IMPORTANCE OF LOCATIONS IN THE INDUSTRIAL PARKS - FERIZAJ CASE STUDY

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Abstract

Industrial parks are the most important morphological concentration of industrial facilities in a particular location, considered as more advantageous and optimal from other locations identified or projected. This area should be a part of the urban area designated for production or services which is established for the advancement of business activity for entrepreneurs, but also to modernize the industry in general.

This paper will deal with the analysis of the elements that have to do with identifying the factors that influence the choice of locations for free economic zones or industrial parks. So the conducted study is a research effort to identify appropriate locations by interviewing managers and some protagonists of the individual companies but also taking into account the opinion of experts.

This topic was addressed during the field work by visiting some companies, free zones and industrial zones in which are conducted structured interviews regarding the location of individual companies and their customers' satisfaction associated with these locations.

For all the locations are specific factors that have largely determined their subsequent activity.

Ferizaj industrial park which is situated between the two capital cities, Pristine and Skopje, in which they develop their activity fourteen enterprises, will have the dedicated attention. This location is considered the right one chosen among the other industrial parks in Kosovo, as Drenasit, Mitrovica, Skenderaj, Vushtrri, Shtime, etc.

Key words: *industrial zones, free zones , location , economic zones , industrial park*

Introduction

The industry is one of the most important factors in the development of countries, regions and cities. For this reason, special attention is given to the criteria for their locations. It also is one of the main activities in every city and around the world, but in some cities it is also dominant. Along with the construction and manufacturing, is regarded as an urban activity which reflects in the economic trends, social policies and its employment. In the recent decades have been created many parks or industrial areas, which are located in major cities to provide favorable conditions for their functioning and development. There is not of course, very easy the matter of choosing the position or location of such areas and companies within them.

Free areas are mainly areas in which the entrepreneurs are offered not only the right places and the infrastructure, but also the additional benefits and privileges. Thanks to all of the benefits and rewards, many entrepreneurs have established their business and have challenged their undertaken creativity in these areas.

Plans of such areas offered after a feasibility deep study are specific areas that do not apply to normal trade barriers such as tariffs on imports and exports . Entrepreneurial parks are a project of the Government in the most cases in central one, but in fewer cases the local one which aims to encourage the development of small and medium enterprises, mainly by providing benefits to companies that will affect on the development of the country. Experience of many such areas has shown great socio - economic impact that can bring a city, region or country specific.

Choice of location

The choice of an industry location is not easy, moreover can also be sensitive. Many factors must be considered when we take a decision about the location, such as:

- What is the optimal to be produced or served?

- What are the target requirements of the marked?

- What is the tendency for such services or products in the city, region or even beyond?

- The result of the feasibility analysis for achieving the objectives,

- Optimal size,

- The needed capital to start operations etc.

If the analysis for the location we continue further then should take in consideration and the industry classification based on accommodation which can be : refined and untreated industry , light industry , basic industry , service industry , primary industries , secondary and tertiary , etc. Even other details can be very important as the need for raw materials, energy, labor force, transportation, and the contacts with the customers and the market as a whole .

One of the main factors which should influence the establishment of the park is the development of space in the city or region. A well developed space with a well developed infrastructure, with consolidated labor market and other advantages for potential investors is a much wider advantage than the spaces that lack the factors cited above. On the other side for the least developed countries and in stressed poverty, establishing such a park with some entrepreneur would imply the possibility of a more rapid development, attracting other investments and opening a new perspective of development. An important component for the location of parks should be the decentralization of spaces, or spatial reconfiguration in urban areas. Establishment of industrial zones is one of the most powerful tools in the hands of cities and regions to attract its industry in an urbanized area which in its perspective offers more opportunity for economic activities with higher durability. This means that urban administrative procedures ensure the implementation of approved zoning and development planning and environmental protection, these are important components in long-term planning.

Size of industrial parks

Although in all countries is proven that industrial parks are configured according to size, we can freely say that it cannot create a standard for the size, but also for their classification. In some places small areas have less than 100 hectares, medium 100-500 hectares, while the largest with more than 500 hectares. Another criterion more advanced, more close to the reality and supported is that small areas have up to 50 hectares, medium to 100, while the largest of more than 100 hectares.

There are numerous discussions on the optimal size, but also for the optimum location. Different experts determine the size based on the number of employees. In France and Belgium, the density of jobs in industrial areas ranges on average between 60-70 workers / ha, with 20 % in the field of construction. In U.S. rarely could find an industrial enterprise which has a surface area greater than 10 hectares located in the industrial area.

Modern forms of economic parks

Exporting industrial parks in modern times have greater attention, particularly in the developing countries. The first area of this type was established in 1958 in Ireland (Shannon) and the other one in India (Kandla) . By 1970 their number is increasing rapidly. The main purpose of these areas is attracting foreign direct investment and modern technology to build new industrial capacities and to promote industrialization and exports of countries that are developing, then to increase profits in foreign currency and to encourage hiring. Another purpose of these areas is the improvement of the

quality of products with lower prices which will not only increase competition in the local market but also internationally.

The main goal of industrial areas in developed countries is to stimulate the development of classical industry, the introduction of advanced technologies and increase the higher exports, with the aim of strengthening the position in the globalization trends. In the most industrial parks of the industrial developing countries, in the early stages of development has dominated the production of clothing and electronic product, then installation of equipments for automobiles and other complex products.

Free bank zones were created in the early 1960s, when they transferred a portion of their activities in other countries where restrictive measures have been less stringent, or where their activities take place with fewer restriction. States that have initiated the establishment of the bank areas are Panama, the Caribean , Bahrain , Hong Kong , Singapore , Luxembourg , etc. .

Tourist free zones today exist in some developed countries as a separate category for the development of elite tourism. They provide high quality of housing, offering their clients with the highest and the various required services.

Information Zone (Telezone) are special spaces of powerful centers where the flow of information , processing and selling of information , mainly is developed in an integrated manner. They offer telemarketing services and develop IT systems for companies, banks, hotels, etc. . This kind of free zones became of the late '80s in Jamaica and the Dominican Republic, with the support of the public authorities and the U.S. , later to become the largest telecommunications corporations .

Scientific and technological parks are special areas for the creation and commercialization of new products and services for the global market based on the high demand of technology in close cooperation among industries, research institutions and universities.

Complex free zones are areas in which at the same time are developed several types of activities located in parts of the area. They mainly include the trade, industry, banking and tourism, activities that often complement each other. Examples of such areas are Hong Kong, Singapore, etc.

The above types of parks and other models not mentioned in our analysis are the result of accelerated economic development and efforts to participate successfully in the global market. Their multi dimensional relationship and functional can be manifested with the production, marketing or other relationships.

Industrial park in Ferizaj

Kosovo is one of the places that really need more components which will help creating new spaces to work. The first initiative of establishing an economic zone was in 2005, with the creation of the Business Park in Drenas.

To facilitate the work of the businesses, in 2009 the Government of Kosovo adopted the Law on Economic Zones, aiming the creation of certain areas where businesses will have better conditions compared to other parts of Kosovo to develop their activities , respectively easy access to transportation , energy , water and other essential services for businesses . From the experience of developed countries is understood that the operation of economic zones has been an important element in the overall development of the country.

With the decision of the Municipal Assembly of Ferizaj dated 31.01.2003, industrial areas were declared cadastral no. 1144, 1149 , 1152 , 1505 and 629/1 . The total area of the plots in the industrial area in Babush, the municipality of Ferizaj, is 5.85.95 ha. To realize this decision will take care the Department of Planning, Reconstruction and Development.

Photo 1. Company in the industrial park



Photo 2. Company in the industrial park



There are several reasons which justify the declaration of industrial zones, among which will be mentioned:

- Creating better conditions for sustainable economic development,
- Encouragement of development for the private sector,
- Creation of new job places
- Increasing of the production capacity
- Increasing of budgetary revenues,
- The economic development of the municipality.

Competitive enterprises, the potential candidates for having advantages in this competitive process are required to conform to the legal framework to meet the comparative criteria with the region.

Parts of the documentation for this competitive challenge were:

- Business Registration Certificate,
- Business plan development,
- Design of the building,
- The project of environmental protection,
- Permission from the Department of Urbanism after acquiring of the parcel.

Beneficiaries in this industrial park were 14 companies:

No.	**Enterprise**	**Start of the works**	**Surface m^2**	**Business activity plan**	**No. of workers in 2013**
1.	"Burimi Company"	2005	4300	with asphalt production	27
2.	"Ata projekt"	2004	3500	production of concrete and concrete elements	16
3.	"Autogoma"	2005	4000	regeneration of tires and their crumbling	11
4.	"Kema"	2005	3000	production of window shutters for the well and the stove plates	21

5.	"Shumolli"	2005	3000	production of plastic aluminum doors and windows with conductive elements, glass blind and their installation and maintenance	10
6.	"Dafina"	2005	2000	production of waterproofing material	5
7.	"Cadi"	2005	2000	production of vacuum cleaner and production of vertical broom for car wash	17
8.	"Ekologjia"	2006	1000	production and packaging of chemical substances for disinfection, application of insecticides and eradication	8
9.	"Zotaj"	2005	1000	production of quilts and wood furniture	5
10.	"Ngjyroses Feridi"	2005	1500	production painting colors, varnishes and various facades	9
11.	"Condor"	2005	1500	the manufacture of Condor and the black insulation paper	7
12.	"Terziu"	2007	2000	production of various styrofoam	11
13.	"Liridoni"	2006	3370	production of concrete elements (sides and front , producing bone for sidewalks and concrete pipe production)	40
14.	"Gashi"	2009	1000	production of liquid detergents	5
		Total:	33.170	Total:	192

From structured interviews with the representatives in the industrial area of manufacturing enterprises, is found that are not meet completely the contractual obligations to certain companies. From information obtained through structured interviews were drawn some conclusions:

- There are deviations in the initiation and completion of construction work on facilities and commencement of production,

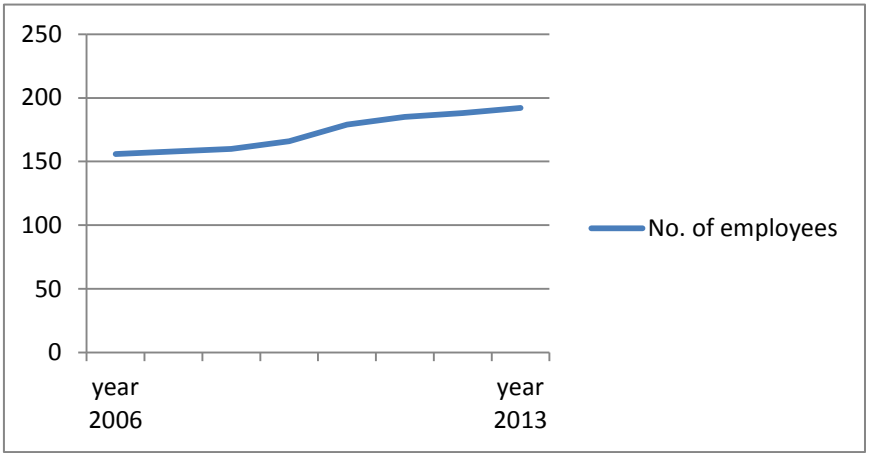
- Delays in the initiation of production has affected for not fulfilling and business plan developed by its entrepreneurs for hiring workers

- Infrastructure in the area is not complete,

During the interviews, a special attention was paid to the number of employees, respectively employees who are notified by the enterprises in Tax Administration.

Situated at a very close distance to the two capitals , Pristine and Skopje ,on distance 29 , respectively 54 km , this area of activity in its infancy due to the lack of legal framework in the first place , but also for many other reasons as financial policies , fiscal policies , lack of experience , unstudied market etc , initially it faced numerous difficulties which have reflected at the beginning of activities of entrepreneurs. Due to these difficulties, as seen from the curve of the graph below the number of employees in the first three years has had a little positive variation.

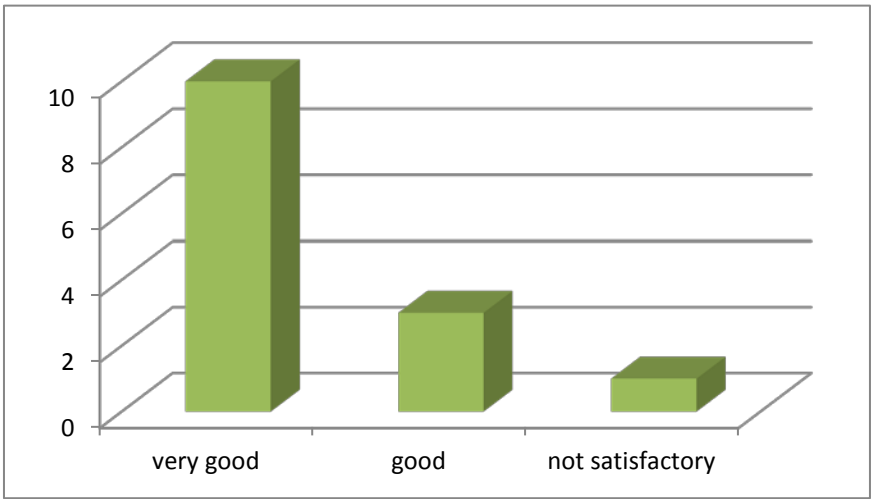
Fig. 3. Number of employees from 2006 to 2013



Modernization of technical infrastructure in general, but of the road particularly, especially in the recent years , then the legal framework adopted for the economic zone has encouraged entrepreneurship that these spaces be more attractive .

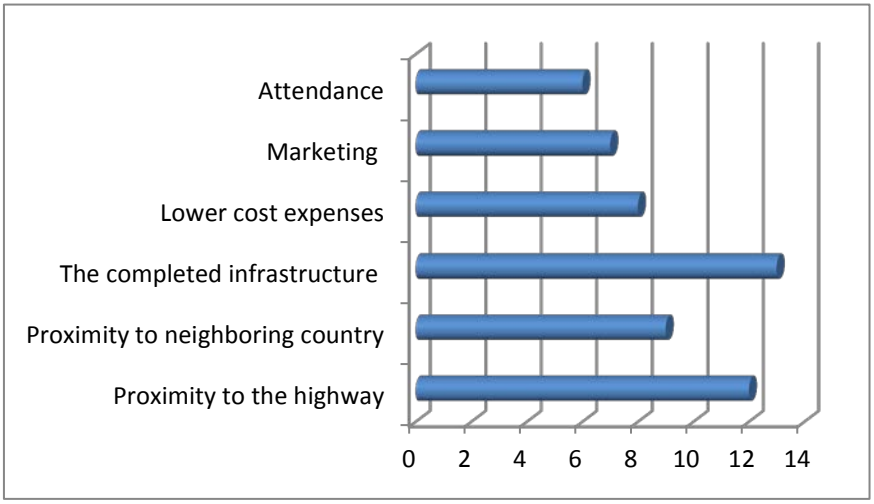
The majority of the respondents in the industrial park in Ferizaj (Babush) are satisfied with the position of the location selected by the institutions .

Fig .2. Satisfaction with location



Among the many factors cited about the location satisfaction the beneficiary enterprises managers have considered firstly the proximity to the highway, complete physic infrastructure, excluding proximity to the railway line which is located just a kilometer away from the area . This is because the railway infrastructure in Kosovo is not in the function of economic development.

Fig. 1. Some of the important factors of location



Conclusions

Free economic Parks provide great advantage for countries that have established them and in this respect cannot be excluded either the case of Ferizaj municipality in Kosovo. They can perform different activities, such as manufacturing, services, storage, banking, financial, insurance and reinsurance, transportation of goods, etc. . At this stage of development in which Kosovo is, rulers but also and the managers of these areas are looking at modernizing their organization with the purpose of achieving the standards that would have been compared not only with those of the region , but also the European Union .

With the concept of free parks are understood specific areas where normal trade barriers such as tariffs on imports or exports are not applied and where bureaucracy is minimized. We are recognized with the world practices and cases where an enterprise located, is highly taxed or forecasts may also be excluded. These areas would have to attract entrepreneurs, reduce poverty and unemployment and stimulate economic development and investment attraction.

Such parks could be located in different areas, but as a rule the more successful are the one on the frequented local, regional and International roads, then close ports, airports etc. . A major role in creating them have local, regional, national authorities,. They are considered as a very important mechanism - instrument to encourage investment, employment, introduction of new technologies and equipment, modernization and improvement of the business, as well as the creation of new industrial connections.

Regarding the conducted research, Industrial Zone in Ferizaj , evaluate that have been showed results which can be subject to scientific analysis regarding the views of locations and position of our companies within the industrial park that could be a positive example and reference to Kosovo for the region .

From the study we can summarize the free industrial parks have many advantages for attracting investors and entrepreneurs, advantages that in our study were dominated by the proximity of major roads to facilitate the transportation and distribution, proximity to international borders, infrastructure already build, but not completed , and the possibility of extending the activities in the future due to the flexibility that such sites offer .

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