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Whitepaper: e-commerce in Garment and Footwear Industry in Albania

DECEMBER 2013

This publication was produced for review by the United States Agency for International Development (USAID). It was written and prepared by the DM Consulting with support from USAID's Rritje Albania/Competitive Enterprise Development project. The authors' views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

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I. EXECUTIVE SUMMARY

The footwear and garment industry represents the second largest category of Albanian exports, with more than 650 companies and 35,000 employees. (AICT) Manufacturing of shoes and their parts is one of the fastest developing Albanian industries with an annual average increase of 13%. In addition to a geographical advantage, Albania benefits from a series of free trade agreements, including the EU, which allows unhindered access to regional markets. With a skillful and experienced workforce, Albania is able to meet high quality European standards and has become one of the top 10 leather and footwear exporters to Italy and successfully expanding its market share into other European countries. (AIDA)

Based on the market potential and following the international market trends, adoption of e-commerce is considered as one of most profitable strategies to strengthen and expand the competitive potential and reach out the international market.

While in Albania, e-commerce is at its initial stage of development. Its introduction, implementation and promotion to this industry will provide a great visibility tool and business solution to the companies generating sales, increase export, provide sustainability and improve employment opportunities.

We attempt to identify the factors and their impact to the process of adopting e-commerce in Albanian garment sectors and assessing companies' readiness toward e-services. The objective is to understand the ecommerce adoption behavior and the factors that could drive or inhibit the use of e-commerce in the Albanian garment industry.

Despite the technologies used, other factors have a significant impact in the process of adopting e-commerce. We have identified several common factors related to e-commerce adoption. The focus of the analyses is based on the interviews and survey responses analyzing impact from competitors, customers or suppliers; the role of government (incentives); partners' alliances;

technological infrastructure; technology consultants; image of Internet technology; and users' expectations. Based on the general perception, survey questionnaires, semi-structured interview and analyses, a list of factors is depicted indicating its respective impact to e-commerce adoption. This paper is part of an extended process strengthening trade and investment capacity, increasing enterprise productivity, and improving workforce development through an innovative implementation of information technology and electronic trading.

The conclusion and the major concerns raised by the companies will have a crucial importance in the project introducing the use of modern online technologies to increase sales and providing new job opportunities by promoting to global level Albania's companies strength and addressing constraints to growth while enabling private enterprises to expand their businesses and improve competitiveness.



2. METHODOLOGY

An empirical study was conducted to analyze the factors that have the largest impact in the process of implementing electronic commerce in the Albanian garment sector. In the following sections we analyze why these techniques were used. The approach we follow for the process activities are based on the Capability Maturity Model Integration V2.0 and PMI frameworks.

2.1. RESEARCH APPROACH

Data was collected and analyzed by means of public perception, survey questionnaires and semi-structured interview. This technique was chosen because it offers the use of different research strategies giving many advantages. It offers greater validity and reliability than a single methodological approach. The research objectives can be achieved using more than one technique of data collection; providing detailed data about the phenomenon being investigated. Also, different collection methods help to generate multiple and different perceptions of the matter. This gives a wider view of the research and analyses.

2.2. DATA COLLECTION AND PROCEDURES

Industry sectors that have a potential to adopt e-commerce were identified by examining their profile in the market, with the assistance of the USAID garment sector consultants. Managers and executives were approached and asked to participate in the research. Data was collected by means of survey questionnaires (online).

2.2.1. QUESTIONNAIRE PREPARATION

The questionnaire was prepared in two stages. First, an initial pool of eighty items was generated. Following the method, the items were reviewed and edited to capture the essence of the concepts. A group of e-commerce consultants reviewed the items in the preliminary questionnaire. They were asked to provide their perception regarding the degree of relevance of each of the items in the instrument as measures of individual variables. Based on interviews with the consultants the draft questionnaire was prepared.

2.2.2. SURVEY QUESTIONNAIRES

Questionnaires are appropriate for gathering the views of a large number of people about a particular phenomenon. Questionnaire is used to gain general picture of factors affecting the adoption of e-commerce and assessing e-readiness in the Albanian garment companies. The questionnaire was available online and the respective companies could complete it online.

The participating industry sectors were asked to nominate a contact person to assist the researchers during the administration of the survey questionnaire.

The questionnaire consisted of questions that were related to possible factors affecting adoption of e-commerce and evaluating the electronic readiness of the organizations.

Instruments from previous research on e-commerce and IT in developing countries were adapted for this survey. The questions were categorized according to the factors having an impact in multiple dimensions. Top management support perceived complexity and perceived benefit was measured through the survey analyzing not only the tangible and economy factors but also the emotive readiness of the organization.



3. INTRODUCTION

3.1 WHAT IS E-COMMERCE?

Electronic commerce, commonly called e-commerce, is traditionally defined as the buying and selling of goods using electronic transaction processing technologies. E-commerce refers to the use of the Internet and the Web to transact business.

E-commerce is about digitally enabled commercial transactions between and among organizations and individuals. For the most part, this means transactions that occur over the Internet and the Web. Commercial transactions involve the exchange of value across organizational or individual boundaries in return for products and services. Over the past fifteen years these approaches have gone through a full cycle.

It continues to evolve both technologically and in the scope of its market reach. Technologically, desktop and laptop/notebook computers have been the dominant client/user-side technology with the server-side being either dedicated servers owned/managed by the ecommerce entity (e.g. the entity providing the goods/services) or an intermediate entity providing what is termed “cloud computing” resources shared by many e-commerce companies.

The scope of the e-commerce market has also evolved beyond the narrow buying and selling of goods to include services of all kinds including entertainment and communications that is making e-commerce an integral part of everyone’s daily life. It is these fundamental daily personal services provided by the extended scope of e-commerce that have the opportunity to substantially enhance the daily lives of all individuals. (princeton.edu)

3.2 E-COMMERCE IN WORLD

In 2012, B2C ecommerce sales grew 21.1% to top \$1 trillion for the first time, according to new global estimates by e-Marketer.

This year, sales will grow 18.3% to \$1.298 trillion worldwide, e-Marketer estimates, as Asia-Pacific surpasses North America to become the world’s No. 1 market for B2C e-commerce sales. Sales in North America grew 13.9% to a world-leading \$364.66 billion in 2012—a figure expected to increase 12.2% to \$409.05 billion this year—as more consumers shifted spending from physical stores to retail and travel websites thanks to lower prices, greater convenience, broader selection and richer product information. But despite strong growth, North America’s share of global sales will drop from 33.5% last year to 31.5% in 2013 as Asia-Pacific surges ahead.

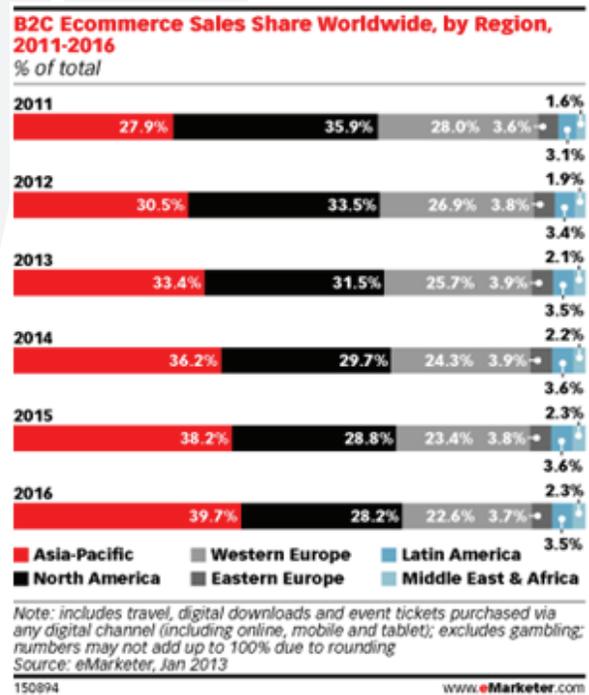


Chart 1 – B2C ecommerce sales share worldwide,

B2C e-commerce sales in Asia-Pacific grew more than 33% to \$332.46 billion in 2012. This year, the region will see sales increase by more than 30% to over \$433 billion—or more than one-third of all global B2C ecommerce sales. (emarketer.com)



3.3 E-COMMERCE IN GARMENT INDUSTRY

Another sweeping change in apparel retailing is the rising success of e-commerce. Retail apparel chains are employing bricks and clicks together successfully. That is, they create synergies between very active web sites and their retail stores. Other firms sell apparel through the Internet only, often at everyday discount prices. Catalog retailers are successfully generating business particularly if they operate well-designed web sites to supplement their printed catalogs.

During 2012, retail sales at clothing and accessories stores in the U.S. totaled \$239.2 billion (up from \$226.5 billion the previous year), according to the Bureau of the Census.

In addition, Plunkett Research estimates that 80% (\$148.5 billion) of sales at department stores, 60% (\$25.5 billion) of sales at sporting goods stores and 35% (\$41.9 billion) of sales at discount department stores were for clothing and accessories in 2012. Assuming that about 30% (\$67.2 billion) of the goods sold via e-commerce in America are apparel, shoes and accessories, this would put the total retail and online market in America at \$522.3 billion. (plunkettresearch.com)

4. TRADE IN ALBANIA

4.1 FOREIGN TRADE

Albania has achieved strong positive economic growth over the recent years, despite the impact of the global financial and economic crisis. The EU remains the main trading partner of Albania, providing 64.4 % of imports and receiving 66.8 % of Albania's exports.

Albania imports mainly from Italy, Greece, China, Germany and Turkey, and exports to Italy, Kosovo, Turkey, Greece, Spain and Germany.

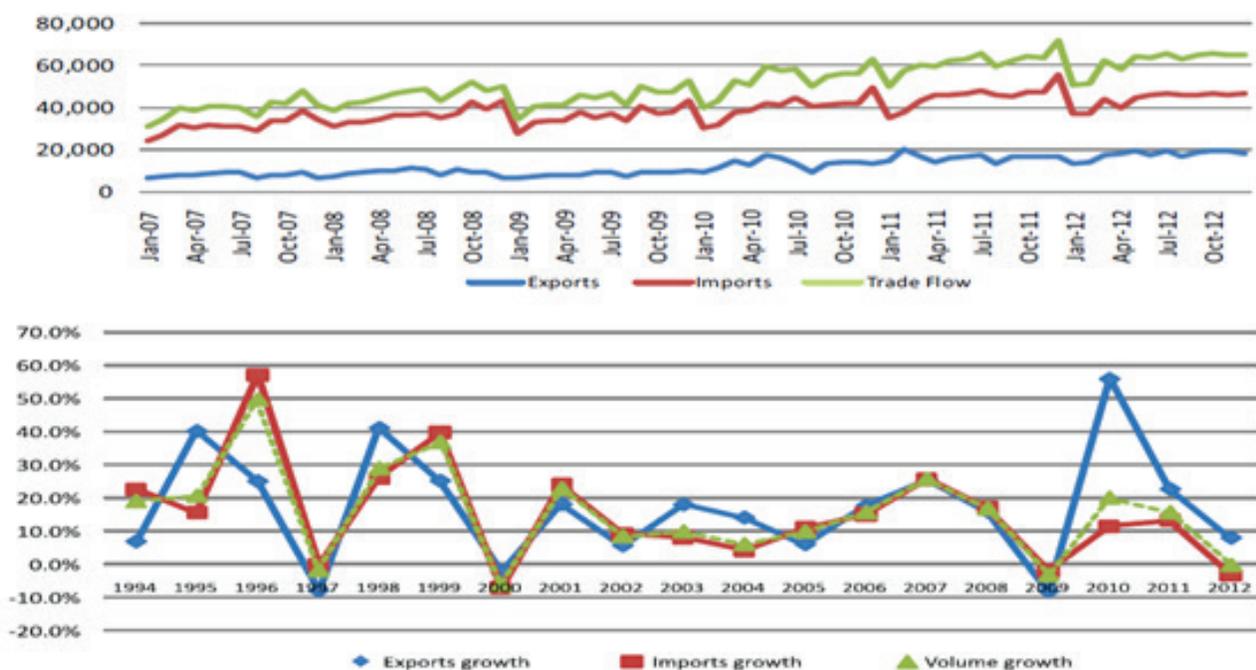


Chart 3 – Annual change rate in Albanian exports and imports flow, 1994 - 2012

source: ACIT Trade Report 2012



Total Goods: Top trading partners 2012

Source Eurostat Comext - Statistical regime 4

Imports			Exports			Total trade		
Partner	Value (Mio €)	Share in Extra-EU (%)	Partner	Value (Mio €)	Share in Extra-EU (%)	Partner	Value (Mio €)	Share in Extra-EU (%)
World	1,790,837	100.0	World	1,686,346	100.0	World	3,477,183	100.0
1 China	289,902	16.2	1 USA	292,193	17.3	1 USA	497,363	14.3
2 Russia	212,882	11.9	2 China	143,833	8.5	2 China	433,735	12.5
3 USA	205,170	11.5	3 Switzerland	133,288	7.9	3 Russia	335,898	9.7
4 Switzerland	104,564	5.8	4 Russia	123,016	7.3	4 Switzerland	237,852	6.8
5 Norway	100,152	5.6	5 Turkey	75,159	4.5	5 Norway	149,957	4.3
6 Japan	63,838	3.6	6 Japan	55,477	3.3	6 Turkey	123,004	3.5
7 Turkey	47,845	2.7	7 Norway	49,805	3.0	7 Japan	119,315	3.4
8 South Korea	37,855	2.1	8 Brazil	39,630	2.4	8 Brazil	76,884	2.2
9 India	37,328	2.1	9 India	38,467	2.3	9 India	75,795	2.2
10 Brazil	37,254	2.1	10 South Korea	37,753	2.2	10 South Korea	75,608	2.2
71 Albania	1,114	0.1	62 Albania	2,372	0.1	71 Albania	3,485	0.1

Table I – Top trading partners of Albania (2012)

source: <http://trade.ec.europa.eu>

4.1.1 IMPORTS

Imports volume remains the biggest component of trade volume. The value of imports for 2012 reached to 527.038 million ALL.

4.1.2 EXPORTS

Generally, exports were characterized by a strong and steady positive trend from 2002. This dynamic has helped in shifting the coverage of imports from exports towards a continuous improvement of the balance. Exports represent 28.8 percent of the total trade flows during 2012 expressed in ALL. This indicator has increased consistently from 2009 (19.3%) and 2010 (25.1%) and 2011 (26.6 %).



EUROPEAN UNION IMPORTS, BY PRODUCT GROUPING*

European Union, Imports from... Albania							
SITC Rev.3 (UN, WTO/ITS) & AMA/NAMA** (WTO) Product Groups	2008		2010		2012		Share of Partner in EU Imports (2012)
	Millions euro	%	Millions euro	%	Millions euro	%	
0000 - Total	678	100.0%	891	100.0%	1,114	100.0%	0.1%
1000 - Primary products	187	27.6%	318	35.7%	478	43.0%	0.1%
1100 - Agricultural products (Food (incl. Fish) & Raw Materials)	53	7.8%	57	6.4%	71	6.4%	0.1%
1200 - Fuels and mining products	134	19.8%	261	29.3%	407	36.6%	0.1%
2000 - Manufactures	482	71.0%	569	63.8%	630	56.5%	0.1%
2100 - Iron and steel	32	4.7%	14	1.5%	29	2.6%	0.1%
2200 - Chemicals	2	0.3%	3	0.3%	20	1.8%	0.0%
2300 - Other semi-manufactures	75	11.1%	74	8.3%	83	7.5%	0.1%
2400 - Machinery and transport equipment	34	5.0%	58	6.5%	48	4.3%	0.0%
2410 - Office and telecommunication equipment	4	0.6%	23	2.6%	10	0.9%	0.0%
2420 - Transport equipment	3	0.4%	3	0.3%	3	0.2%	0.0%
2430 - Other machinery	27	3.9%	32	3.6%	35	3.2%	0.0%
2500 - Textiles	5	0.7%	6	0.6%	5	0.5%	0.0%
2600 - Clothing	190	28.1%	205	23.0%	212	19.0%	0.3%
2700 - Other manufactures	143	21.1%	209	23.5%	232	20.9%	0.2%
3000 - Other products	2	0.3%	4	0.5%	3	0.3%	0.0%
Aggregations for imports from...	28	4.1%	29	3.3%	40	3.6%	0.0%
New Aggregations (Products 070000)	641	94.9%	860	96.2%	1,069	96.0%	0.1%
Other Products	9	1.3%	2	0.2%	5	0.5%	0.0%

Table 2 – European union imports, by product grouping

4.2 GARMENT AND FOOTWEAR INDUSTRY IN ALBANIA

The footwear and garment industry represents the second largest category of Albanian exports, with more than 650 companies and 35,000 employees. Manufacturing of shoes and their parts is one of the fastest developing Albanian industries with an annual average increase of 13%. (ACIT)

Based on the Albanian Investment Development Agency (AIDA) statistics of 2010, the amount of exports in 2010 is 216 million euro 35% of total Albanian exports.

Garment and footwear remain the important sections with high shares to overall exports. Its contribution to the Albanian GDP is 24 percent. Textiles products account for 15.2 percent of total exports in 2012

Inward processing value, expressed as the difference between exports' value and import value has experienced an increase of 25.4 % in 2012. Inward processing of textiles, footwear and metals account for the highest share of inward processing, remaining the most important categories in this aspect. Inward processing exports of textiles category summed up to 32,167 million Albanian leke, accounting for 35.5% of total inward processing exports. (ACIT)



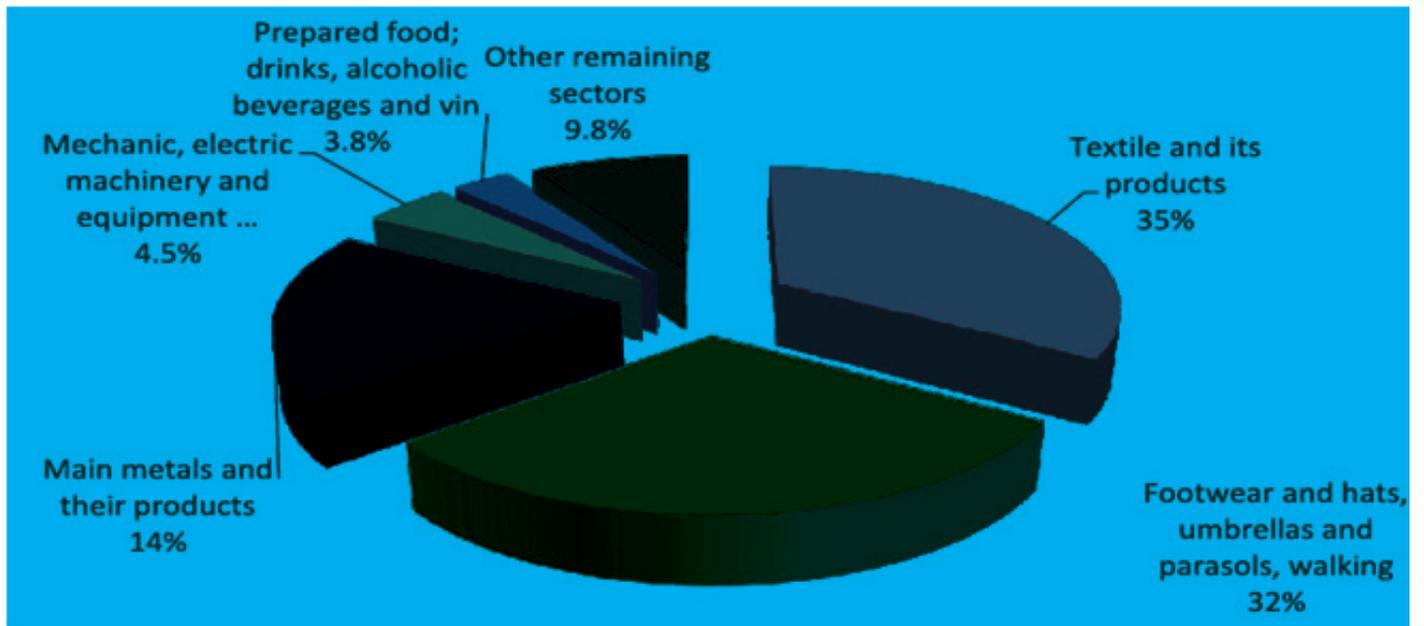


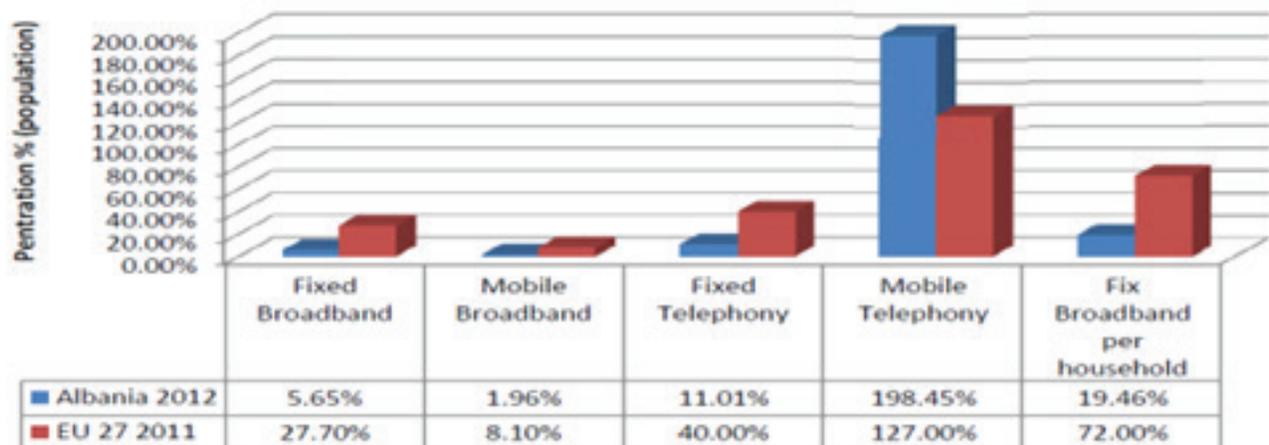
Chart 4 – Structure of inward processing exports, 2012

4.3 INTERNET IN ALBANIA

Albania has made considerable progress in the recent years in developing ICT infrastructure. However accessibility and usage are still very low as compared to EU and neighboring countries.

At the end of 2011 the number of households having access to broadband internet was about 161,000 or approximately 22% of households, and are estimated to be over 13,000 business subscribers.

Based on these data, the number of Broadband connections (fixed and 3G-USB/modem) per 100 inhabitants is about 6.2%. Most Broadband infrastructure and availability is in around Tirana and in towns in the west of the country. (mitik.gov.al)



A lack of high capacity connections with neighboring countries is still an ongoing issue for Albania, with few fiber-optic connections in place, although international bandwidth is improving due to improved connections on submarine cables with Italy in particular. International Internet Connectivity (direct international connection) has increased from about 6 Gbps at the end of 2009, to about 14 Gbps at the end of 2010 and to about 30 Gbps at the end of 2011.³³ In early 2011 Albtelecom and Telecom Italia Sparkle began upgrading the capacity of the Bari-Durres cable from 2.5Gb/s to 20Gb/s, and Italy will be linked to the Balkans Internet eXchange (BIX) in Tirana. BIX is being developed by UNIFI to serve as Albania's first fibre-connected data centre providing connectivity from Albania to the major telecoms hubs in Western Europe.

Subsequent phases of BIN will connect to Greece, Kosovo, Macedonia, and Montenegro. (ITU.int)

Prices remain high and this remains a major factor for the limited take up of this service by the population and small businesses. Monthly subscription for broadband internet in Albania is six times higher than in Croatia, almost double than in Montenegro, and 50 percent higher than in Kosovo. Experience from the neighboring countries has shown that deep penetration of broadband can only be achieved by lowering the price of the service. (UNDP). As it shows in the table below the nr of mobile users is increased and also the mobile internet penetration.

Title	2002	2005	2008	2010
PC/100 inhabitants	0.5	1.2	2.3	4.6
Telephone/100 inhabitants	7.1	7.8	11.3	10.9
Mobile/100 inhabitants	25.2	34.2	88.8	136
Internet penetration	0.5	2.1	28.4	45
Broadband connections	—	0.1	1.24	3.75
Mobile Internet penetration	—	0.7	15.7	31.5
e-gov. readiness index	N/A	37.32	46.70	49.70

Table 3 – ICT indicators 2002 -2010

4.3.1 MOBILE

Telecommunications sector in Albania has been liberalized since 2007, and the number of operators that operate in this field has increased significantly. Liberalization of fixed telephony networks and services in Albania started with rural local services in 1998, moving to domestic long distance services in July 2003 and international services in January 2005. (ITU.int)



Mobile operators have been very active in providing internet service through mobile devices and PC modem cards. By the end of 2010, the number of mobile subscribers (prepaid and postpaid) with GPRS/EDGE Internet access through their mobile phone was estimated to be at about 1.4 million. While the use of internet through 3G and USB/modem for computer use has reached 55,000 users. At the end of 2012, the number of mobile phone subscribers increased to 5,619,000 users (AKEP)

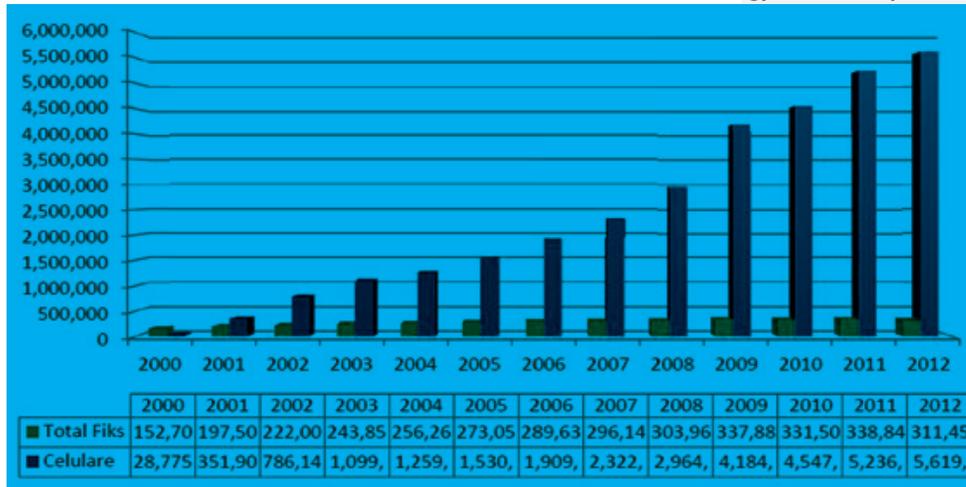


Chart 6 – Landline and mobile subscribers in Albania 2000-2012

4.4 E-COMMERCE IN ALBANIA AND STRATEGIC PLANS

The raise of mobile subscriber up to 198 contracts out of 100 users indicates a significant diffusion of basic software usage and raised level of awareness toward technology. The distributed number of mobile devices and network coverage indicate that the basic level of technical infrastructure is achieved enabling every subscriber to be a potential ecommerce user and/or manager of its own online market place. While in Albania, e-commerce is at its initial stage of its development, its introduction, implementation and promotion to this industry will provide a great visibility tool and business solution to the companies to generate sales, increase export, provide sustainability and improve employment opportunities. The e-commerce economy, either B2B or B2C, is increasingly being recognized as hybrid. Existing business operations and practices mutate into new forms,

some recognizing from the current business models, while others change more dramatically. The expected business benefits associated with changes have become not just desirable but a strategic weapon for e-business systems.

Assessing the effect of new technologies into garment sales operational processes begins with a clear understanding of the current situation in the industry, company, the e-commerce approach and its strategy and the promotion of the success story into the business community.

Electronic commerce can expand business capabilities through the process of sharing business information, maintenance of business relationships and conduction of business transactions by means of telecommunications networks.

A positive advancement is noticed from the banking sector trying to invest on electronic banking and electronic commerce. Raiffeisen bank has enabled a reliable and secure payment mechanism that customers (cardholders of Visa and MasterCard) can use.

This mechanism is based on up-to-date technology solutions which are certified by international payment systems and satisfy the requirements of security in payments. Connecting to Raiffeisen Bank E-commerce system, Internet-shop becomes member of Verified by VISA and MasterCard SecureCode programs helping to increase a confidence of the safety among the customers and also the volumes of the store. (raiffeisen.al)

Electronic commerce activities include the inter-organizational processes of market-based sell-buy relationships, collaboration and consumer-oriented activities, as well as the intra-organizational processes that support them. Electronic commerce as a way of doing business has significant advantages; organizations are embracing e-commerce as a means of expanding markets, improving customer service, reducing costs, and enhancing productivity.



Efficiencies are experienced in marketing and advertising; e-commerce makes disintermediation possible, eliminating the middleman. Other efficiencies include reduced inventory and round the clock access at no additional cost. E-commerce enables higher customization allowing organizations to improve customer service. A vital benefit of e-commerce is access to global markets which enables businesses to expand their reach. The Internet allows for unconstrained awareness, visibility and opportunity for an organization to promote its products and services.

Despite the global reach of e-commerce, not all countries have taken advantage or benefited from e-commerce. There is a big gap in Internet and e-commerce adoption between the developed and developing countries.

The concrete terrain it's not suitable because there is no development infrastructure to enable e-commerce implementation. The main obstacles that prevent developing countries from leveraging the internet are lack of adequate communication infrastructure, technical know-how and information processing about the economy and environment. The lack of adequate companies in the garment sectors infrastructure is also considered as one of the problems faced by developing countries in building ecommerce solutions. As described in the Broadband plan 2013 of the Ministry of Innovation and Public Administration of Albania, figures show that 23% of businesses have Internet connection.

Based on AKEP data, the number of business subscribers for Internet has increased as follows:

Based on the potential that the Albanian companies have to expand their business model through the implementation of ICT, electronic commerce development is part of the strategic plan of the Albanian government. More specifically goal II of the ICT strategy plan as described below.

Government will facilitate and promote the adoption of ICT in various economic sectors that are of economic importance or that have a high growth potential. In general, every economic sector would benefit from the use of ICT, although some sectors could be prioritized. Eventually, the further deployment of ICT will increase competitiveness of the Albanian industry.

Goal II includes several promotional measures to enable the private sector in various economic sectors to embrace ICT and its innovative applications such as:

- Electronic business will be encouraged to apply ICT solutions to improve their business and production processes, as well as to enter into new business relations, and to carry out trade on a national or international scale. (Albanian ICT Strategy)

Number of business contracts for Internet connection: years 2009 - 2011			
2009	2010	2011	Increase 2009-2011
8,000	10,000	13,000	1.6 times

Table 4 - Number of businesses with Internet connection



DEVELOPMENT OF BUSINESS TRADE PORTALS

A business trade portal implemented over the World Wide Web will provide access to information about Albanian companies that is directed at establishing business relations and trade opportunities nationally and internationally. Government will support the definition and implementation of such a portal for the whole country.

AFFORDABILITY OF ICT EQUIPMENT AND TOOLS

ICT hardware and software are generally expensive for a transition country as Albania and therefore ways should be defined to make necessary hardware, software and applications available at prices that are affordable to Albanian companies and end-users. Examples are the use of freeware software, software versions with reduced functionality or hardware leasing.

PUBLIC-PRIVATE PARTNERSHIPS

Specific industrial sectors should discuss with the government how to optimally use ICT in order to increase their performance and competitiveness to define issues of ICT use and guidelines for the private sector. Such guidelines might include recommendations for cooperation with international organizations, or for the use of standards. This process should be supported by the research sector. Also, special sectors could be selected that are most suitable to using ICT.

ELECTRONIC LABOR EXCHANGE

Establish a regional skills-based labor exchange to promote regional distance employment of knowledge workers through Internet and on their electronic communication mechanisms.

TRAINING AND AWARENESS CREATION

Use of ICT requires an understanding of the possibilities to use this technology, its advantages and drawbacks. Awareness creation will first provide a basic understanding of ICT.

Second, special courses organized for general managers and for IT managers will provide in-depth training about ICT and electronic business, the process of implementing information systems, integration with business processes, and about the economy, business and human aspects.

Government and donors will initiate and support such training. The final responsibility for such courses is seen with industry itself, possibly in collaboration with universities, research organizations and private training organizations. (Albanian ICT Strategy)

The strategic plans of the Albanian government are aligned and with the results and conclusion of the survey. There is a need on the international market and a high perceived potential from the Albanian companies. A more detailed analysis of internal and external factor as well as perceived market potential is elaborated to have realistic conclusions based on statistical findings.



5. ANALYSIS OF FACTORS, GARMENT AND FOOTWEAR SURVEY

The results from the survey are collected and grouped based on the main factors. All the responses are analyzed based on the research model. The factors that affect ecommerce in Albanian garment sectors are analyzed individually taking in consideration the survey results as well as the relation with other factors and indicators. Statistical analysis was conducted in two steps. Firstly, a preliminary screening analysis was carried out to discover which factors differentiated companies response related to adoption of e-commerce. Secondly, further insights related to the adoption of e-commerce were obtained. We identified items that differentiated between companies within each factor influencing organization, perception, e-readiness and technological implementation.

5.1 ORGANIZATIONAL

5.1.1 TOP MANAGEMENT SUPPORT

Management support has a notable impact influencing the adoption of electronic commerce in the Albanian garment sector companies. Most of the companies had greater support from management. All the items within this variable were significant and clearly visible.

This is consistent with our assertion that top management support is crucial in the acquisition and diffusion of innovation. Therefore, top management support positively impacts e-commerce adoption.

5.1.2 ORGANIZATIONAL COMPETENCE

Organizational competence was classified as the third best fundamental factor affecting implementation of e-commerce. Thus the availability of employees with adequate understanding of e-commerce technologies will facilitate the adoption of e-commerce. We confirmed from the study that technical knowledge is a very important factor that hinders IT growth and also the level of management understanding of using IT to achieve organizational objectives may influence the adoption of IT innovation.

Results from interview indicated that all three items considered in this factor have a high influence. Thus, we conclude that a high level of organizational competence will positively impact e-commerce adoption.

5.1.3 IT CAPABILITY

The results of the survey indicate that IT capability is a significant factor that differentiates the adoption of electronic trading into the Albanian garment companies. However, it is the least important factor among the significant factors. This supports the arguments that low level of IT sophistication was one of the factors that caused organizations to resist into the adoption of electronic data interchange.

Electronic commerce adoption involves the use of a set of IT-related skills and knowledge such as telecommunication knowledge, IT security knowledge, and Internet application environment. Thus we conclude that a high level of IT resources and personnel IT knowledge will positively impact ecommerce adoption.



5.2 PERCEPTION

5.2.1 PERCEIVED BENEFIT

Perceived benefit ranked second on the structure matrix and is a significant factor that differentiates between different companies planning to adopt e-commerce. The majority of companies believe that e-commerce helps reduce cost of business operations, improve customer service, improve distribution channels, and increase ability to compete. This supports the claim that relative advantage is one of the consistent critical innovation adoption factors. Thus we conclude that a high level of perceived benefit will positively impact e-commerce.

5.2.2 PERCEIVED COMPATIBILITY

Perceived compatibility of the organization with e-commerce is a key factor affecting the e-commerce in the Albanian companies in the garment sector. This result is supported by the findings of the survey reporting a significant positive relationship between compatibility and adoption of innovation.

E-commerce represents a major change from previous ways of doing business. Thus the Albanian companies in the garment sector planning to adopting e-commerce may have to reorganize and rethink how it conducts transactions with customers. This need for change can explain the impact of perceived compatibility on adoption of e-commerce if high level of compatibility is seen as meaning that less change is required within the adopting organizations. Evidence from this research suggests that Albanian companies whose existing infrastructure and organizational climate are compatible with e-commerce are more likely to adopt e-commerce.

5.2.3 PERCEIVED COMPLEXITY

Perceived complexity emerged as the main factor affecting implementation of e-commerce. The results suggest that some companies possess the financial and technological resources to implement e-commerce. A few others seem to lack these resources. Based also upon the fact that innovations that are simpler to understand and use, are adopted faster than those requiring the companies to develop new skills and understanding. We conclude that workshop and other awareness rising activities has a significant impact. The knowledge gained will facilitate the process of perceiving the business advantages of implementing electronic trading.

Based on the survey results we conclude that a high level of perceived complexity negatively impacts e-commerce adoption.

5.3 E-READINESS AND TECHNOLOGICAL IMPLEMENTATION

5.3.1 MARKET E-READINESS

Market e-readiness is a crucial factor among the companies in the garment industry to implement e-commerce as an alternative trading channel. Some of the interviewed companies believe their customers and business partners are ready to do business on the internet. On further investigation we discovered that market e-readiness is somewhat related to the level of infrastructural development. Infrastructure in Albania will need to improve further before e-commerce is able to expand. According to most of the interview respondents, internet penetration compared to the region is low. Access to Internet is limited and in most cases people have access to internet at their work places.



The lack of Internet in families has an adverse impact on e-commerce awareness amongst the citizen, which further de-motivates companies willing to adopt e-commerce.

People without internet access, influence their assumption and restrain them from embracing e-commerce. In order for e-commerce to develop, customers need to know how to operate with computers and be familiar and confident with internet trading and exposing their products, price and stock status. This will require some investments by multiple actors.

A question to ask is why do some companies consider market e-readiness positively? One explanation is that some of them have not the proper electronic trading awareness compared to the region. However, this is not the case; such companies seem to believe that awareness has to be created by the companies in the sector and with time interest in e-commerce will evolve exponentially.

5.3.2 SUPPORTING INDUSTRIES E-READINESS

The presence of supporting industries e-readiness within the country context is expected to influence the adoption of e-commerce. The willingness on e-readiness was greatly affected by costs versus benefits decisions. For instance, some companies were willing to pay more for the needed bandwidth (telecommunication transmission capacity) for their e-commerce activities while others considered the cost of additional bandwidth as a prohibiting factor and settled for paying for the minimum subscriber bandwidth. Thus, we can conclude that the existence of adequate and a developed support industry will positively affect the adoption of e-commerce.

5.3.3 GOVERNMENT E-READINESS

These results suggest that government e-readiness does not explain any difference in e-commerce adoption in the Albanian companies in the garment sectors industry. Government does not have any significant effect on the adoption of e-commerce; the enabling of government will guide through direct policies or strategies the companies to be more effective and efficient on the process of e-commerce adoption.

However, government can play a key role in the development of e-commerce in Albania by providing the telecommunication infrastructure, institutional support, and especially both facilitate and give official status to electronic transactions.



6. CONCLUSIONS

This study is an attempt to identify the factors that determine the likelihood of adoption of e-commerce in Albanian garment sectors and assessing companies' readiness toward e-services. The objective of the study was to understand the e-commerce adoption behavior of companies in the garment sector and the factors that could drive or inhibit the use of e-commerce in the Albanian garment industry.

A number of conclusions can be drawn from these results. Firstly, industry sectors with a strong support and commitment to e-commerce from top management are more likely to adopt e-commerce. Secondly, companies that have the requisite IT and business resources (infrastructure and skills) for e-commerce adoption stand a better chance at adopting e-commerce. Thirdly, companies of the garment sectors that have sound IT infrastructure in place are in a better position to adopt e-commerce.

Companies in the garment sectors with more positive attitude towards e-commerce characteristics are more likely to adopt e-commerce.

Three essential attributes of innovation that affect the formation of attitude are benefits, compatibility, and complexity. If e-commerce is viewed as better than the existing method of operations, consistent with the needs of the adopting industry sectors, and is easy to use, then there is a greater chance that a favorable attitude towards e-commerce will be formed.

External factors also influence the adoption of e-commerce. A highly developed supporting industry will improve the adoption of e-commerce. Most of the companies have a trend to perceive their customers and business partners are willing to implement online trading while few of them do not show this tendency. The low level of government support did not stop adopters from adopting e-commerce; however, government can play a key role in the development of e-commerce in Albania by providing the necessary infrastructure.

The rank of the factors affecting adoption of e-commerce (in descending order of impacts) is: Perceived complexity, Perceived benefits, Organizational competence, Perceived compatibility, Supporting industries e-readiness, Management support, Market e-readiness, IT capability, and Government e-readiness.

Based on the survey questionnaires, semi-structured interviews and analyses, a list of factors is depicted indicating its respective impact to e-commerce adoption. This paper is part of an extended process strengthening trade and investment capacity, increasing enterprise productivity, and improving workforce development through an innovative implementation of information technology and electronic trading.

The conclusion and the major concerns raised by the interviewed companies will have a crucial importance in the project introducing the use of modern online technologies to increase sales and provide new jobs opportunities by promoting to global level Albanian's company strength and addressing constraints to growth while enabling private enterprises to expand their businesses and improve competitiveness.



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8. ANNEX A – SURVEY (IN ALBANIAN)

- 1** Sa punonjës ka kompania juaj?
Po Jo Pa përgjigje
- 2** Sa punonjës ka kompania juaj që punojnë në administratë?
Po Jo Pa përgjigje
- 3** Sa kompjutëra në total disponon kompania juaj?
Po Jo Pa përgjigje
- 4** Kush është përgjegjës për mirëmbajtjen e infrastrukturës tuaj kompiuterike?
*Një punonjës i kompanisë
Një tjetër agjensi shërbimi
Një i njohur jashtë kompanisë
Tjetër*
- 5** Sa ka qënë investimi në TIK përgjatë 3 viteve të fundit?(Teknologjinë e Informacionit dhe Komunikimit)?
Po Jo Pa përgjigje
- 6** Mendoni se ka mbështetje efikase dhe të përballueshme nga punonjës IT të kompanisë për të mbështetur angazhimin tonë në internet?
Po Jo Pa përgjigje
- 7** Organizata ka një kuptim të mirë të tregtisë elektronike, modele të biznesit që janë të zbatueshme për biznesin
Po Jo Pa përgjigje
- 8** Organizata ka aftësitë e nevojshme teknike, menaxheriale dhe të tjera për zbatim të tregtisë elektronike
Po Jo Pa përgjigje
- 9** Të mësuarit për të përdorur tregtinë elektronike është / do të jetë e lehtë
Po Jo Pa përgjigje
- 10** Tregtia elektronike përshatet mirë me Infrastruktura ekzistuese në teknologji
Po Jo Pa përgjigje
- 11** Tregtia elektronike do të ndihmojë në uljen e kostos së operacioneve të biznesit
Po Jo Pa përgjigje
- 12** Tregtia elektronike do të ndihmojë në përmirësimin e shërbimit ndaj klientit
Po Jo Pa përgjigje
- 13** Kompania ka një vizion të qartë mbi tregtinë elektronike
Po Jo Pa përgjigje
- 14** Keni krijuar marrëdhënie partneriteti tregtar me kompani të tjera në Shqipëri?
Po Jo Pa përgjigje
- 15** Keni krijuar marrëdhënie partneriteti tregtar me kompani të tjera jashtë Shqipëri?
Po Jo Pa përgjigje
- 16** Cilat janë produktet/shërbimet kryesore, që ofroni?
Po Jo Pa përgjigje
- 17** Cilat janë shtetet më kryesore, ku kompania juaj eksporton?
Po Jo Pa përgjigje
- 18** Cilat janë shtetet më të përzgjedhur, nga të cilat kompania juaj importon?
Po Jo Pa përgjigje
- 19** Keni internet të instaluar në kompani?
Po Jo Pa përgjigje
- 20** Sa përqind e punonjësve janë të ndërruar në punën e tyre, nga përdorimi i internetit?
*Më pak se 30 %
30-50 %
50-80%
80-100%
Pa përgjigje*
- 21** Sa shpesh e përdorni internetin për të marrë porosi nga një klient?
*Gjithmonë
Shpesh
Nganjëherë
Asnjëherë
Pa përgjigje*



22 A e keni rregjistruar kompaninë tuaj në ndonjë portal ku tregtohen produkte?
Po Jo Pa përgjigje

23 Mundet të konsiderohet eksperiencia juaj në këtë portal e suksesshme?
Po Jo Pa përgjigje

24 Cilat janë arsytet e regjistrimit tuaj në portal?
*Nxitja e të ardhurave afat-shkurtër
Përfitimi i eksperiencës dhe përfitimi afat-gjatë
Përditësimi me trendet e reja dhe krijimi
i marrëdhënieve me kompani të tjera të fushës
Pa përgjigje*

25 Sa përqind e punonjësve të administratës e përdorin email-in për qëllime biznesi?
*Më pak se 30 %
30-50 %
50-80%
80-100%
Pa përgjigje*

26 Sa shpesh e kontrolloni email-in tuaj?
*Çdo ditë
Disa herë në ditë
Disa herë në muaj
Shumë rrallë
Pa përgjigje*

27 A zotëron kompania juaj website?
Po Jo Pa përgjigje

28 Kush është përgjegjës për menaxhimin e website-it?
*Një punonjës
Një tjetër agjensi prodhimi/promovimi
Një i njohur jashtë kompanisë
Tjetër
Pa përgjigje*

29 Mendoni se qeveria po shpreh vendosmëri në promovimin e tregtisë elektronike?
Po Jo Pa përgjigje

30 Mendoni se menaxhimi i tregtisë elektronike në faqen e kompanisë do të jetë e thjeshtë?
Po Jo Pa përgjigje

31 Ju lutemi të vendosni komentet tuaja rreth këtij pyetësoari!



9.ABOUT DM CONSULTING SERVICES

DM Consulting Services (DMCS), as Business Support Organization (BSO), was established in 2005 to provide clients with top-quality, innovative, reliable, cost effective, and time-saving business and IT solutions. Mainly, its clients belong to private and public sector, in and out of the country. Its main areas of expertise consist of the following:

- IT Solutions and Services
- e-business
- HR Management, Recruitment, and Training
- Business and Management services

DMCS is committed to delivering long-term support and success for its clients.

The vision is to establish itself as one of the regional leading company with a positive influence in its areas of expertise.

Its main offices are located in Tirana (Albania); Prishtina (Kosova) and with a strong presence in Skopje (Macedonia), Podgorica (Montenegro) and Montreal (Canada).

The company is also having a very solid professional network in other Balkan and SEE Countries, such as Serbia, Croatia, Moldova, Bulgaria and so on.

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