Ownership Structures and Firm Performance in South Eastern Europe[*]

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The study of the relation ownership-firm performance has a long story. In the countries with established market institutions the focus is put more on the importance of the concentration of the ownership and only in some periods on the importance of the form of the ownership for firm performance. In the transition economies, on understandable reasons, very significant is the study of the both groups of problems.

This paper is based on a study of 305 enterprises from the state and private sector in three countries from South Eastern Europe. Questionnaire surveys are made in 105 enterprises in Bulgaria, in 100 enterprises in Romania and 100 in Albania.

The beginning of the paper proves the necessity of the study of a group of indicators for firm performance (quantitative and qualitative, dynamic and static) which will be generated in a general performance index. The second part deals with the structure of the ownership in the economies of the three countries and this of the studied enterprises. Further more the paper studies the influence of the ownership separately on each of the 13 indicators for firm performance for each of the three countries - Bulgaria, Romania and Albania. At the end it analyses the connection of the ownership with the general performance index. The main conclusion, made in the paper, is that it is proved by a definite way that the private enterprises perform much better than the state ones, and the newly created private enterprises show the best indicators for firm performance. The certainty of the conclusions is possible because of the use of general performance index, while using only one of the indicators for firm performance may lead to unclear and opposite conclusions for the character of the studied relation.

1. Methodological Problems

The connection between the ownership and firm performance is indirect. The influence of the ownership is determined by its concentration, by the way of executing the control by the owners upon the managers, by the quality of the strategic and operative management, etc. In the best case the ownership is only one of the factors for a better or worse firm

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performance. The influence of the other factors could be extremely strong in a certain enterprise but to be neutralized in a larger range.

In our study we use the range of 100 enterprises in each country. We also searched similarity between the structure of the enterprises in the excerpt and this of the whole economy from the point of view of the form of ownership, branch distribution, market share and size of the enterprises. The quoted research project studies the connection between each of the mentioned structures with the firm performance. For the purposes of this paper they are mentioned only as a reason representative character of the sample of enterprises.

The studied enterprises are separated into 4 groups - traditional state enterprises (SOE), corporatized state enterprises (CE), privatized enterprises (PRE) and newly created private enterprises (POE). The separation of the state and private enterprises in the transition economies is of key significance and it is important to be studied.

One of the main problems of the study is connected with the indicators for measuring the firm performance. Well-known are the difficulties which can be met in the use in the countries of transition of such indicators as total factor productivity growth, profitability, labor productivity, etc. (EBRD Transitional report 1997). The lack of full information, the often changes in the exchange rate and the high inflation make unreliable the use of some of these value indicators which in more stable developed economies most often are used for measuring the firm performance. In the conditions of transition for countries with unstable and quickly changing macro environment these indicators often are incorrect and their use can lead to contradicted results and conclusions. The transition economies are in a process of dynamic changes of the structures (employment, production, export, age of the capital, etc.) and that is why the use only of value (quantitative) indicators cannot present adequately the firm performance and the results of their restructuring. In many cases the qualitative indicators, presenting the restructuring of the enterprises are basic for the good estimation of the firm performance. That is why they, too, must be taken into consideration.

In order to be ignored such difficulties this study uses different approach.

A great group of indicators are used, so the extremes which in the most cases are a result of incorrectness, could be neutralized. These indicators are the following: dynamics of the sales and employment, state and dynamics of the productivity, state and dynamics of profit/sales and export/sales ratios, share of the equipment at age under 5 years and over 15 years and dynamics of the latter, level of technology and economic position of the enterprises. Used are static, as well as dynamic indicators, because in a certain moment (year) the comparison of the data could be damaged. Also used are quantitative, as well as qualitative indicators, presenting the restructuring.

The next moment is quantitative revealing of different indicators (quantitative and qualitative, static and dynamic) which allow presenting of general index of firm performance. This is made as for the last two indicators are given quantitative estimations, varying between 0 and 5. Further calculated are the relative values of the indicators for firm performance, as for 100 are accepted the results of the best performed group of enterprises.

General performance index is calculated as an arithmetic mean of the relative values of the 13 indicators. It must be understood as a ratio of the firm performance from a certain group to a conditionally best performance made in a certain country in the studied period.

The main purpose of the study is to check whether in the conditions of transition the hypothesis that, the private enterprises perform better than the state ones, and among them the newly created - better than the privatized, and the corporatized - better than the traditional state enterprises, is true.

2. Ownership Structures of the Economies

After the political changes in 1989-90 a quick process of changing the economic structure of the countries from South Eastern Europe began. Most often as a general index is used the share of the private sector in the economy as a whole and by branches. Bulgaria and Romania have close and considerably low indexes while in Albania the share of the private sector is quite bigger.

For Bulgaria and Romania 45-50% of GDP is created in the private sector, 14-16% of the industrial production, about 60% of the construction production and 70-75% of the turnover of the trade. The share of the private sector in GDP of Albania is almost twice bigger (80-85%) and in the industrial production 3-4 times higher (52-56%).

The main reasons for these differences are the weak rates of privatization in the first two countries while in Albania the privatization of the small and medium sized enterprises was executed very fast. For the increased share of the private sector in GDP cooperates also the quick and radical execution of the giving the land to private owners. Common weakness of the three countries is the weak participation of foreign investors in the privatization process.

3. Ownership Structures of Studied Enterprises

The main characteristics of the structure of the ownership of the studied enterprises could be clearly seen in Table 1.

In spite of this what type is (state or private), the ownership in Bulgaria is quite strongly concentrated. Extremely high share (88,6%) of the number of the studied enterprises is owned by 1 to 3 owners. These are all state enterprises and 75,5% of the number of the private enterprises. The data for the state enterprises could be explained with this that in Bulgaria there are no forms for allowing of minority owners, as for instance in Romania, before the privatization of the enterprises. This model was changed with the mass privatization which was carried out after the finishing our study.

The data for the private enterprises to some extent are surprising because it is known that there are fears from dispersing of the ownership in the transition economies in result of the privatization. In our case there is only weak tendency to dispersing which is revealing in the fact that the relative share of the privatized enterprises, owned by 1 to 3 owners (69,6%) is lower than of the private enterprises created "de novo" (80,8%).

Table 1. Share of the Top Five Shareholders (in %)

	Shareholders:				
	1	2	3	4	5
Bulgaria					
SOE	75.00	50.00	-	-	-
CE	100.00	-	-	-	-
PRE	61.82	16.26	3.96	2.99	2.92
POE	70.73	31.15	13.25	4.03	3.63
Romania					
SOE	100.00	-	-	-	-
CE	68.93	23.28	2.04	0.94	0.77
PRE	18.36	7.30	3.14	2.23	1.89
POE	61.65	30.76	15.70	10.30	5.78
Albania					
SOE	100.00	-	-	-	-
CE	100.00	-	-	-	-
PRE	66.43	20.26	11.04	9.76	5.13
POE	95.00	5.00	-	-	-

Interesting are 11% of the number of the enterprises which have more than 5 owners. The share of the first 5 owners does not exceed 50% as in privatized (29,8%) and in the newly created private enterprises (42,9%). In spite of the fact that they own less than half of the assets, their share is average 2,5 times more than the share of the fourth owner in the privatized enterprises and 3 times more in the newly created private enterprises.

The preliminary analysis made on the basis of the initial information shows the following:

First, the concentration of the ownership of the studied enterprises is very high.

Second, in the bigger part of the enterprises - all state and 75% of the private there is absolute concentration revealed in the fact that 1 to 3 owners have 100% of the assets.

Third, in the rest of the enterprises there is high concentration revealed in the fact that the first three owners have less than 30% of the ownership but many times more than the fourth and the next owners.

Data for the other two countries are similar to Bulgaria. The concentration of the studied enterprises in Albania is even higher. The state enterprises in both forms SOE and CE are owned only by the state, and the newly created enterprises as a rule have only one owner and as an exception - two.

As a whole the model of ownership structure in Romania has the same characteristics with one exception - the privatized enterprises. This is the group with most dispersed ownership from the 12 groups of studied enterprises. More detailed examining of the numbers shows that the share of the 2nd owner is sensitively higher than this of the next and this advantage is increased more, if we compare the share of the first three owners with this of every other from the next owners. Therefore in this case we can talk about a relative concentration which could be revealed in the exercising of minority control of the first or the first three owners.

The general conclusion which we can make from the analysis of the ownership structure of the studied enterprises in Bulgaria, Romania and Albania is that there are no cases of dispersed ownership and therefore of managerial control. The differences in the firm performance of the certain groups of enterprises can be provoked rather by the characteristics of the form of ownership than by its concentration.

4. Ownership Structure and Firm Performance

The ownership could influence upon firm performance by its specific characteristics of the different types of ownership (state or private). In the transition economies the specifics are differed by the existence of traditional and corporatized and privatized and newly created private enterprises. It is necessary to check whether the specifics of the types of ownership influence upon firms' performance as the private enterprises perform better than the state, corporate - better than traditional and newly created private enterprises - better than recently privatized.

After we suggested the existence of connection between the structure of the ownership and firm performance it is necessary that it should be further concretize by study of the influence of the structure of ownership upon the different indexes for firm performance. In our study we have used the following indexes: sales, profits/sales ratio, export/sales ratio, productivity/sales/employment, age of capital stock and employment. Also used is the self-evaluation of the managers for the level of technology in the enterprises in relation with that of similar enterprises in the developed countries and the economic position of the enterprises in the last years.

a. Sales.

The volume of sales depends mostly on the size of the enterprise, the character of production process and the type of products. The influence of the structure of ownership can be felt only in dynamics for a certain enterprise which changes its structure of ownership or if the different groups of enterprises according to structures of ownership have similar structure according to the size and production technology characteristics of the included enterprises.

Bulgaria. The data for our study show as a whole quite decreased volume of sales for all categories enterprises for the period 1990-1995 which corresponds to the whole condition of the economy in this period. That is why the influence of the ownership can be searched in comparing the indexes for dynamics of the volume of sales of the enterprises with different type of ownership with the average for the country. The data for the newly created private enterprises only show better performance then the average for the country and with quite a difference - 3-4 times compared with the enterprises from the other 3 groups.

Romania. On this index the studied enterprises are divided very clearly in two groups. The newly created private enterprises only show increase in sales in the period 1995/90 while all the other groups show decrease. The differences are quite sensible - 2-3 times increase, resp. decrease compared with the average index.

Albania. The Albanian enterprises show general decrease of sales in the period 1995/94 for all types of enterprises. The privatized enterprises differ from the other groups showing the

smallest percentage of decrease while the other have almost even values which are a little less favorable than the average.

When we compare the data about the three countries we can see that the newly created private enterprises in Bulgaria and Romania performed considerably better that the other groups while in Albania the best performed enterprises are the privatized but with big difference from the other three groups.

b. Employment.

Concerning the connection structure of ownership - employed could be said the things mentioned about the sales. Furthermore in evaluating this connection in dynamics it is necessary to have in mind the inherited over employment in the state enterprises which is a reason to expect much faster decrease of the number of employed in these enterprises compared with the rest categories. While in POE a part of the too big increase in the number of employees in them is probably due to the fact that in the last years they have had partly employed persons which have not been registered.

Bulgaria. The mentioned specifics once again confirm the difficulties for determining the connection between the ownership and the indexes for performance. In this case the stage of the life circle of the enterprise can weight more. The arrangement is POE>average>PRE>CE≥SOE.

Romania. The data are similar to those in Bulgaria - many times increase of the number of the employed in POE. The other three groups have decrease which is bigger in CE. The arrangement is POE>average>SOE≥PRE≥CE.

Albania. The arrangement is similar to that in the other countries: POE>PRE=average>CE>SOE.

The common between the three countries is the many times increase of the number of the employed in POE. In Bulgaria and Romania the numbers are much bigger than those in Albania but this is natural because the period is shorter (95-94).

c. Productivity.

This is one of the most important indexes for measuring the firm performance. Important is the level of productivity as well as its dynamics.

Bulgaria. The levels of productivity differ quite much between the different enterprises according to the type of ownership. Only POE show higher indexes than the average and the difference compared with the other groups is several times more. The arrangement is POE>average>PRE=CE>SOE.

The dynamics of the productivity is also different. In all groups there is decrease in 1995 compared with the level of 1990. The biggest is the decrease in POE and the least is in CE. In the other two groups SOE and PRE this level is close to the average. The groups are arranged in the following order: CE>SOE=PRE≥average>POE.

Considering the two indexes together - the level and the dynamics of the productivity, we can see closing of the levels in the 5 years period despite the fact that these differences still remain big.

Romania. The productivity index for 1995 is the highest for POE and the difference with the other groups is extremely big. The arrangement is POE>average>SOE=PRE=CE.

Totally different is the arrangement concerning the index dynamics of productivity for the period 1995/90: SOE>CE=PRE=average>POE. It means that the delaying groups get closer to POE though in the time of the study the rates are too low to compensate the delay.

Albania. Again POE are the enterprises with the highest productivity though the difference with the other groups is not that big as in Bulgaria and Romania. The arrangement is POE>PRE=average>SOE≥CE.

For the period 95/94 the productivity has increased only in PRE. In the other three groups there is decrease which is biggest in POE. The arrangement is PRE>SOE≥average≥CE>POE.

If we compare the data for the three countries we can point out one common moment - in 1995 POE have had the highest productivity which values are significantly higher than those of the other groups of enterprises.

d. Profit/Sales Ratio.

Bulgaria. In 1995 all categories enterprises - SOE, CE, PRE and POE show positive indexes for profit/sales ratio. But compared with the average data for the whole sample the private enterprises have better indexes than the state ones. If they separate to subgroups the arrangement will be will be the following - POE>PRE>Average>CE>SOE.

More different is the order in which the different groups of enterprises are arranged, if we take the dynamics of the index profit/sales ratio in the period 1990-1995 - SOE>PRE>POE=Average>CE. Most illogical seems the exchange of places of the corporatised and traditional state enterprises (SOE). The enterprises from SOE have extremely low level of the studied index in 1990. Although that profit/sales ratio increase most in SOE for the period 1990-1995, in 1995 it is still ten times lower than this of the other groups.

If we combine the dynamic and static's aspect we will be able to express more exactly the influence of the ownership upon profit/sales ratio. The results are the following: very high result and stable growth (POE), high result and very high growth (PRE), low result and negative growth (CE) and extremely low result and very high growth (SOE). The growth in the last group can be accepted as result more to the low starting level than it is provoked of the type of ownership.

As a whole we can say that the private enterprises are more efficient than the state, the difference between them remains high enough for the whole studied period, but inside the group of private enterprises the difference between POE and PRE decreases and inside the state enterprises - between CE and SOE.

Romania. In 1995 the private enterprises only show profit/sales ratio which is higher than the average while the corporatised state enterprises have significantly lower index than the average. In the other two groups the indexes are close to the average.

Concerning the dynamics (95/90) the highest rate of increase of the index have privatized enterprises followed by the newly created private enterprises. The other two groups (the state enterprises) have a slight increase, less than the average.

If we combine the two indexes we can see that there is a tendency of decrease of the difference between POE and PRE while the other two groups (SOE, CE) deepen their delay.

Albania. For 1995 data show best results for POE. The arrangement is POE>PRE=average>CE=SOE. The dynamics for the period is not very big which is natural.

The arrangement is PRE=CE=PO=Average>SOE. If we combine the two indexes we will have the following groups: high values and average dynamics (POE), average values and average dynamics (PRE), low values and average dynamics (CE), low values and low dynamics (SOE). Therefore the arrangement is POE>PRE>CE>SOE.

When we compare the data for the three countries we'll see that the private enterprises perform better than the state. POE have better indexes, PRE are second, but in the three their dynamics is better which shows a tendency of closing to the level of POE. In the state enterprises the situation and the dynamics are different and we cannot talk about general tendencies for the three countries.

e. Export/Sales Ratio.

Bulgaria. To a high extent this is also determined by other factors outside the structures of ownership. The branch appurtenance, the size of the enterprises and the existing in the former period specialization in the frames of COMECON can influence very strongly the share of export in the total volume of sales.

Higher than the average is the share of export for SOE and lower for POE. The indexes of the other two groups of enterprises are close to the average. The arrangement is SOE>CE≥average≥PRE>POE.

The studied enterprises as a whole have increased the export share in the last 5 years. The dynamics though is different in the different groups. The highest rate of increase is in POE - almost twice higher than the average for the whole while in the other groups it is lower than the average, e.g. the newly created private enterprises very quickly increase the export share in the volume of sales reaching in this way the ratio which is characterizing the other groups of enterprises.

Romania. The highest is the share of the export in CE (significantly over the average). Much lower than the average is the share of export for SOE. The other two groups have indexes close to the average. The arrangement is: CE>POE=average=PRE>SOE. Concerning the dynamics, with highest percentage is the share of export in the volume of the sales in CE and with lowest in SOE. The arrangement is similar to that in the former index CE> PRE =average= POE >SOE. It means that as a whole the export/sales ratio now has changed in the years.

Albania. The highest share of export is in POE and PRE and with lowest - SOE. The arrangement is POE=PRE>average=CES>OE.

The dynamics of all groups is about the average index. The arrangement is PRE=SOE=average=POE=CE. As in Romania here we can talk about stability, keeping the existing position in different groups of enterprises.

As we can see, the data don't give opportunity to generalize the tendencies for the export/sales ratio index and the form of ownership which are common for the three countries.

f. Age of Capital Stocks.

It should be pointed that all newly created private enterprises in Bulgaria, Romania and Albania are created after 1990 and that's why the age of their equipment by rule is less than 10 years except in the cases when they have bought machines and equipment at second hand. The privatized enterprises have inherited the age structure of their equipment from the state enterprises. The positive influence of the private property and especially of the concentrated private property should be felt as stronger as much more time has passed after the privatization.

Bulgaria. Data show that POE has the greatest share from the assets of age to 5 years. The share of the new machines and equipment is 3-10 times higher than in other groups of enterprises. The arrangement is the following - POE>Average=PRE>SOE>CE. Contrary is in data about the share of the assets of age more than 15 years - POE<SOE<Average<PRE<CE. It can be seen that in both cases POE have the most favorable results while CE - the most unfavorable.

The changes in 1990-95 in the share of the equipment of age more than 15 years in much greater extent can be connected with the type of ownership. Data show that the biggest improvement is again in POE, followed by PRE, while in CE on the contrary the situation is bad - the share of the old machines and equipment has increased with 5,17 percentage points.

Romania. The highest share of the assets at age not more than 5 years have POE. And the difference is quite significant - about 80% against 10-15% for the other groups. The arrangement is POE>average>PRE≥SOE>CE. The groups are arranged in the same order concerning the share of the assets at age over 15 years with the difference that here the lower share puts the group at front position.

Concerning the dynamics of renewal of the old assets there are positive tendencies in the recent and former state enterprises (their share decreases with 4-6%). Only in POE there is a tendency of increasing this share. The arrangement is CE>SOE>PRE>average>POE.

Albania. The two group's private enterprises have higher share new assets and the difference is significantly in favor of POE. POE>PRE>average>CE>SOE. The arrangement is the same concerning the old assets (over 15 years) and of the dynamics of their renewal. Similar to Bulgaria, in the state enterprises the share of the assets over 15 years does not decrease and in this way the scissors between them and the private enterprises is getting wider and wider.

g. Level of Technology.

Bulgaria. The total estimation varies between 2,11 and 2,50 which means closer to low (2) than to average level in the developed countries. Most self-critical are the managers of POE while those from SOE estimate highest their technological level (2,50). SOE have the lowest share of old equipment compared with the other state and privatized enterprises. Probably in their creation 10-15 years ago these enterprises have been modern and their managers continue to live with the impressions of the past.

Romania. The total estimation varies between 1,87 and 2,57 which means under the average level of the developed countries. The managers of the state enterprises notify the fact that the technology their enterprises have is old and estimate it fewer than 2. The arrangement is POE>average ≥PRE≥POE≥CE.

Albania. The managers of the studied enterprises give considerably high estimation of the level of the technology in them. The estimations are between 2,47 and 3,60 which means about the average level of the enterprises from the developed countries. This overestimation is likely made from all groups because the arrangement seems realistic compared with for example the age of the capital. POE>PRE>SOE≥CE.

Interesting is the self-evaluation of the managers for the level of technology in their enterprises in relation with that of similar enterprises in the developed market economies compared with the age of the equipment. It is normal to suggest one-way between the two indexes in the different groups of enterprises according to the type of ownership and type of control.

We can suggest that the managers of the private enterprises know better and estimate more objectively the current technical level and technology in their field while those of the state enterprises still have not overcome the complex of isolation. The reason for such suggestion is strengthened by the international comparisons. For instance, the managers of the Albanian enterprises, which country was mostly isolated from the outer world, estimate the technological level of their enterprises higher than this in Bulgaria and Romania and very close to the average level of the developed countries in case that 56% of the equipment of the studied enterprises in Albania is older than 15 years.

Comparing the three countries we can conclude that there are not common links between the form of the ownership and the level of technology. The arrangement of the groups of enterprises in Romania and Albania is similar but the number value of the estimations differs significantly.

h. Economic position.
The results reveal the answers of the managers to the question how do they estimate the economic position of their enterprises in the last years in the range of 1 (very bad) to 5 (very good). In Bulgaria POE estimate their position the highest (3,81) while SOE - the lowest (3,00). The estimation of the Romanian managers from the different groups are very close - from 3,20 to 3,57. The arrangement is PRE≥POE≥SOE≥CE. Different from them, the estimations of the managers in Albania differs sensitively. The arrangement is POE>PRE≥Average≥SOE>CE.

The short presenting of the performance of the groups of enterprises according to their indicators shows that their values are unique and vary in a rather wide range and the arrangement of the groups of enterprises differs too much. It can be said that the

arrangement is almost unique by each indicator. There are very few exceptions. For Bulgaria for example there are three equal arrangements POE>PRE>CE>SOE, for Romania - three equal arrangements POE>PRE>SOE>CE. In the case of Albania there are comparatively clearer grouping - five equal cases of arrangement POE>PRE>CE>SOE and three cases POE>PRE>SOE>CE. Out of 42 versions of arrangements 14 cases are grouped in 4 versions and in the other 28 cases the arrangement is unique.

These observations show very clearly what difficulties face the researchers of the firm performance in the transition economies. If a person decides to use one of the indicators for firm performance his conclusions can be argued by every other person who has used another indicator nevertheless both have been very right. As it has been shown above, we hope that the mentioned difficulties can be overcome with the use of general performance index.

5. General Performance.

Tables 2-4 generate the results from the performance of the enterprises with different type of ownership as it is searched a general index for performance which should generate 13 indexes, analyzed above.

The values on each index are re-calculated and that of the best group is accepted as 100. The general index for performance is arithmetic mean of 13 indexes for each group and shows the ratio of its real performance to the best possible performance.

Bulgaria. Data from the Table 2. confirm the main part of the hypotheses made in the beginning. As a whole the private enterprises perform better than the state, the newly created private enterprises - better than the privatized and the last have better indexes than both groups state enterprises.

Especially significant are the values of the newly created enterprises. In 9 from 13 cases their performance indexes are best and their general index is significantly higher than those of the other 3 groups of enterprises.

Table 2. General Performance by Forms of Ownership in Bulgaria

No	Indicators	Year	State		Private	
			SOE	CE	PRE	POE
1.	Sales	95/90	27	39	30	100
2.	Employment	95/90	4	5	8	100
3.	Productivity	95	4	20	20	100
		95/90	62	100	62	18
4.	Profit/sales	95	1	13	60	100
		95/90	100	0	80	61
5.	Export/sales	95	100	84	81	72
		95/90		48	22	100
6.	Capital: age 0-5 years	95	18	10	34	100
	age >15 years	95	27	9	11	100
	age >15 years	95/90	32	0	53	100
7.	Level of technology	95	100	88	94	84
8.	Economic position	95	79	86	88	100
9.	General performance index		46	38	49	87

The only case in which the initial hypothesis did not confirm is in connection with the ratio SOE/CE. The general performance index of SOE is higher than this of CE. The reasons can be specific especially having in mind that the group of SOE includes only 2 enterprises.

Romania. The general performance index for the studied enterprises in Romania shows again that the best results has the group of newly created private enterprises and that these results differ sensitively from these of the other groups. In 7 out of 13 cases their performance indexes are best while for the privatized enterprises this is seen in 2 cases, in corporatized enterprises in 3 cases and in 1 case in the traditional state enterprises.

Table 3. General Performance by Forms of Ownership in Romania

No	Indicators	Year	State		Private	
			SOE	CE	PRE	POE
1.	Sales	95/90	17	11	13	100
2.	Employment	95/90	4	2	4	100
3.	Productivity	95	10	6	7	100
		95/90	100	93	90	43
4.	Profit/sales	95	61	35	69	100
		95/90	50	61	100	84
5.	Export/sales	95	12	100	66	68
		95/90	16	100	76	70
6.	Capital: age 0-5 years	95	20	14	20	100
	age >15 years	95	9	7	9	100
	age >15 years	95/90	82	100	80	0
7.	Level of technology	95	76	73	81	100
8.	Economic position	95	94	88	100	98
9.	General performance index		45	53	55	82

The general performance indexes of the privatized and corporatized enterprises are quite close, as very little advantage has the first group. Data for the traditional state enterprise are lowest. As a whole the arrangement is POE>PRE>CE>SOE which completely confirms the initial hypothesis.

Albania. The arrangement of the four groups of enterprises in Albania according to the general performance index is similar to this in the other two studied countries - POE>PRE>CE=SOE. Again the index of the newly created private enterprises is sensitively higher than this of the other groups of enterprises. In 9 out of 13 studied enterprises the indicators for performance of the newly created private enterprises are the highest. The specifics can be observed in two directions. First, the privatized enterprises have sensitively higher value of general performance index which are much closer to those of POE than in the other two countries. The second specifics is that the values of general performance index for the two groups of state enterprises are equal. The two groups of enterprises don't have in any of the cases the highest values of the indicators for performance.
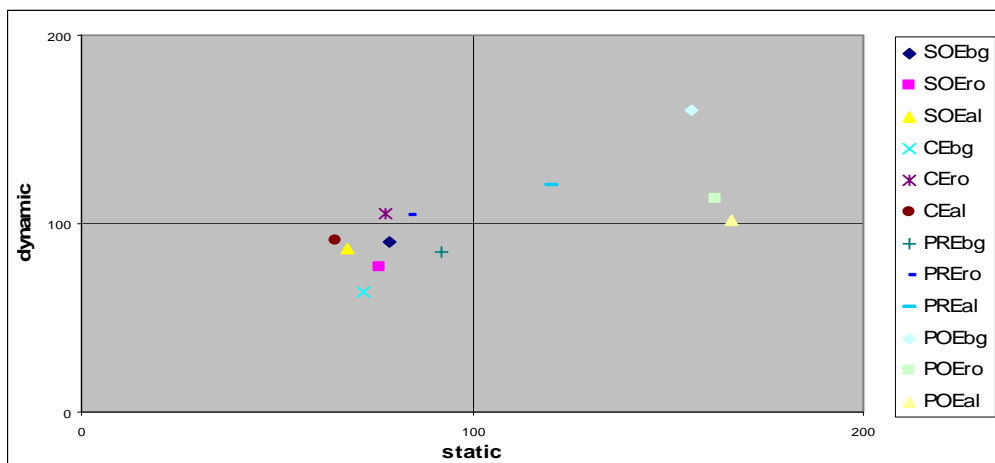
The use of a big number of dynamic and static indicators for firm performance gives the opportunity to estimate these two aspects (see Figure 1.).

Table 4. General Performance by Forms of Ownership in Albania

No	Indicators	Year	State		Private	
			SOE	CE	PRE	POE
1.	Sales	95/94	79	72	100	77
2.	Employment	95/94	70	76	83	100
3.	Productivity	95	35	29	55	100
		95/94	87	79	100	67
4.	Profit/sales	95	44	47	72	100
		95/94	23	96	100	94
5.	Export/sales	95	14	68	98	100
		95/94	96	90	100	95
6.	Capital: age 0-5 years	95	5	12	45	100
	age >15 years	95	11	13	21	100
	age >15 years	95/94	42	0	60	100
7.	Level of technology	95	71	67	84	100
8.	Economic position	95	79	72	92	100
9.	General performance index		55	55	78	95

Interesting are the conclusions which can be made by the comparative analysis for the significance of the dynamic and static indicators of firm performance. In the enterprises in Bulgaria we can see that in the arrangement of the groups according to the dynamic indicators for firm performance SOE takes the place of PRE from the second place. The difference is not big - 5% but deserves to be mentioned. This means that the initial static indicators for firm performance of the privatized enterprises have been higher than these of the traditional state enterprises. The higher general performance index of PREbg is due more to the fact that these enterprises have been better in the beginning of the period, before their privatization.

Figure 1. Dynamic and Static Indicators for Firm Performance

The corporatized enterprises (CE) in Bulgaria have significantly lower values of the dynamic indicators for firm performance than SOE and PRE. As a result of this their performance in the end of the period are lowest, nevertheless that in the beginning they have been higher than those of the other groups.

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Slightly shown dynamics of CE gives reason for another explanation for the delay of PRE compared with SOE. The privatization in Bulgaria is delaying. Even PRE to have higher dynamics than SOE this is not enough to compensate the big delay from the first part of the studied period when these enterprises have been CE. Additional confirmation for such conclusion is the data for Albania. The privatized enterprises are characterized with relatively higher dynamics but in this country the enterprises have been privatized comparatively later.

The general conclusion which can be made from our study is that the hypothesis for the better performance of the private enterprises compared with the state enterprises is confirmed. General performance index for the privatized as well as for the newly created private enterprises is higher than this of any of the other two groups of state enterprises. Also the data for the three countries shows very clearly that the performance of the newly created enterprises is better and significantly better than the other groups, incl. the privatized enterprises. The arrangement of the two groups of state enterprises is not identical in the studied countries. The equal between the three countries is that the general performance index of SOE and CE are close to each other but the arrangement is different - SOE>CE for Bulgaria, SOE=CE for Albania and CE>SOE for Romania.

6. Policy Conclusions.

The results of the comparative analysis of the firm performance of the 4 groups of enterprises from Bulgaria, Romania and Albania, arranged by their form of ownership, give opportunity to make recommendations to the policy makers from these countries.

The state enterprises in the three countries show worse performance indexes than the private ones. It is necessary to fasten their privatization in order to improve the performance of the economies as a whole. The opportunity to solve the problems of the performance by corporatization of the traditional state enterprises is limited and the results are contradicted. In Albania CE have equal general performance index as SOE, in Bulgaria it's even worse. Many of the problems can be due to the semi-market environment in which the state enterprises operate but this is just another argument in favor of the faster privatization. The bigger private sector in the economy is one of the main conditions for creation of adequate market institutions in a certain country.

For Bulgaria also one of the big problems is improving the performance of CE. Their relative results are worst than all 12 groups of enterprises in the three countries. Having in mind, that the privatization of the big enterprises is not executing fast, one of the main directions of the industrial policy in this country should be the improvement of the firm performance of CE before their privatization.

The encouraging of creation of more new private enterprises seems as the best opportunity for improvement of the performance of the three countries. This group of enterprises has not only the best indicators but they also differ sensitively from these of the other three groups. This conclusion is valid for the dynamics as well as for the level of firm performance in each of the three studied countries. But this does not solve the problems of the state enterprises. The privatization of the bigger part remains at this stage the more successful solution.