and secondary activities;
- Materials and raw materials used, the storage conditions applied;
- Machineries used;
- Cutting instruments and their treatment;
- Methods and techniques of wood drying;
- Working conditions and environmental pollution;
- Technological waste management;
- Technical Problems;
- Qualification of employees and technical staff;
- Data on quality control methods;
- Marketing data and the future assessment.

We are focused on material presented in some of the problems that affect several aspects of production such as processing types realized, raw materials used, quarterly production, mechanization rate of transport operations, mechanical-electrical problems, the level of qualification of workers and employment of qualified engineers.

3. Results and their discussion

- *Distribution and legal forms of wood processing companies.*

The graphic below shows how such companies are spread throughout the territory. There are data on 49 companies in 18 districts of Albania

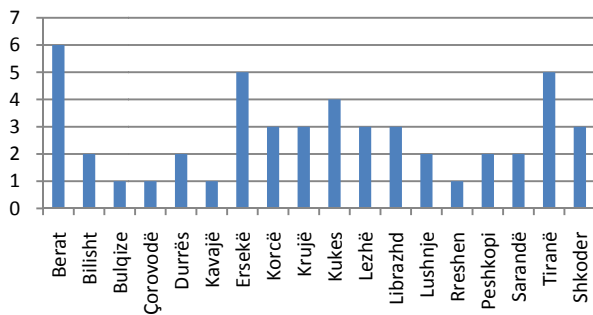


Figure 1: Number of enterprises according to regions

A key issue of such companies is the main activity and the legal form. Almost all companies interviewed perform other activities in addition to their main activity. Their main legal form is as a limited liability company.

Table 1: Legal form of enterprises

Legal form	No. of companies
Limited liability company	45
Stock company	2
Joint venture company	2

Classification of companies by their main activity.

Despite the fact that there is a large quantity of furniture imported in our country, manufacturing of wood products by limited liability companies covers still a significant percentage. The chart below shows that 68% of these companies deal with furniture manufacturing, 18% with raw sawn production, 10% with window and door manufacturing, and only 4% with manufacturing of other products.

- *Types of raw material used.*

All companies that manufacture raw sawn use as raw materials logs provided by our forests. Manufacturing of furniture is based mainly on use of wood panels and MDF. This is an indicator which shows that furniture structure has changed a lot. Only 14 subjects use raw materials made of boards. The use of raw materials by wood processing companies is given in the graph below [3].

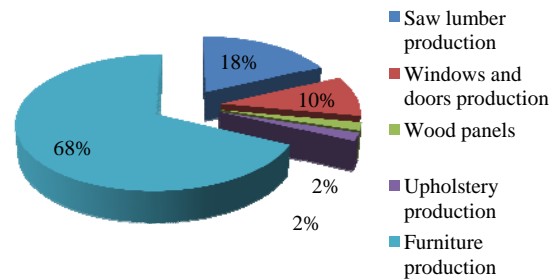


Figure 2: Classification of enterprises according to their production activity

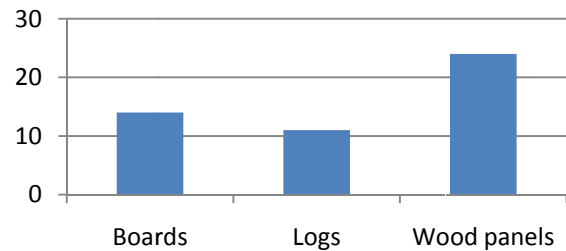


Figure 3: Use of raw materials

- *Classification of companies according to employment figures.*

The graph below presents assorted figures on the number of employees working for the companies taken into consideration. 59% of these companies have from 3 up to 10 employees, 23% of them have from 11 up to 20 employees, 23% of them have from 21 up to 30 employees, and only 18% of them have over 20 employees.

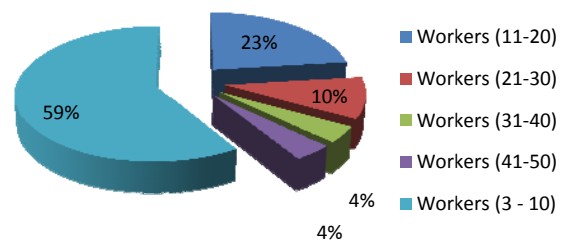


Figure 4: Enterprises according to their labour force

- The level of employee training.

Only 58% of the total number of employees is qualified to carry out their tasks. Only 15% of them have vocational education as wood technicians, a low figure considering the existence of several vocational

schools in this field. Nearly two thirds of these companies have employed wood engineers who make up only 5% of the total number of their employees. This level of training is an indicator of the quality of the products that these subjects offer in the market [4].

Table 2: Labour force according to their training

No. of companies	Total staff	Trained staff	Wood engineers	Wood technicians	Trained staff/ total staff	Wood engineers/ total staff	No. of companies with wood engineers
49	671	387	34	59	58%	5%	32

The successful management of a wood processing company is strongly related to a professional technical management, in particular for big companies, diversified manufacturing, high level of technological machineries used, etc. The chart below shows that only 5% from the total number of employees in these companies are engineers and that only a few companies have hired more than 1 engineer.

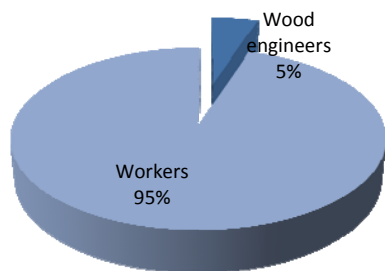


Figure 5: Ration between wood engineer / workers

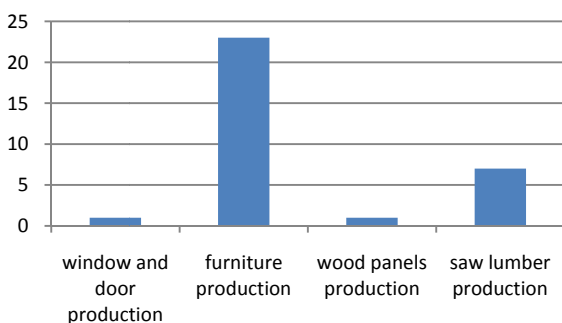


Figure 6: Number of wood engineering according the activity

- Classification of companies by sale classes.

The survey show that companies could be classified in five classes (figure 7).

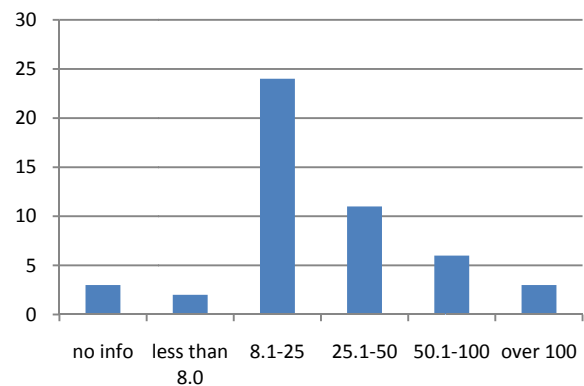


Figure 7: Number of enterprises according to the sales (million leke)

- Determining factors in defining product price.

Production costs and competitor's prices are the key factors in setting product prices, indicating that wood processing companies are not oriented by the most modern methods in this process [5].

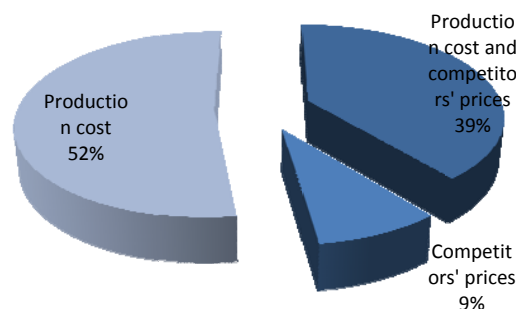


Figure 8: Business orientation toward the prices defining

- Companies' perception of the factors that affect their bid.

Companies' perception is that raw materials cost constitutes the biggest concern of the producers while

setting the value of a bid. Such elements as quality and price of raw materials are considered the main factors in this process.

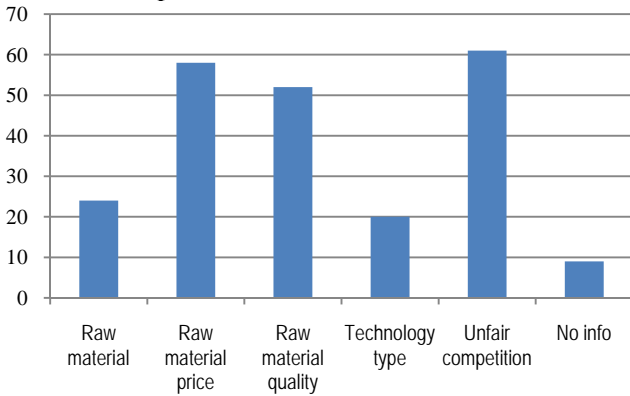


Figure 9: Factors that influence product price

- *Companies' perception of the factors influencing their request.*

Unfair competition is a major factor that negatively affects the demand for wood products (public tenders). The effects of the global economic crisis and its impact on the consumer capacity to purchase, is considered a real threat to the demand for these products. The increasing volume of the imported products in the domestic market (mainly due to their better quality) also influences negatively the development of wood processing companies [6].

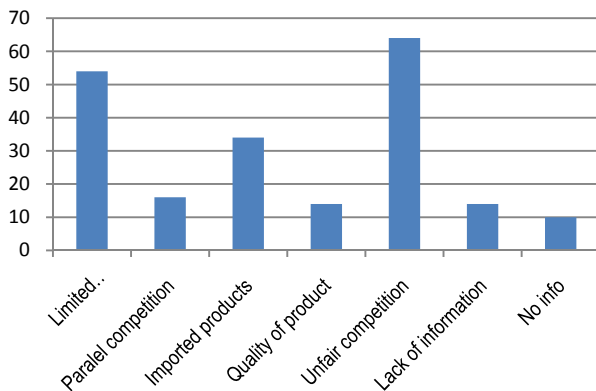


Figure 10: Factors that influence product type

4. Conclusions

If we carefully observe the complexity of the collected data, we can affirm that wood-processing

industry in Albania is mainly based on the use of imported raw materials such as chipboards and MDF boards.

Manufacturing companies are mostly of small and medium size, operating with a small number of employees. It is noted a participation of qualified personnel (engineers) in these companies.

The main problems that stand out are the low level of qualification of the general staff and the technical conditions of the machinery used.

The survey noted that only 20% of surveyed entities have wood processing their primary activity. The majority of these companies is involved in the secondary wood-processing, whereas their main activity is furniture production. The reduction in number of entities operating in primary wood processing activity is related mainly to the issues of quality and quantity of raw materials in the country (insufficient forest resources).

The competition, the low level of product processing as well as the insufficiently trained sales and marketing personnel with no the proper motivation, does not permit this industry to use modern methods in relation to price setting.

Unfair competition is perceived as another negative factor for the future offer. This indicates that the markets are still not free and do not operate as such. Unfair competition is mirrored in the existence of illegal logging that allows some companies to use raw materials with lower prices than others.

5. References

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