AMERICAN UNIVERSITY OF ARMENIA

Turpanjian Rural Development Program

QUALITY ASSURANCE TEST

2014

Results

Yerevan, Armenia

CONTENTS

INTRODUCTION

The American University of Armenia's (AUA) Turpanjian Rural Development Program (TRDP) was launched in 2006 and over the period of eight years has helped more than 250 entrepreneurs to start their businesses. The TRDP provides education and economic opportunities to people in rural areas to encourage rural development, create jobs, and improve the living standards of communities in the Tavush and Shirak regions, Nagorno Karabakh Republic (NKR), and Javakhk (Republic of Georgia).

During the past three years, the businesses have been annually evaluated through the Quality Assurance test. Within the scope of the test, the beneficiaries were asked a number of questions to evaluate the level of development in different business sectors, as well as identify the business outcomes, processes and structural developments.

Quality Assurance (QA) is a test that is used to periodically reassess, evaluate, and identify the potential problems and positive changes of the TRDP businesses/companies. Based on the results of the periodic evaluation, reliable information becomes available that can be used to improve the business activities. As an *outcome*, business evaluation contributes to planning the successful growth of the businesses/companies.

The primary *objective* of the Quality Assurance test is to provide guidance to the business owners and help to improve the overall management of the companies by advising on operational and strategic issues. The assessment will either address the complete businesses or be focused on improving one or more problematic areas of businesses, such as finance, marketing, operations, logistics, etc.

Quality Assurance *demonstrates* that the businesses are serious about the quality of their products and services. Thus, it encourages product users, clients or customers to make the initial decision to buy the product, to continue with ongoing purchases and recommend the product to other potential customers. It also helps to identify both the strengths and weaknesses of each business, thus encouraging the entrepreneurs to perform better. Hence, the QA system indirectly measures the TRDP impact on businesses and improves their performance.

The three main *focus areas* of quality assurance are: the business outcome (products, services, impact of the business), business processes (production, management and administration), and structural developments (manpower, facilities and equipment). Based on separate ranking for key areas, the problematic ones will be identified and based on these results consultation or training will be provided on-site. Only the businesses that have at least one year of operation (151 businesses) were selected to undergo through the QA 2015 test.

Businesses with less than one year of operation will be informed that they will participate in the next year QA evaluation. Each year the proceeding evaluation results will be compared with the new ones to be able to identify the success and outcome of provided support.

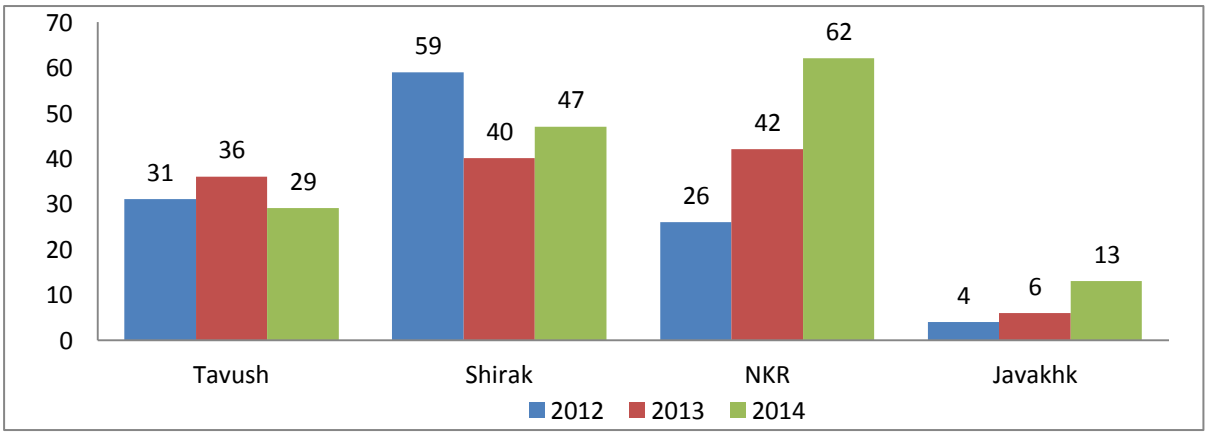
METHODOLOGY

The businesses with at least one year of operation (established as of July 2014) were selected for the TRDP 2014 QA test. The total number of visited beneficiaries was 151. To be able to effectively conduct the interviews and compare the trends of businesses to each other, a decision was made to have the TRDP Regional Assistants to conduct the interviews, since they are aware of each business, understand their strengths and weaknesses and the development path each business has had. The interviews were conducted mainly on-site, which allowed the Regional Assistants to make observations regarding some of the measures.

With the 2014 QA evaluation purposes, a total of 151 interviews were conducted in four TRDP regional centers – Tavush region (29 interviews), Shirak region (47 interviews), Nagorno-Karabakh Republic (62 interviews), and Javakhk, Georgia (13 interviews). The interviews were conducted during the period of November 12 - December 25, 2014. Interviewers had field trips to 31 communities in the Shirak region, 33 communities in the NKR, 18 communities in the Tavush region, and 7 communities in the Javakhk region (find the list if visited businesses in the Appendix 1). Each visit lasted 40-60 minutes.

The Figure 1 shows that the number of interviewed businesses with at least one year of operation has grown in all regions (Shirak, NKR, and Javakhk), except for the Tavush region, where there is a decrease with 7 businesses when compared with the evaluation of 2013 (See Figure 1 below).

Figure 1: Distribution of beneficiaries interviewed per region (2012, 2013, and 2014 years)



Measures

The QA evaluation questionnaire was pre-tested and adjustments were made accordingly. The quantitative data were collected and input in SPSS for analysis. Besides, a scoring system was used in the questionnaire. The score ranges are similar for almost all measures (1-5) in order to have separate ranking for key areas (labeled in headings) as well as at the end add them up and get total ranking for all businesses (presented as Means in the below Tables). The measures and key areas of the evaluation were the following:

- ***Product*** **-** integrity, comparability, safety, presentation/packaging;
- ***Impact of the business*** **-** economic impact, social consciousness, job creation, innovation;
- ***Production*** **-** consistency with original business plan, used methods and technology, hygienic and safe procedures, control of purchased materials;
- ***Management and administration*** **-** periodic reassessment of business plans, customer relations, implementing clear business process guidelines;
- ***Manpower*** **-** optimal number of personnel, relationships within the personnel;
- ***Facilities*** **–** safe and pleasant space to work in;
- ***Equipment*** **-** safety, appropriateness.

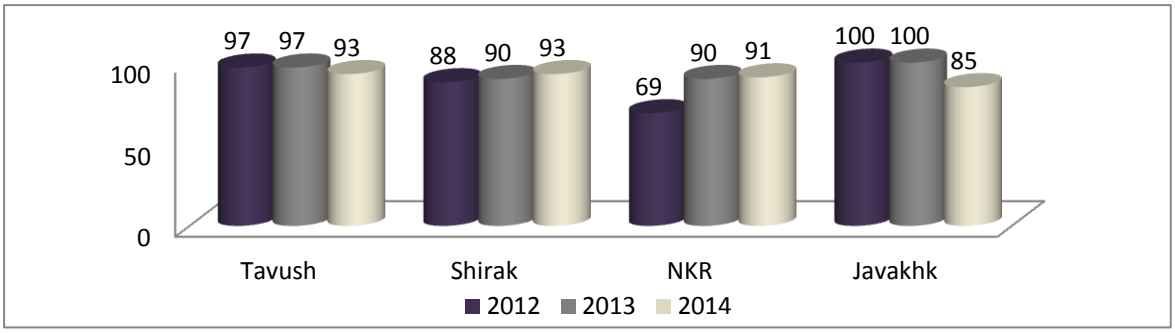
FINDINGS

The following section will present the findings of the twelve sectors that measure the quality of the TRDP selected businesses, which are as follows: product/service competitiveness, production, quality, product/service safety, impact of the business, business mission and goals, marketing, customer relations, personnel relations, finance and accounting, facilities and equipment, and overall working procedures of the businesses.

General

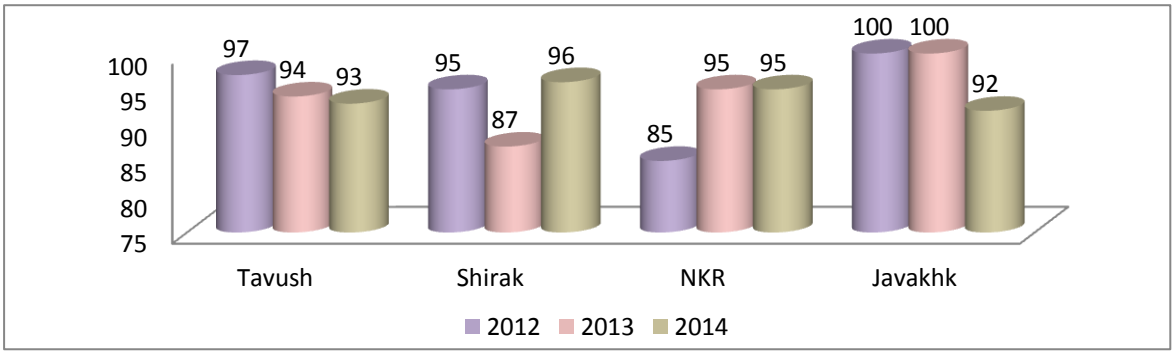
To find the profitability of TRDP supported businesses, the beneficiaries were asked to state whether their *businesses are profitable*. The results show that in the Tavush region and Javakhk, there are fewer beneficiaries satisfied with the profitability of their businesses in 2014. In the Tavush region, the number of satisfied beneficiaries dropped from 97 to 93 percent and in the Javakhk region although in 2012 and 2013 all of the interviewed beneficiaries were satisfied with the profit of their businesses, however this year the number dropped to 85 percent. However, as compared with the QA evaluations results of 2012 and 2013, more beneficiaries in the Shirak region and NKR believe that their businesses are profitable (see Figure 1 below).

Figure 1: Business Profitability *(in percent)*



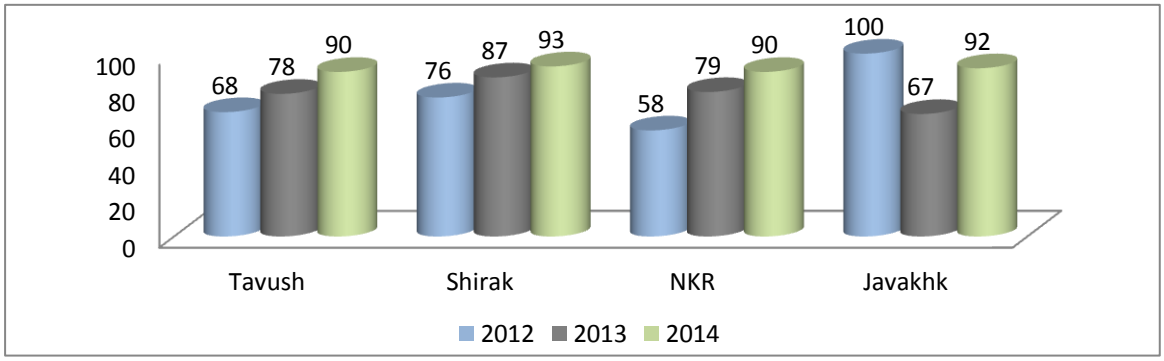
The Figure 2 shows that business competitiveness in the local market has grown only for the businesses established in the Shirak region. In the Tavush and Javakhk regions the business competitiveness has dropped and in the NKR it has stayed the same in 2013 and 2014 years. Ninety-three percent of beneficiaries in the Tavush region and 92 percent in the Javakhk region reported that they are satisfied with their business competitiveness in the local market.

Figure 2: Business Competitiveness in the Local Market *(in percent)*



Interestingly enough, as to the business demand in the local market, the number of satisfied beneficiaries with this area has dramatically grown when compared to the 2012 and 2013 year evaluations. All four regions have 6 – 25 percent increase of beneficiaries that stated they their businesses are demanded in the local markets (See Figure 3 below).

Figure 3: Business Demand in the Local Market *(in percent)*



Product/Service Competitiveness

Using sets of questions for each category, the beneficiaries were asked to identify the closest answer on a likert_scale. The score ranges were 1 (strongly disagree) to 5 (strongly agree) for all measures in order to have separate rankings for each area.

The majority of the beneficiaries (mean = 4.11) agreed with the fact that the products/services offered by their businesses are competitive in the local market (28% - strongly agree and 54% agree). On the other hand, not many beneficiaries reported that their businesses are competitive in the national market (mean = 3.18) or particularly in the international market (mean = 1.85). This shows that the TRDP supported businesses are mainly competitive locally and somehow nationally, but rarely in the international market.

Most of the beneficiaries highlighted that their products/services have *features to differentiate from competition* and that the companies are *constantly improving or developing new products/services* and *ask ideas for improvement* from their customers. The interesting fact is that the majority of beneficiaries (mean = 4.09) stated their company pricing is competitive. This may lead us to assume that our beneficiaries carefully set the prices of any product and service in the business. However, only forty-five percent of beneficiaries reported that the presentation/packaging of the products in their businesses need improvement to be more appealing (mean = 3.37) (see Table 1 below).

Table 1: Product/service competitiveness

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The product/service is competitive in the local market.	42 (28%)	82 (54%)	23 (15%)	1 (1%)	0	3 (2%)	4.11
The product/service is competitive in the national market.	23 (15%)	43 (28%)	39 (26%)	21 (14%)	21 (14%)	4 (3%)	3.18
The product/service is competitive internationally.	9 (6%)	11 (7%)	17 (11%)	19 (13%)	88 (58%)	7 (5%)	1.85
The product/service has features to differentiate from competition.	35 (23%)	68 (45%)	33 (22%)	10 (6%)	1 (1%)	4 (3%)	3.86
The company is improving and/or developing new products/services.	27 (18%)	79 (52%)	34 (23%)	8 (5%)	1 (1%)	2 (1%)	3.83
The company asks its customers for ideas for improvement.	39 (26%)	79 (52%)	24 (16%)	5 (4%)	2 (1%)	2 (1%)	3.99
The company's pricing is competitive.	39 (26%)	91 (60%)	16 (10%)	3 (2%)	1 (1%)	(1%)	4.09
The presentation/packaging of the product is appealing.	21 (14%)	47 (31%)	54 (36%)	15 (10%)	10 (6%)	4 (3%)	3.37
Total: 151							

To summarize, most of the beneficiaries agree that their products/services and their prices are competitive, that it is easy to differentiate the products/services from competition, as well as that they ask ideas for improvement from their customers. However, not many businesses are competitive at the national level and rarely competitive internationally. Interestingly enough, although many beneficiaries agreed that their products/services have features to differentiate from competition, fewer people agreed that the presentation/packaging of products is appealing.

Business areas of TRDP businesses

Gayane Hovsepyan (Javakhk r.)

Hayk Hambaryan (Shirak r.)

Hamayak Adamyan (Tavush r.)

Production

The results show that almost all beneficiaries (except for 7 beneficiaries) in all four regions agreed that their business production is consistent with their original business plan developed with the assistance of TRDP. Most of the beneficiaries were satisfied with the production procedures of their businesses, stating that the *production methods and technology are appropriate* (mean = 4.10), *production procedures are hygienic and safe* (mean = 4.25), as well as that the *company undertakes control of all purchased materials* (mean = 4.27). Unfortunately, not all beneficiaries constantly look for new markets and niches. Only 68 percent of beneficiaries agreed that they always try to find new markets and niches, which can in the future generate additional sources of income and enable staying competitive in the market (see Table 2 below).

Table 2: Production procedures

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The business production is consistent with original business plan.	47 (31%)	86 (57%)	11 (7%)	1 (1%)	3 (2%)	3 (2%)	4.17
The production methods and technology are appropriate.	43 (28%)	78 (52%)	21 (14%)	1 (1%)	2 (1%)	6 (4%)	4.10
The production procedures are hygienic and safe.	51 (34%)	86 (57%)	8 (5%)	0	2 (1%)	4 (3%)	4.25
The company undertakes control of all purchased materials.	52 (35%)	88 (58%)	6 (4%)	0	2 (1%)	3 (2%)	4.27

The company is constantly looking for new markets or niches.	41 (27%)	62 (41%)	31 (21%)	11 (7%)	3 (2%)	3 (2%)	3.86
Total: 151							

The results come to prove that the beneficiaries believe the business production methods and used technologies are appropriate (mean = 4.17), the production procedures are hygienic and safe (mean = 4.25), and that the company undertakes control of all purchased materials (mean = 4.27). Unfortunately, not many beneficiaries (mean = 3.86) reported that they do look for new markets and niches. The reasons for not looking at this process with the utmost importance may be either the luck of enough skills and knowledge of beneficiaries to search for new niches or they may be satisfied with the success of their business and not be interested in finding new markets to for their businesses.

TRDP supported businesses

Gagik Simonyan (Tavush r.)

Anahit Hayriyan (NKR)

Alyosha Gabrielyan (NKR)

Quality & Safety

A set of questions were asks to evaluate the quality and safety of products/services in the TRDP supported businesses. Almost all beneficiaries reported that the products/services and facilities in their businesses have high quality. Eighty-nine percent of the beneficiaries stated that the production technology used in the company has high quality (mean = 3.95). On the other hand a similar percent of beneficiaries (mean = 3.97) reported that the business equipment also have high quality for production (see Table 3 below).

Table 3: Quality of the products/services

	Very high	High	Somewhat high	Somewhat low	Very low	Don't Know /Can't Say	Mean
Product/service itself	54 (36%)	78 (51%)	17 (11%)	0	1 (1%)	1 (1%)	4.23
Production technology	28 (18%)	84 (56%)	22 (15%)	2 (1%)	3 (2%)	12 (8%)	3.95
Business facilities	40 (26%)	90 (60%)	20 (13%)	0	2 (1%)	0	4.10
Business equipment	30 (20%)	90 (60%)	26 (17%)	1 (1%)	2 (1%)	2 (1%)	3.97
Total: 151							

As to the safety of products/services, the majority of beneficiaries accept that there are no risks associated either with individual consumers (mean = 4.19), community (mean = 4.16), or the environment (mean = 4.21) (see Table 4 below).

Table 4: Safety of the products/services

	Very safe	Safe	Somewhat safe	Somewhat not safe	Not safe at all	Don't Know /Can't Say	Mean
Risks to the individual consumers	42 (28%)	98 (65%)	6 (4%)	1 (1%)	2 (1%)	2 (1%)	4.19
Risks to the community	38 (25%)	100 (66%)	7 (5%)	1 (1%)	2 (1%)	3 (2%)	4.16
Risks to the environment	51 (34 %)	87 (57 %)	7 (5%)	0	4 (3%)	2 (1%)	4.21
Total: 151							

To summarize, the TRDP support and mentoring during the business development period has been well focused on the quality and safety of produced products, since both the monitoring visits and QA evaluation results show that the beneficiaries know and try their best to keep the norms and standards for high quality and safe production.

Safe and well-qualified production sites of TRDP supported businesses

David Hambardzumyan (NKR)

Jivan Mardanyan (Tavush r.)

Samvel Rafaelyan (Javakhk r.)

Impact of the Businesses

A set of open-ended questions were asks to the beneficiaries to find whether the businesses have impacted their communities in the following ways:

1. Economically
2. Introduced change in the life of the community
3. Participated in addressing general problems in the community
4. Created workplaces
5. Introduced innovative ideas and practices

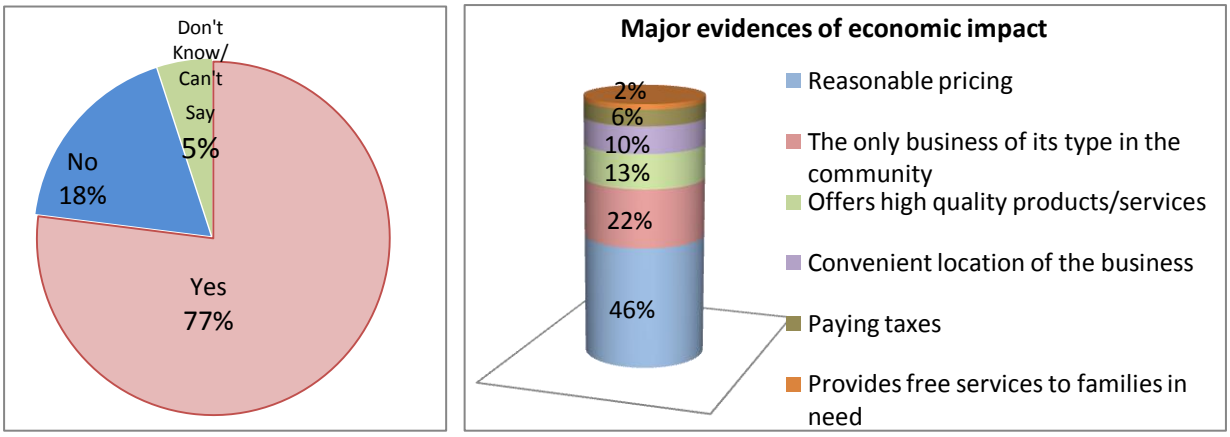
The business has impacted the community economically

The vast majority of beneficiaries (77 percent) in four regions agreed that their businesses have impacted the communities economically. Only 18 percent of beneficiaries disagreed with this statement and 5 percent refused to give an answer to this question (see Figure 4 below).

When giving a positive answer, the beneficiaries were asked to specify and provide an

evidence of the impact in an open-ended question. The responses were coded and major evidences mentioned by the beneficiaries are provided in the Figure 4 below. Forty-six percent of the beneficiaries explained that it is through the reasonable prices of products/services that they impact the community. Twenty-two percent of beneficiaries reported that their business is the only one of its type in the community, thus in some way an innovation in the community. Thirteen percent of beneficiaries stated that their products/services have high quality and the rest of the beneficiaries highlighted that their businesses have convenient locations and residents do not have to travel to surrounding villages. Six percent of beneficiaries explained that it is through paying taxes that they impact the community and only two percent of beneficiaries stated that they regularly provide free services to the families in need, living in their communities.

Figure 4: Statements of economic impact on the community

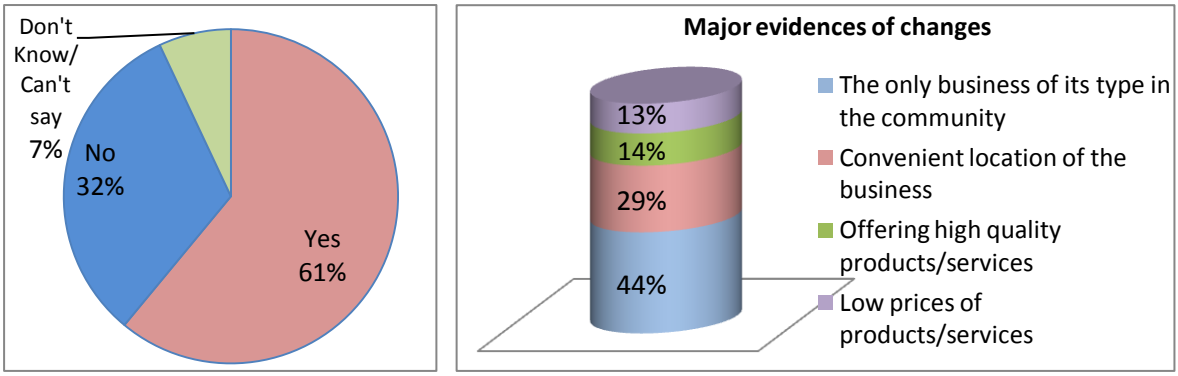


The business introduced change in the life of the community

Sixty-one percent of beneficiaries agreed with the statement that they have introduced change in the life of the community through their businesses. Some of the beneficiaries (32 percent) disagreed with the statement that *'they have introduced change in the life of the community'* and 7 percent could not or did not want to answer to this question (see Figure 5 below).

Again, the responses were coded and major evidences mentioned by the beneficiaries are provided in the Figure 5 below. The figure shows that almost half of the beneficiaries (44 percent) who accept their contribution to a change in the community highlighted that their businesses are the only ones in their type in the local market. Convenient location of the businesses is the second most frequently mentioned evidence of change by the beneficiaries. The rest of the beneficiaries either stated that it is through offering high quality or low prices of products/services that they bring changes to the communities (see Figure 5 below).

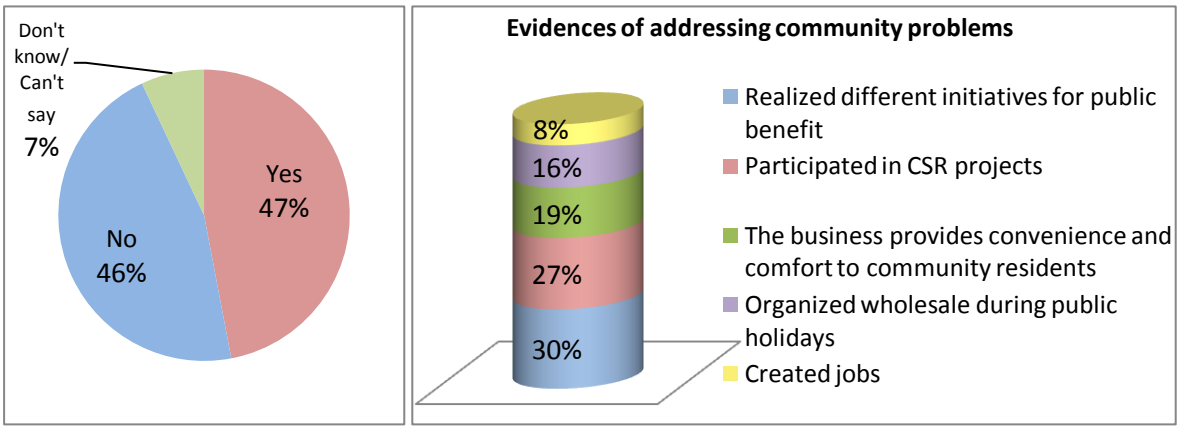
Figure 5: Change introduced in the life of the community



The business participated in addressing general problems in the community

The beneficiaries were also asked if they have participated in addressing general problems in their communities. Forty-seven percent of beneficiaries agreed and 46 percent disagreed with this statement and the rest of the beneficiaries (7 percent) refused to answer. Some of the major evidences of addressing problems in the communities were through realizing different initiatives for public benefit (30 percent), including building a gas pipe, making chairs for local kindergartens, making gifts for children, etc. The 27 percent of beneficiaries mentioned that they have participated in the TRDP organized CSR (Corporate Social Responsibility) projects. The rest of the beneficiaries mentioned that their businesses provide convenience and comfort to community residents, that they regularly organize wholesales during public holidays, and that the businesses have created jobs for local residents (see Figure 6 below).

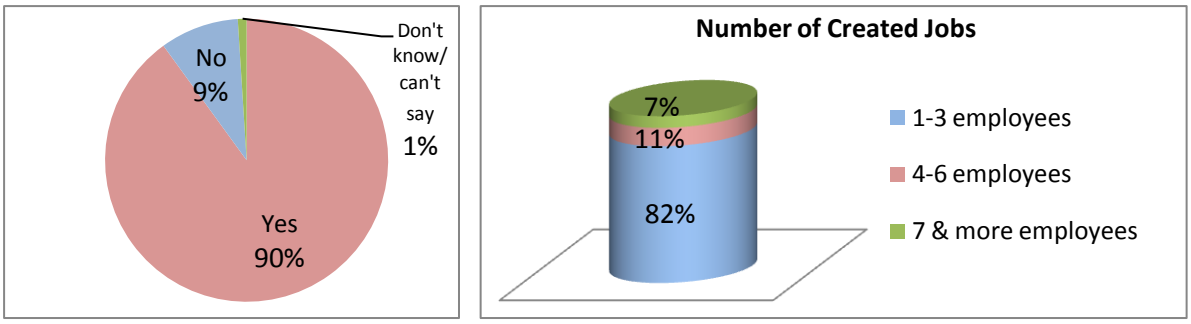
Figure 6: Participation in addressing general problems in the community:



The business created workplaces

Another question for community impact assessment was whether the *'business has created workplaces'*. Ninety percent of interviewed beneficiaries agreed with this statement, whereas only 9 percent disagreed and 1 percent of beneficiaries did not give answer to this question. The vast majority of TRDP supported businesses has created 1-3 workplaces (82 percent of businesses), whereas only 11 percent of businesses have created 4-6 workplaces and 7 percent of businesses have 7 and/or more employees (see Figure 7 below).

Figure 7: The workplaces created by the business



As in the past, Hayaser Gasparyan from NKR and Anush Tsaturyan from the Tavush region are the beneficiaries whose businesses have created the highest number of jobs, here are the numbers:

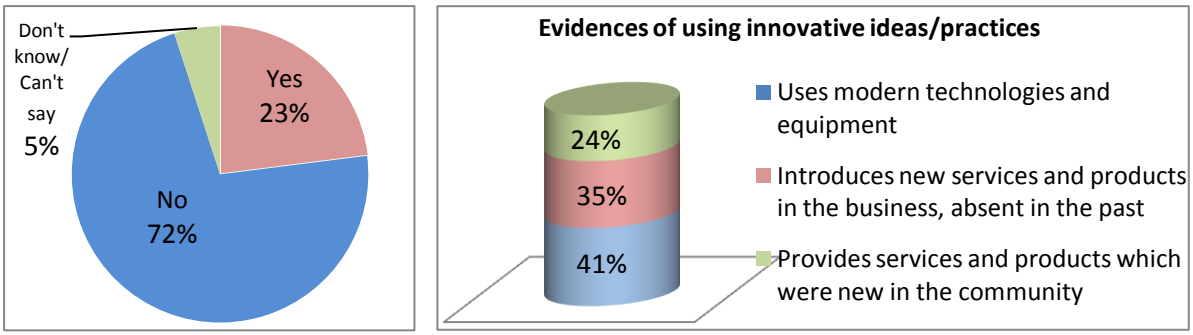
21 employees - Hayaser Gasparyan (Cake and lemonade production, NKR)

20 employees - Anush Tsaturyan (Sewing workshop, Tavush region)

The business introduced innovative ideas and practices

Only 23 percent of beneficiaries ensured that their businesses have actually introduced innovative ideas and practices, 72 percent rejected, whereas 5 percent of beneficiaries refused to give answer to this question. The major evidences provided by the agreed beneficiaries were the usage of modern technologies and equipment in the business, introduction of new services/products that were absent in the past, and providing services/products new in the community (see Figure 8).

Figure 8: Businesses introducing innovative ideas and practices in the community



Business Mission and Goals

To find whether the initially developed mission and goals of the businesses are understandable and continuously reassessed by the beneficiaries, two questions were asked. First question was whether the goals and targets of the businesses are periodically reassessed by the beneficiaries. Eighty-eight percent of interviewed beneficiaries reported that they agree, 7% stated that they somewhat agree and only 3 percent of beneficiaries disagreed with the statement that they periodically reassess the business goals and target. As to the second question, whether the employees understand business vision and mission, 80% beneficiaries agreed, 14 percent

somewhat agreed and only 2% disagreed with this statement (mean = 4.15) (see Table 6 below).

Table 6: Business Mission and Goals

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The goals and targets of the business are periodically reassessed.	47 (31%)	86 (57%)	11 (7%)	1 (1%)	3 (2%)	3 (2%)	4.02
All employees understand business vision and mission.	43 (28%)	78 (52%)	21 (14%)	1 (1%)	2 (1%)	6 (4%)	4.15
Total: 151							

Photos of beneficiaries during the QA evaluation interviews

Hovhannes Jaghatspanyan (Javakhk r.) Suren Hambaryan (Shirak r.) Sanasar Gyurjyan (NKR)



Marketing

Similar to the evaluation results of the QA 2012 and 2013, this year also, the knowledge and understanding of the beneficiaries in the importance of marketing is weak. Only 108 beneficiaries (71 percent) agreed that they are constantly looking for new ways to communicate about their products/services (mean = 3.96). Eighty-nine percent of beneficiaries reported that the companies have constant market share (mean = 3.83). As to having loyal customers, the majority of beneficiaries agreed with this statement (mean = 4.39). On the other hand, only sixty-eight percent of interviewed beneficiaries (mean = 3.79) mentioned that they reach their monthly objectives for sales (see Table 7 below).

Table 7: Marketing

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The company is looking for new ways to communicate about its products/services.	44 (29%)	64 (42%)	35 (23%)	6 (4%)	1 (1%)	1 (1%)	3.96
The company has a constant market share.	30 (20%)	78 (52%)	31 (20%)	10 (7%)	2 (1%)	0	3.82
The company has loyal customers.	70 (46%)	73 (48%)	4 (3%)	2 (1%)	1 (1%)	1 (1%)	4.39
The company reaches its monthly objectives for sale.	34 (23%)	68 (45%)	31 (20%)	16 (11%)	1 (1%)	1 (1%)	3.79
Total: 151							

Customer Relations

A set of questions were asked to the beneficiaries to find whether they successfully manage customer relations by systematically measuring their satisfaction and whether they act on the results. The majority of beneficiaries stated that their employees quickly resolve customer-related problems to the satisfaction of customers (mean = 4.29) and that the employees treat the customers the way they would want to be treated (mean = 4.39). As last year, only two beneficiaries reported that they are not measuring customer satisfaction systematically. Ninety-three percent of the evaluated beneficiaries reported that the employees survey their customers regularly to determine their satisfaction (mean = 3.93). As the results show, almost all beneficiaries understand and accept the fact that they need to maintain clear relations with the customers (see Table 8 below).

Table 8: Customer Relations

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The employees quickly resolve customer problems to the satisfaction of the customers.	52 (34%)	90 (69%)	4 (3%)	1 (1%)	1 (1%)	3 (2%)	4.29
The employees always treat customers the way they would want to be treated.	65 (43%)	81 (53%)	1 (1%)	0	2 (1%)	2 (1%)	4.39
The business is systematically measuring customer satisfaction.	55 (36%)	79 (52 %)	13 (8%)	1 (1%)	1 (1%)	2 (1%)	4.25
The employees survey their customers regularly to determine their satisfaction.	45 (30%)	80 (53%)	19 (13%)	3 (2%)	1 (1%)	3 (2%)	4.11
Total: 151							

Personnel Relations

The results also showed that, unfortunately, the beneficiaries do not follow the accepted norms and procedures to manage personnel relations. The majority of beneficiaries do not have written job descriptions for each of the positions in the business. Only 24 percent of the beneficiaries stated that their companies have formalized recruiting and hiring process (mean = 2.55). However, when asked whether the employees are held accountable for either work, most of the beneficiaries (88 percent) agreed. Not all TRDP supported businesses have a formalized process for training new employees and an employee manual (mean = 2.55 and 2.47 respectively). When asked whether there is excellent communication between the employees and management, almost all beneficiaries gave positive answers. Similarly, the majority of beneficiaries reported that their businesses have optimal number of personnel. To summarize, the beneficiaries do not have any accepted procedures for managing personnel relations (writing job descriptions, having a formalized way to hire new employees, having an employee manual, etc.), however, almost all of them accept that the employees are held accountable for their work (see Table 9 below).

Table 9: Personnel Relations

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
Every position has a written job description.	10 (6%)	15 (10%)	12 (8%)	25 (17%)	82 (54%)	7 (5%)	1.93
The company has a formalized recruiting and hiring process.	12 (8%)	25 (16%)	25 (16%)	46 (31%)	33 (22%)	10 (7%)	2.55
Employees are held accountable for their work.	46 (30%)	87 (58%)	6 (4%)	0	5 (3%)	7 (5%)	4.17
The company has an employee manual.	8 (5%)	35 (23%)	25 (17%)	32 (21%)	41 (27%)	10 (7%)	2.55
There is a formalized process for training new employees.	9 (6%)	23 (15%)	29 (19%)	48 (32%)	35 (23%)	7 (5%)	2.47
There is excellent communication between employees and management.	34 (22%)	87 (58%)	15 (10%)	3 (2%)	6 (4%)	6 (4%)	3.97
The business has an optimal number of personnel.	26 (17%)	73 (48%)	28 (19%)	11 (7%)	6 (4%)	7 (5%)	3.71
Total: 151							

Finance and Accounting

A set of questions were asked to find whether the beneficiaries are aware that they need to carefully follow the financial and accounting procedures. The beneficiaries were asked whether their companies prepare annual budgets. About sixty percent of beneficiaries stated that they do have annual budgets (mean = 3.61). Sixty-five percent of the beneficiaries reported that the financial statements of their companies show the particular month and year to date data for both actual and budget (mean = 3.74). The operations manuals of about 70 percent of the companies include all of the accounting procedures (see Table 10 below).

Table 10: Finance and Accounting

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The company prepares an annual budget.	29 (19%)	62 (41%)	29 (19%)	21 (14%)	5 (3%)	5 (3%)	3.61
The financial statements show current month and year to date data for both actual and budget.	31 (21%)	67 (44%)	31 (20%)	13 (9%)	4 (3%)	5 (3%)	3.74
The operations manual of the company includes all of the accounting procedures.	23 (15%)	56 (37%)	26 (17%)	26 (17%)	15 (10%)	5 (3%)	3.32
Total: 151							

Facilities and Equipment

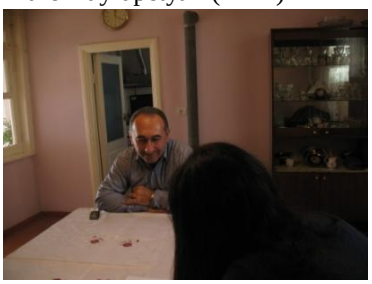
Interestingly enough, the results show that the vast majority of beneficiaries agree that the facilities they use in their businesses are adequate in space, safe, and pleasant to work in (mean = 4.08). Ninety-four percent of beneficiaries mentioned that their businesses have simple maintenance plan of facilities and equipment (mean = 4.17). Finally, only 3 percent of beneficiaries disagreed that the equipment used in their companies are safe and appropriate (95% agreed) (see Table 11 below).

Table 11: Facilities and Equipment

	Strongly agree	Agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't Know /Can't Say	Mean
The business facilities are adequate in space, safe, and pleasant to work in.	31 (20%)	100 (66%)	16 (11%)	0	1 (1%)	3 (2%)	4.08
The business has a simple maintenance plan of facilities and equipment.	35 (23%)	107 (71%)	5 (3%)	1 (1%)	1 (1%)	2 (1%)	4.17
The equipment used in the company is safe.	45 (30%)	98 (65%)	4 (2%)	0	1 (1%)	3 (2%)	4.26
The equipment used in the company is appropriate.	42 (28%)	91 (60%)	14 (9%)	0	1 (1%)	3 (2%)	4.17
Total: 151							

Photos of beneficiaries during the QA evaluation interviews

Karo Hayrapetyan (NKR)



Armen Tarzyan (Shirak r.)

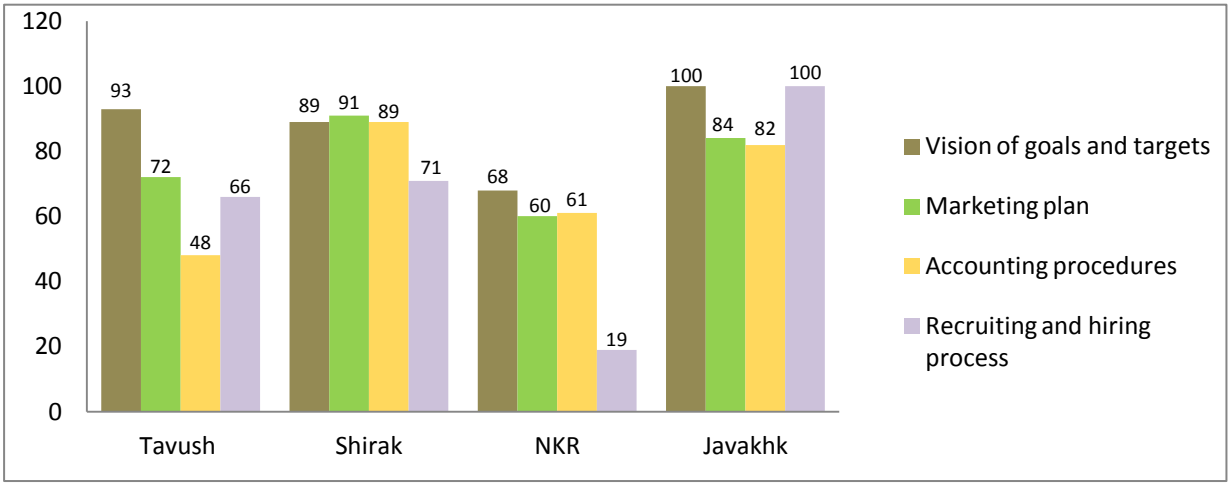
Arman Arzumanyan (Javakhk r.)

Summary of working procedures (by regions)

To summarize the evaluation, the beneficiaries were asked several questions to find the clearness of *overall working procedures* of the businesses. The vision of goals and targets of the businesses are ranked as very clear in all four regions; however as to the marketing plan and accounting procedures, they are clear only for the beneficiaries in the Shirak and Javakhk regions. The beneficiaries in the Tavush region (72 percent) and NKR (60 percent) responded that their marketing plans and their understanding of accounting procedures is only somewhat clear. As to the *recruiting and hiring process*, it is only in the Javakhk region that all beneficiaries agreed that these procedures are clear for them – the beneficiaries in the Tavush and Shirak regions claimed that they are somewhat clear for them. As to the NKR, the Figure 9 shows that as compared to other regions, the beneficiaries in the NKR are least aware of the

listed procedures and acknowledge that they are not very clear for them (see Figure 9 below).

Figure 9: Clearness of overall working procedures in the businesses (by regions)



CONCLUSION

The results of the 2015 QA test show that the beneficiaries are mainly satisfied with almost all key areas of the evaluation. As compared to the 2012 and 2013 year evaluations, this year we have a dramatically increased number of interviewed beneficiaries. This means that although in the past the number of businesses was also increasing, but from 2013 – 2014 there is about 40 percent increase in the development of businesses, particularly in NKR and Javakhk region.

When comparing the business profitability, local competitiveness and demand among the regions, it was found that there is 1-3 percent increase in business profitability of regional businesses and a rapid increase of 6-25 percent in all regional businesses for business demand in the local market.

The comparison of annual evaluations leads us to conclude that there are specific areas and procedures that the beneficiaries are fulfilled with and their satisfaction towards the outcome increases, however, the knowledge and applicability of several fixed sectors continues to stay as low as previously. The undeniable fact is that the satisfaction from the local competition, pricing, production procedures, costumer relations, etc. is always ranked as very high, whereas the national/international competitiveness, presentation/packaging of products, introduction of innovative products/services, as well as understanding of marketing and customer relations continues to be unclear for the majority of beneficiaries.

When looking at the correlations of different questions, it was found that the majority of beneficiaries rated that they do not 'look for new markets and niches'. On the other hand, almost all beneficiaries stated that their products are 'not competitive

nationally/internationally'. Thus, they do not realize the necessity to find new markets, which is a ground of becoming competitive out of their local markets. Another reason for this immutable state is probably the lack of sufficient knowledge and skills towards these aspects. Most of the beneficiaries even tend to ignore the fact that the adequate and respective realization of these procedures may lead to the expansion and further development of their businesses.

To sum up, the results of the QA 2015 test come to prove that the beneficiaries need additional specially designed training courses/consultation on the weak aspects. This will raise the awareness of beneficiaries in these aspects and will contribute to their further effective realization and improvement. The outcome will be having businesses with a potential to grow, become innovative, and internationally competitive.

The lists below will help to differentiate the strong and weak areas in businesses while developing the training curriculum for beneficiaries that need additional knowledge.

Strong areas:

- Business competitiveness locally
- Pricing competitiveness
- Appropriate production procedures
- High quality and safe products/services
- Clear customer relations
- Appropriate facilities and equipment

Weak areas:

- Business competitiveness internationally
- Presentation/packaging of the product
- Marketing procedures
- Personnel relations
- Finance and accounting

Appendix 1

#	Beneficiary Name	Business Type	Region
1	Ishkhan Vahradyan	Cheese/honey production	Shirak region
2	Rusan Sahakyan	Rest zone	Shirak region
3	Arsen Harutyunyan	Cheese production	Shirak region
4	Suren Hambaryan	Pasta production	Shirak region
5	Lyova Petrosyan	Aviculture production	Shirak region
6	Ruben Mailyan	Retail store	Shirak region
7	Gagik Grigoryan	Beekeeping	Shirak region
8	Gor Sargsyan	Retail store	Shirak region
9	Hamlet Hovhannisyan	Tuf production	Shirak region
10	Salvi Torosyan	Retail store	Shirak region
11	Diana Esayan	Retail store	Shirak region
12	Ofelya Khachatryan	Bread production	Shirak region
13	Benjamin Hovsepyan	Bread and lavash production	Shirak region
14	Hovhannes Grigoryan	Fish farming	Shirak region
15	Gayane Poghosyan	Retail store	Shirak region
16	Gagik Manukyan	Fish farming	Shirak region
17	Arshak Qartashyan	Store for sport goods	Shirak region
18	Hrachik Torosyan	Stone Processing	Shirak region
19	Ashot Tikoyan	Agro-tech services	Shirak region
20	Andranik Harutyunyan	Refrigerated warehouse	Shirak region
21	Ishkhan Harutyunyan	Toilet paper production	Shirak region
22	Levon Atanesyan	Printing center	Shirak region
23	Angin Vardanyan	Retail store	Shirak region
24	Armen Tarzyan	Retail store	Shirak region
25	Vanya Malkhasyan	Retail store	Shirak region
26	Mushegh Hunanyan	Construction	Shirak region
27	Zorhak Manukyan	Animal feed production	Shirak region
28	Hayk Hambaryan	Blghur and pokhindz production	Shirak region
29	Gagik Martirosyan	Concrete street curbs production	Shirak region
30	Frida Karapetyan	Event hall	Shirak region
31	Tatul Hovhannisyan	Beekeeping	Shirak region
32	Sone Khaghvantsyan	Furniture production	Shirak region
33	Asatur Shahinyan	Retail store	Shirak region
34	Artyom Sargsyan	Beekeeping	Shirak region
35	Seryozha Petrosyan	Retail store	Shirak region
36	Hovhannes Tarzyan	Retail store	Shirak region
37	Samvel Avetisyan	Beekeeping	Shirak region
38	Hasmik Ghumashyan	Retail store	Shirak region

39	Anahit Fidanyan	Lemonade production	Shirak region
40	Zinaida Gevorgyan	Retail store	Shirak region
41	Vardan Zatikyan	Retail store	Shirak region
42	Sokrat Yepremyan	Auto tech service	Shirak region
43	Harutyun Khachatryan	Lavash production	Shirak region
44	Aghabek Sargsyan	Beekeeping	Shirak region
45	Seyran Gevorgyan	Beekeeping	Shirak region
46	Alvard Gevorgyan	Retail store	Shirak region
47	Gagik Simonyan	Retail store	Shirak region
48	Vadim Beglaryan	Furniture production	NKR
49	Shamir Hambardzumyan	Grave stone processing	NKR
50	Aper Mangasaryan	Egg production	NKR
51	Hrant Safaryan	Honey production	NKR
52	Shushan Aghabekyan	Honey production	NKR
53	Rafael Makyan	Board production	NKR
54	Davit Hambardzumyan	Honey production	NKR
55	Levon Ghasumyan	Retail Store	NKR
56	Sasun Hayrapetyan	Honey production	NKR
57	Nanar Beglaryan	Pharmacy	NKR
58	Felix Aharonyan	Coal Processing	NKR
59	Vahik Grigoryan	Public food and rest organization	NKR
60	Kamo Ghazaryan	Egg production	NKR
61	Lilit Avanesyan	Fish breeding	NKR
62	Narine Grigoryan	Bread and cake production	NKR
63	Anahit Hayiryan	Jewelry store	NKR
64	Garik Babajanyan	B&B	NKR
65	Arina Amirkhanyan	Cafe	NKR
66	Ararat Hakobyan	Honey production	NKR
67	Pavel Gasparyan	Road stones processing	NKR
68	Suren Atayan	Marble Processing	NKR
69	Irina Shahinyan	Bar-restaurant	NKR
70	Elmira Baghdasaryan	Chicken production	NKR
71	Tigran Zaqaryan	Retail store	NKR
72	Davit Ishkhanyan	B&B	NKR
73	Gegham Petrosyan	Retail store	NKR
74	Asya Ohanyan	Bread production	NKR
75	Bardugh Galstyan	Vegetable greenhouse	NKR
76	Karo Hayrapetyan	Honey production	NKR
77	Alyosha Gabrielyan	Greenhouse	NKR
78	Perj Gasparyan	Vegetable production	NKR
79	Rusana Khashiyan	Beauty salon	NKR
80	Arman Beglaryan	Making goods from wood	NKR
81	Arthur Avagyan	Auto washing service	NKR

82	Vahram Avanayan	Auto repair	NKR
83	Artsakh Harutyunyan	Auto washing	NKR
84	Nerses Demirjyan	Shoe and leather good production	NKR
85	Asya Grigoryan	Bakery	NKR
86	Eduard Israelyan	Shoe production and repair	NKR
87	Slavik Sahakyan	Honey production	NKR
88	Gayane Harutyunyan	Inn	NKR
89	Andreas Margaryan	Honey production	NKR
90	Armen Galstyan	Honey production	NKR
91	Gevorg Tonoyan	Dental services	NKR
92	Karen Ghahramanyan	Egg production	NKR
93	Hayaser Gasparyan	Cake and lemonade production	NKR
94	Arthur Danielyan	Honey production	NKR
95	Artyom Arakelyan	Grocery store	NKR
96	Gayane Avanesyan	Retail store	NKR
97	Eduard Babajanyan	Furniture production and repair	NKR
98	Arthur Sargsyan	Honey production	NKR
99	Albert Davtyan	B&B	NKR
100	Ashot Stepanyan	Construction material sale	NKR
101	Qnarik Sargsyan	Fish breeding	NKR
102	Anush Tsaturyan	Honey production	NKR
103	Yenok Beglaryan	Beauty salon	NKR
104	Marat Asryan	Public food services	NKR
105	Sanasar Gyurjyan	Concrete tiles production	NKR
106	Vardan Baghdasaryan	Honey production	NKR
107	Hayk Soghomonyan	Honey production	NKR
108	Armenuhi Aghajanyan	Retail store	NKR
109	Inga Babayan	Cheese production	NKR
110	Misha Ulikhanyan	Honey production	Tavush region
111	Ashkhen Yengibaryan	Retail store	Tavush region
112	Anjelot Nalbandyan	Furniture production	Tavush region
113	Valerik Aghinyan	Fish production	Tavush region
114	Aram Tumanyan	Photo service	Tavush region
115	Hmayak Adamayan	Medical center	Tavush region
116	Arshak Saribekyan	Fish breeding	Tavush region
117	Vrezh Vardapetyan	Wedding salon	Tavush region
118	Mkrtich Pashinyan	Furniture production	Tavush region
119	Gurgen Abovyan	Cheese production	Tavush region
120	Anush Tsaturyan	Sewing workshop	Tavush region
121	Jivan Mardanyan	Furniture production	Tavush region
122	Zarishalam Aghinyan	Retail store	Tavush region
123	Nune Baghdasaryan	Petrol station	Tavush region
124	Gagik Davtyan	Mushroom production	Tavush region

125	Hrachik Khachatryan	Fish production	Tavush region
126	Hamlet Khachatryan	Agro machinery service	Tavush region
127	Henrik Sarukhanyan	Cheese production	Tavush region
128	Naira Aybekyan	Public food	Tavush region
129	Vardan Vardanyan	Honey production	Tavush region
130	Hovhannes Vardapetyan	Fish production	Tavush region
131	Arthur Melikyan	Public transportation	Tavush region
132	Gayane Davtyan	Pharmacy	Tavush region
133	Slavik Zurnachyan	Ostrich breeding	Tavush region
134	Arthur Hakhverdyan	Retail store	Tavush region
135	Mkhitar Meliksetyan	Mushroom production	Tavush region
136	Yurik Zargaryan	Honey production	Tavush region
137	Martiros Tairyan	Honey production	Tavush region
138	Vanik Voskanyan	Agro service	Tavush region
139	Arman Arzumanyan	Auto repair garage	Javakhk
140	Andreas Meltonyan	Beekeeping	Javakhk
141	Armen Chakhoyan	Cheese production	Javakhk
142	Gayane Hovsepyan	Events' hall	Javakhk
143	Hovhannes Jaghastpanyan	Bakery	Javakhk
144	Lusine Gharazlian	Chicken production	Javakhk
145	Naira Sahakyan	Sweet & cake production	Javakhk
146	Samvel Rafaelyan	Cheese production	Javakhk
147	Samvel Darbinyan	Milk processing	Javakhk
148	Sevak Yeranosyan	Pharmacy	Javakhk
149	Stepan Arzumanyan	Meet production	Javakhk
150	Varazdat Arzumanyan	Photo service	Javakhk
151	Varazdat Meltonyan	Honey production	Javakhk