Business Performance in Albania

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Abstract

Today, many people aim to create businesses to increase income, but only a small number of them achieve the desired success. The main causes of failure include a lack of financial resources, poor performance and a lack of innovation, which often lead businesses toward bankruptcy. Businesses in Albania play a key role in the country's economic development, contributing significantly to the state budget. Performance measurement is a key indicator of a business's success, showing whether it can generate revenue and grow. In recent years, performance measurement has expanded to include non-financial indicators, such as employee performance and customer satisfaction. This study examines the importance of performance measurement in Albanian businesses, analysing whether adequate attention is given to ensuring long-term success.

Keywords: *Business, performance, performance measurement, financial indicators, non-financial indicators*

1. Introduction

This study focuses on performance measurement and its importance for businesses. Measuring performance is essential for understanding business development and identifying weaknesses. Business performance is related to achieving objectives and is the result of investments in human capital and other assets. Performance measurement has its challenges. Having a well-developed measurement system can help a business in determining or monitoring progress in specific strategic areas, and this plays a crucial role in translating strategy into results, Lingle. (1996). While it is emphasized that performance should be developed for every business and their different goals, Lebas (2019) states that: "performance measurement and performance management should not be separated from one another." The study examines how behaviours that lead to results are managed and the importance of performance measurement for businesses in Albania.

1.1 The purpose of the study

Recent developments in the economic environment, inside and outside Albania, have brought changes to the factors that affect business performance. Initially, the emphasis was on technological development and financial reports, but recently more emphasis is being placed on building a good reputation and managing human resources to improve performance.
Research questions:

The main research questions are:

1. Which is the importance of performance measurement for business?
2. How is the current situation of businesses in performance measurement?
3. Which are the main problems related to business performance?

Business definition:

Business is an initiative for the production and sale of products or services, with the aim of creating financial income and meeting the demands of consumers Dicksee, (1980).

In capitalist economies, most businesses are owned by individuals, who aim to increase their wealth. Businesses can be either non-profit or state-owned.

The term "business" is used in three senses:

1. As a separate organization.
2. To refer to a specific market segment (eg agribusiness).
3. How to include all commercial activities between the community and service providers.

The exact definition of business remains a matter of debate due to its complex and multi-faceted nature.

1.2 Business Objectives

Businesses pursue multiple objectives, which may be quantitative or qualitative.

Quantitative objectives are those that are measured by numerical or financial criteria, and include:

- Market share, annual growth, productivity and efficiency.
- Financial performance (eg, profit).
- The number of new products launched on the market.
- Quality certificates. David Campbell, Tom. Craig, (2005).

Qualitative objectives are more difficult to measure, but just as important, such as:

- Public perception as a good employer.
- Environmental responsibility.
- Improving management, customer satisfaction and staff training. David Campbell, Tom Craig, (2005).

1.3 Business classification.

Small business- Every taxpayer, who carries out a business, through which a turnover of less than or equal to 8,000,000 (eight million) lek is realized during the fiscal year, is subject to the obligation to pay the simplified tax on profit for small business.

Large business is classified any natural or legal person, which carries out an economic activity (business), through which an annual gross income (turnover) greater than 8,000,000 (eight million) lek is realized, during the fiscal year.

Table 1. Classification of business in Albania (source: tatime.gov.al)

Group	Assets	Revenue	Number of employees
Micro unit	0-15.000.000	0-30.000.000	1-10
Small business	15.000.001-150.000.000	30.000.001-300.000.000	11-50
Medium sized business	150.000.001-750.000.000	300.000.001-1.500.000.000	51-250
Big business	Mbi 750.000.001	Mbi 1.500.000.001	Mbi 251

To classify a business in one of the above groupings must meet two of the three conditions imposed by taxes which are assets, earned income and the number of employees for two years in succession.
Compared to Albania, the classification of businesses in some EU member countries in Europe, such as Italy, France,

and Germany, is presented as shown in the table2. below:

Table 2. Classification of business in Italy, France, Germany (source Pula, 2012)

Group	Number of employees in Italy	Number of employees in France	Number of employees in Germany
Micro unit	1-19	1-9	--
Small business	20-99	10-49	0-49
Medium sized business	100-499	50-500	50-499
Big business	over 500	over 500	over 500

1.4 Importance of business in economy

Businesses, whether small or large, have an important role in economic and social development, influencing the operation of the economic network and the creation of jobs, Krasniqi, (2015).

Some reasons for the importance of business are:

- Economic development: Businesses promote development through the use of resources and the exchange of goods, also helping to earn foreign exchange from exports.
- Creation of services: Businesses create value that satisfies people's needs by optimizing the location and time of delivery of goods or services.
- Employment: Businesses create jobs locally and globally, helping to reduce unemployment.
- Revenue generation: Through taxes and other duties, businesses help raise government revenue.
- Earning foreign exchange: Exports of goods and services help increase foreign exchange reserves.
- Development of the country: The use of natural resources and the creation of industries help to grow the national economy.
- Providing opportunities for investment: Businesses provide opportunities for investors and help save for future investments.
- International relations: Businesses help strengthen relations between countries through international trade.
- Innovation: Innovation plays a key role, allowing small businesses to closely follow customer needs and benefit from new ideas for growth.

These factors show that business is one of the main pillars for the economic development of a country and for promoting innovation.

1.5 Types of financing

A good idea is only the beginning of a successful business, and funding is often one of the main challenges for new businesses. There are several sources of funding, which vary in difficulty and commitment:

- Loans from investors: This is one of the most challenging sources of funding, as investors typically expect a return on their investments within a period of 3-5 years and want to be involved in the business decision-making process.
- Investments from entrepreneurs: Entrepreneurs are individuals with business experience who offer capital in exchange for a share in the ownership of the business. Various online platforms have made it easier for entrepreneurs to invest in new businesses.
- Loans from friends or family: This is one of the safest and most effective sources of funding for a new business. However, it is important that repayment terms are clear to avoid misunderstandings in the future.
- Grants for small businesses: The government and various donors offer grants for small businesses, with specific criteria for businesses that are innovative and have the potential for expansion.
- Loans for small businesses: Obtaining loans from banks is often difficult, as banks require guarantees and a successful credit history. The owner's experience in the business sector increases the chances of securing a loan.
- Personal loans: This source can be used for business funding, but it is important that the individual does not jeopardize their financial stability in case the business fails. It is advisable to have deep knowledge of the market before taking out a personal loan.
- Leasing: Leasing is an alternative form of financing tangible assets, such as vehicles or machinery, avoiding the need for large capital investments at the outset.

2. Literature Reviewed

2.1 Definition of Performance Measurement

Performance measurement is the process of collecting, analysing, and reporting information regarding the performance of individuals, groups, organizations, systems, or components, Behn, Robert D. (2003). Definitions of performance measurement often rely on assumptions about the reasons for measuring, Moullin, M.(2007). Moullin. (2002) defines this process as "the assessment of how well organizations are managed and the value they deliver to customers and other stakeholders." Meanwhile, Neely et al. (2002) view performance measurement as "the quantification of the efficiency and effectiveness of past actions", Neely, A.D., Adams, C., and Kennerley, M. (2002).

In 2007, the Office of the Chief Information Officer in the U.S. defined performance measurement as "the assessment of parameters that indicate whether programs, investments, and acquisitions are achieving their intended outcomes" (Enterprise Architecture Program, 2007).

The financial performance measurement of a firm is particularly important, as it allows for comparison of the firm's financial condition from one period to another and helps in comparison with other firms in the relevant sector. This makes it possible to identify trends and improve financial sustainability.

2.2 Performance and measurement.

As Lord Kelvin said, "If you cannot measure it, it does not exist." Performance is a complex concept that involves various elements, including both the outcomes and the processes that create them. However, qualitative and quantitative measurements are merely substitutes for performance and should not be confused with performance itself, Euske, (1983).

It is essential for management accounting to identify, measure, and communicate data about these outcomes, even if they are not expressed in the "language of accounting." The management accounting process acts as a mechanism to provide legitimacy for evaluations and forecasts. These evaluations and forecasts often offer a more accurate description of processes than traditional accounting data.

2.3 Main Business Objectives for Achieving Desired Performance

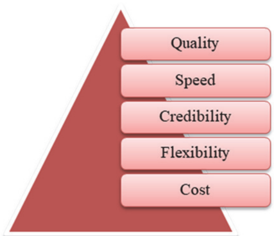

Figure 1. Five Main Objectives for Achieving Desired Performance in Business

2.4 Importance of Business Performance Measurement

A well-known saying goes, "If it cannot be measured, it cannot be managed." This phrase, often attributed to Peter Drucker, sparks much discussion regarding its accuracy. Drucker's advocates emphasize that he had a broader view of the importance of measurement. According to him, work involves not only the completion of tasks but also accountability, timelines, and the measurement of results. Once you have developed a strategic plan for your business, it is essential to understand how you are achieving the established goals. This is accomplished through performance measurement, a process where managers objectively assess how well they are fulfilling their strategies. For example, if you measure variables such as inventory turnover and cycle time for order fulfilment, you should compare the results to a benchmark value, such as industry averages. However, several questions remain unanswered: What is the appropriate level of performance? Are the results improving as expected? What trends are emerging? What do these results tell us about the overall performance of the company? Thus, it is clear that performance measurement should be a continuous and integrated process within the business strategy. Measuring business performance offers several significant advantages:

Identification and Correction of Deviations: Helps identify deviations from the company's vision and strategies, enabling swift interventions.

Comparative Feedback: Provides a means to compare achievements against specific standards, allowing for a more objective assessment of performance.

Communication of Expectations: Facilitates the communication of expectations with staff, helps identify the performance that should be motivated and rewarded, increases accountability for results, and strengthens organizational learning.

Decision-Making: Provides necessary information for decision-making, planning, and the formulation of effective policies.

A well-designed dashboard that summarizes key performance indicators in a clear and easily understandable graphic format offers management and stakeholders a comprehensive view of the company. This facilitates timely decision-making and ensures coherent information for everyone, improving communication among partners and team members.

2.5 Why Performance Measurement Systems Are Necessary in Business

1. Assessment of Sustainability: Without measurement, it is difficult to understand whether a company is improving its quality or performance. Feelings and impressions are not accurate enough to support decisions. A manager cannot base the evaluation of customer satisfaction solely on opinions, as they do not reflect budget losses.
2. Focus on Priorities: Measurements help managers concentrate on what needs to be done precisely and what needs improvement. One management philosophy state: "If you cannot measure it, do not do it." By considering specific metrics, realistic objectives can be set, and actions can be focused on achieving these goals.
3. Prevention of Undesired Changes: Measurement helps avoid unplanned restructuring by providing a foundation and objectives for performance improvement.This connects changes in organizational culture with specific outcomes.
4. Celebration of Achievements: The measurement activity gives management the opportunity to celebrate tangible and credible results that are visible to everyone.
5. Encouragement of Engagement: Measurements encourage employees to engage in changes by providing useful feedback on their performance and suggesting next steps.
6. Maintaining Clarity: By linking improvements and measurements, confusion and mixing of activities are avoided, preserving clarity in performance management.

2.6 Performance Management Cycle.

The Performance Management Cycle is a model that enables management and employees to better achieve organizational goals through a structured process of employee development.

The benefits of using this method include increased competitiveness, greater structural flexibility, and higher employee motivation.

Figure 2: The performance cycle
Source: Author

2.6.1 Importance of the Performance Management Cycle in Business

A. Builds Strong Relationships
One of the primary goals of implementing a performance management cycle is to assist employees in understanding the broader picture of their objectives. By engaging in the planning process and receiving continuous feedback, employees feel more committed and invested. This helps build trust and strengthens relationships between employees and the business.

B. Keeps Employees Engaged
According to a Gallup article, employees who feel held accountable by their managers are 2.5 times more likely to be engaged. This engagement is especially crucial in an environment where employees seek frequent and constructive feedback from their employers.

C. Reduces High Employee Turnover
High employee turnover is a significant issue for employers, leading to high recruitment costs and risking revenue. Implementing a performance management cycle helps set goals, provide regular feedback, support career development, and offer rewards. This creates an environment that makes employees feel valued and cared for.

D. Helps Identify and Resolve Issues More Quickly
Monitoring performance helps businesses quickly identify potential issues, whether it's a low-performing employee, a dominating manager, or unrealistic goals. Addressing these problems in their early stages prevents negative impacts on employee and team productivity.

E. Improves Performance
Businesses that set clear objectives and plans are better prepared to achieve them. The performance management cycle allows organizations to plan, monitor, and review their goals, ensuring that employees receive regular feedback. This process enhances alignment with organizational objectives and, consequently, overall performance.

2.7 Existing Frameworks for Performance Measurement.

For many years, performance measurement frameworks have been used by businesses to determine the metrics they should use to evaluate their performance. One of the earliest well-known frameworks was the DuPont financial reporting pyramid, which linked a wide range of financial reports to return on investment. This pyramid had a clear hierarchical structure, connecting measures at different organizational levels.

After reviewing the evolution of accounting, Thomas Johnson and Robert Kaplan highlighted several shortcomings in how management accounting information is used to manage businesses, Johnson and Kaplan, (1987). They noted that financial performance measures often did not reflect changes in competitive circumstances and the strategies of modern businesses, thus revealing the shortcomings of the DuPont pyramid. Its cost focus provides a historical view, offering little indication of future performance and encouragement, Bruns, (1998). The subsequent revolution in performance measurement prompted businesses to implement non-financial measures that better reflected their objectives and financial metrics that indicated ultimate results. Although General Electric initially implemented a balanced set of performance measures in the 1950, Bruns, (1998), it was the extraordinary increase in interest in performance measurement in the 1980s and 1990s that led to widespread acceptance of the need for a balanced approach to measurement. This interest led to the development of a plethora of measurement frameworks designed to help businesses implement a range of balanced measures. Keegan, Eiler, and Jones (1989) proposed a performance measurement in the form of a matrix that reflected the need for balanced measures. This matrix categorizes measures as "cost" or "non-cost" and "external" or "internal," reflecting the need for greater balance in these dimensions. This allows organizations to describe their measures and identify where changes in measurement focus are needed.

The SMART (Strategic Measurement and Reporting Technique) pyramid, developed by Wang Laboratories, Lynch and Cross, (1991), also supports the inclusion of performance measures focused both internally and externally. It incorporates the concept of cascading measures to the lowest levels of the business so that measures taken at the departmental and work center levels align with the corporate vision and reflect the objectives of both internal and external business units. The Balanced Scorecard, proposed by Kaplan and Norton (1992, 1996), is one of the most recognized performance measurement frameworks. It integrates four perspectives: financial, customer, internal processes, and innovation. The authors emphasize the equality between financial performance and its drivers, clearly linking measurement to the organization's strategy, making it a key tool for performance management.

3. Methodology Followed and Instruments Used

3.1 Methodology

For the realization of this study, I have implemented a methodology based on analyzing two data sources: primary data sources and secondary data sources.

3.1.1 Secondary Data Sources

The study began with the collection of secondary data, which were primarily obtained from Albanian and foreign literature, as well as information gathered from websites. This data has been processed and has contributed to the preparatory assistance of the theoretical part of the paper, providing a broader context on the importance of performance in business.

3.1.2 Primary Data Sources

Primary data were collected through a questionnaire, which served as the main source of information for this study. Through this questionnaire, I drew several important conclusions related to the study topic, analyzing the importance of performance and its impact on business, as well as formulating some valuable recommendations.

This research included 50 businesses, and the analysis focused on the impact of enterprise performance and the factors that determine it in business development. This methodology provided a balanced approach to understanding how various factors influence the performance of businesses in the analyzed context.

3.2 Performance not Just as a Measure of Financial Indicators.

Recent developments have necessitated a departure from focusing solely on accounting measurements and have introduced considerations of a broader range of factors believed to drive future economic performance. The most recognized of these approaches in the 1990s has been the balanced scorecard approach, developed at Harvard Business School. However, these approaches are not new; General Electric developed a series of performance measures for its departments in the 1950s, which included the following elements:

Short-term profit, - Market share, - Productivity, - Product leadership, - Personnel development

Employee attitudes, - Public responsibility, - Balancing short-term and long-term objectives.

However, the balanced scorecard approach has several features that make it an excellent tool for structuring performance measures:

Linkage Between Strategy and Performance Measures: The balanced scorecard creates a clear connection between an organization's strategies and the performance measures it uses to monitor and control strategy implementation. This feature emphasizes that there is no universal set of performance measures that are suitable for all organizations and circumstances, as might be assumed by many accounting systems. Instead, specific measures should be designed for specific circumstances.

Four Key Measurement Areas: The four key areas in which performance measures should be designed—financial, customer, business processes, and innovation and learning—closely align with the main stakeholders of the organization. This means that performance measures not only help achieve financial objectives but also focus on customer needs, the efficiency of internal processes, and the ongoing development of innovation and learning.

3.3 Tools Used in Business Performance Measurement

- Budgeting
- KPI (Key Performance Indicators)
- Balanced Scorecard
- Standard
- Performance Dashboard
- CRM (Customer Relationship Management)

- Performance Appraisals

These tools are essential for business performance management, providing a wide range of ways to monitor and improve the efficiency and effectiveness of organizations.

3.3.1 Key financial performance indicators of business

Key Performance Indicators (KPIs) are the metrics that organizations use to analyze the financial health of the company. These indicators fall into several categories, including profitability, liquidity, and efficiency.

Below are some important financial metrics:

Gross Profit Margin: Measures the percentage of revenue remaining after deducting the cost of goods sold. Formula: \((Revenue - Cost of Sales) / Revenue \times 100\)

Net Profit Margin: Measures the percentage of revenue remaining after all expenses are deducted, including operating expenses and taxes. Formula: \(Net Profit / Net Revenue \times 100\)

Working Capital: Measures the operational liquidity available for financing daily operations.
Formula: \(Current Assets - Current Liabilities\)

Current Ratio: Measures whether the business can pay its short-term obligations.
Formula: \(Current Assets / Current Liabilities\)

Quick Ratio: Measures the ability to meet short-term obligations using only the most liquid assets.
Formula: \((Current Assets - Inventory) / Current Liabilities\)

Leverage: The use of debt to acquire assets. Formula: \(Total Assets / Total Equity\)

Debt to Equity Ratio: Measures the financing of the business through debt compared to equity.
Formula: \(Total Debt / Total Equity\)

Inventory Turnover: Measures how many times the company has sold its entire inventory in an accounting period. Formula: \(Cost of Sales / ((Beginning Inventory + Ending Inventory) / 2)\)

Total Asset Turnover: Measures efficiency in using assets to generate revenue.
Formula: \(Revenue / ((Beginning Total Assets + Ending Total Assets) / 2)\)

Return on Equity (ROE): Measures how well the business uses capital investments to generate profits. Formula: \(Net Profit / ((Beginning Equity + Ending Equity) / 2)\)

Return on Assets (ROA): Measures the management of resources to achieve profits.
Formula: \(Net Profit / ((Beginning Total Assets + Ending Total Assets) / 2)\)

Operating Cash Flow: Measures how much cash the business generates from its operations.

Seasonality: Measures the impact of seasons (periods of the year) on financial results.

3.3.2 Five Key Performance Indicators (KPIs)

KPIs vary from business to business, and some KPIs will be more suitable for certain companies compared to others. In general, five of the most commonly used KPIs include:

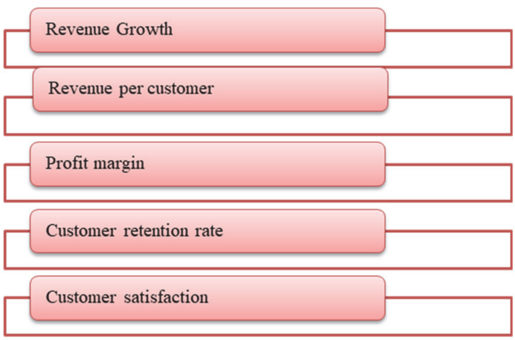

Figure 3. Key Performance Indicators (KPIs)

4. Analysis of Results and Findings

4.1 Sample

To address the objectives and key questions of this study regarding performance measurement, we conducted a survey. The businesses included in this research were from various sectors of the business landscape in the country. A total of 50 businesses participated in the survey, which consisted of 13 questions.

4.2 Analiysis of results

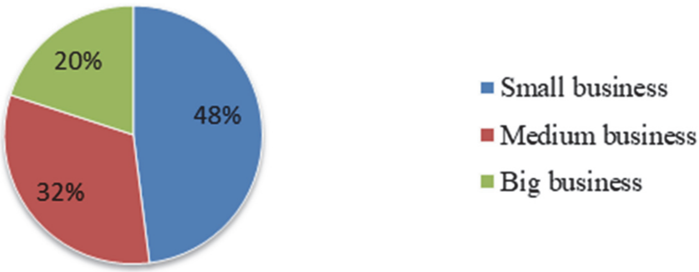

Figure 4: Presents the Type of Businesses Surveyed

The majority of the surveyed businesses are small enterprises, accounting for 48%. This is followed by medium-sized businesses at 32%, while large businesses represent 20%.

For the question: "What is your business activity?" we received the following responses:

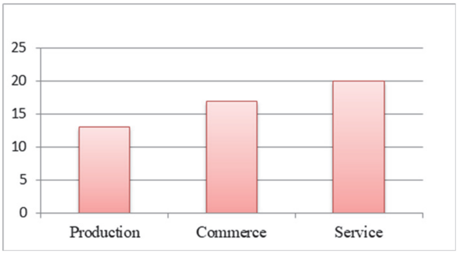

Figure 5: Presents the type of business activity surveyed

Businesses in the service sector are the most represented, accounting for 40%, followed by trading businesses at 34% and manufacturing businesses at 26%.

For the question: "What does business performance mean to you?" we received the following responses:

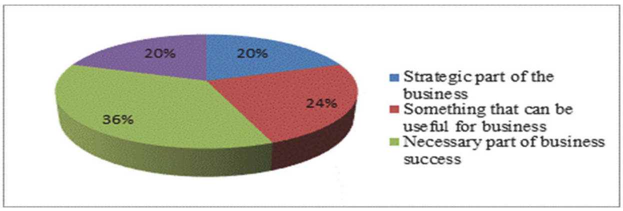

Figure 6: It shows what they think business performance is

- *From the results obtained, we conclude that the majority of the surveyed businesses, at 36%, believe it is a necessary part of business success.*
- *About 24% think it can be something beneficial for the business, and 20% believe it is a strategic part of the business.*
- *What stands out is that 20% say they have never heard of performance. Thus, it is noted that a considerable portion does not know what performance is.*

For the question: “Do you measure the performance of your business?” we received the following responses:

Yes	80%
No	20%

Figure 7: It shows whether businesses measure their performance.

80% of the surveyed businesses measure their performance, which can be considered a positive aspect. On the other hand, we can say that a small portion of them do not measure it.

For the question: "What is the current performance of your business?" we received the following responses:

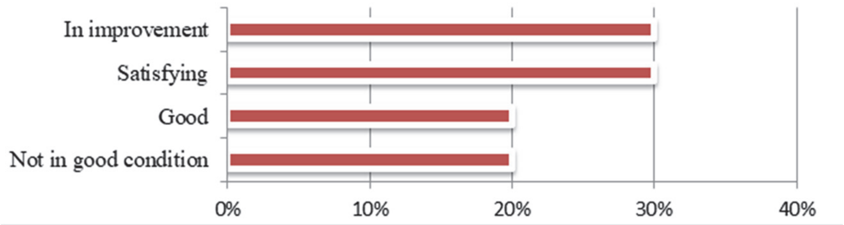

Figure 8: It shows the current state of the surveyed businesses.

- *30% of businesses reported improvement, attributing it to changes they had made in both human and financial resources, and also noted an improvement due to an increase in tourism this year.*
- *Additionally, 30% stated that the current state of their business was satisfactory.*
- *20% indicated that their business was in good condition.*
- *Lastly, 20% mentioned that they were in poor condition, adding that they might reach a point where they could close their business.*

For the question: "Do you have an existing system for measuring business performance?" we received the following responses:

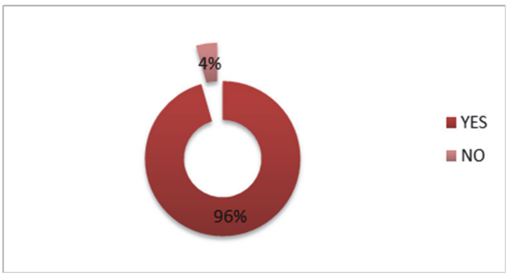

Figure 9: Indicates whether the surveyed businesses have a system for measuring performance.

- *96 % of businesses have an integrated system for measuring performance.*
- *Meanwhile, only 4% do not have a system for measuring performance.*

Question: "Is your performance measurement system based solely on financial indicators? If not, what other indicators does it rely on?"

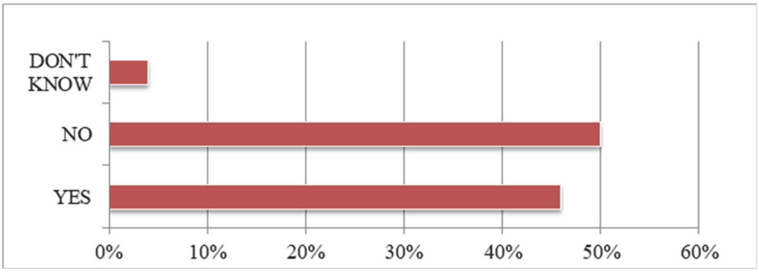

Figure 10: Indicates whether the measurement system is based solely on financial indicators

- *46% of businesses have a performance measurement system that is based solely on financial indicators.*
- *50% of businesses have a measurement system that is a combination of financial indicators, employee performance measures, customer-related performance, brand reputation created through marketing, etc.*
- *4% of them express that they do not know because they are not the ones handling the performance measurement system.*

For the question: "What do you think are the main problems related to the performance of your business?" we received the following answers.

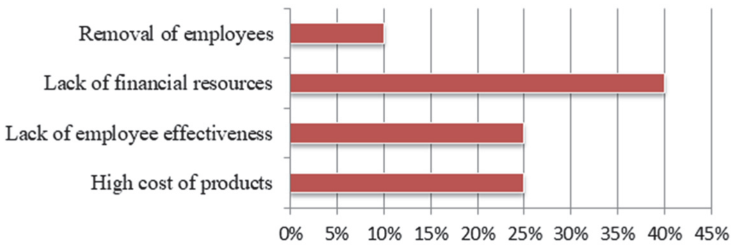

***Figure 11:** It shows the main problems related to the performance of businesses.*

- *40% believe that the main problem related to their business performance is the lack of financial resources.*
- *30% think the problem lies in the lack of employee effectiveness, while another 30% believe it is the high cost of products.*
- *10% think it is the turnover of employees.*

For the question: "What is the main objective in your business performance?" we received the following answers:

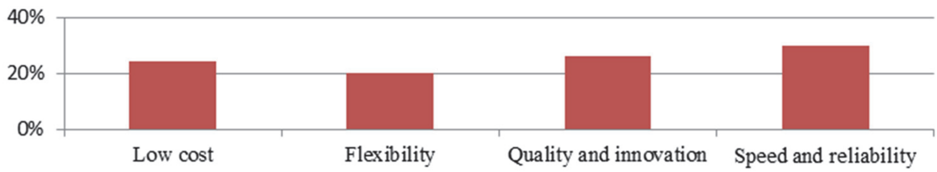

Figure 12: It shows what the main objectives are for businesses regarding their performance.

- *24% of businesses have a primary objective of maintaining low costs.*

- *20% have flexibility as their business objective.*
- *26% of businesses focus on quality and innovation in their performance.*
- *30% express that their main objective is speed and reliability.*

To the question: "In which strategy are your important performance factors oriented?" we received the following responses:

Figure 13: It shows the strategies that the key factors of business performance are oriented towards.

- *80% of businesses have their main strategies for performance focused on financing, cost, processes, and profitability.*
- *20% of them have strategies centered around processes, productivity, profitability, and customers.*

For the question "In which area of your business do you want to improve performance?" we received the following responses:

- ***24%** want to improve performance in marketing.*
- ***16%** want to enhance their performance in sales and communication.*
- ***20%** aim to improve their performance in processes.*
- *Meanwhile, the largest portion, **30%**, wants to enhance performance in financial indicators.*

For the question: “What do you think is the biggest obstacle to achieving the desired performance of your business?” we received the following responses:

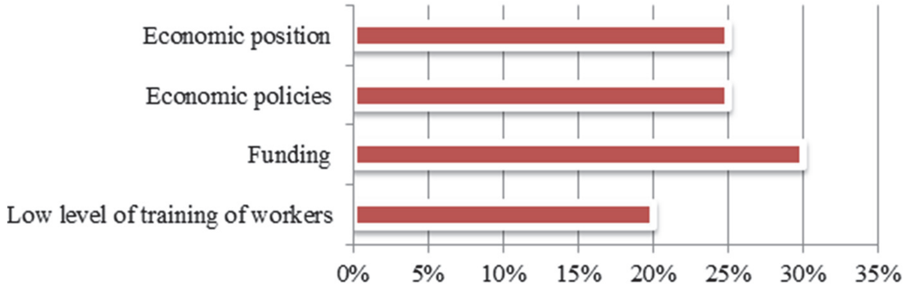

Figure 14: It shows what the obstacle is to achieving the desired performance.

- *25% of businesses say that the obstacles to achieving the desired performance are the economic position and economic policies.*
- *30% identify the lack of funding as their main obstacle, while 20% cite the low level of employee training as a hindrance.*

To the question: "What is your business's aim with performance measurement?" we received the following responses:

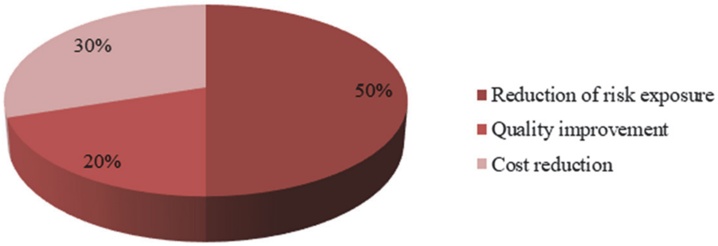

Figure 15. It presents the business's aim in measuring performance

- *50% aim to reduce exposure to risk.*
- *30% have the goal of reducing costs.*
- *20% aim to improve quality.*

5. Conclusions and Recommendations

Traditionally, accounting metrics have served as the foundation for evaluating business performance, yet there is no precise method for determining them. Over the past two decades, the importance of non-financial performance measurements has grown, assisting in both motivation and performance reporting. At operational levels, specific non-financial indicators are used, while at higher levels, although finances remain crucial, it is recognized that other metrics are equally essential for organizational success. Here are some key conclusions:

1. **Economic Development:** Businesses are a cornerstone of economic development and a significant source of revenue for financing the state budget.
2. **Sectoral Dominance:** In Durrës, the majority of businesses operate in the service sector due to its coastal city status. However, diversifying business areas is necessary to create more jobs.
3. **Knowledge Gaps:** Most surveyed businesses lack sufficient knowledge about performance measurement, which may lead to bankruptcy. Therefore, before starting a business, individuals must have accurate information and knowledge to face challenges and avoid early-stage failures.
4. **Positive Trends in Performance Measurement:** Business leaders are making efforts to measure their performance, even though they are often uncertain about which metrics to follow. These businesses would benefit from the assistance of specialists to identify strengths and weaknesses and improve their operations.
5. **Broader Metrics Adoption:** A positive development is that some businesses in Albania have begun measuring performance not only through financial indicators but also by considering other factors such as employee performance, reputation, customer satisfaction, and marketing efforts. More attention should be given to non-financial indicators, as they significantly impact overall business success.
6. **Overemphasis on Financial Performance:** A significant issue is that many businesses prioritize financial performance, neglecting the importance of non-financial indicators that indirectly influence success. By assessing these indicators, businesses can enhance revenue generation.
7. **Funding Challenges:** The primary obstacle to achieving desired performance is a lack of funding.
8. **Risk Exposure Reduction:** The main objective for businesses in measuring performance is to reduce exposure to risk.

“Measurement is the first step that leads to control and ultimately improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it.”

These conclusions emphasize the necessity for businesses to adopt comprehensive performance measurement systems that encompass both financial and non-financial indicators, enhancing their potential for long-term success and stability.

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