

Book of Proceeding

13th INTERNATIONAL SCIENTIFIC CONFERENCE OF BUSINESS FACULTY

“ECONOMIC CHALLENGES AND INNOVATION”

Durrës, Albania, 27 – 28 April, 2023

13th International Conference

“ECONOMIC CHALLENGES AND INNOVATION”

**Organized by Faculty of Business
University “Aleksandër Moisiu” Durrës**

April 27-28, 2023

Durrës, Albania

ISBN: 9789928267733

The Book of Proceeding has not been amended or proofread and is the author's responsibility for the language used and language issues.

Contents

Migration and Return Migrants. A Multinomial Approach for Albania.....	5
<i>Arben Kambo</i> ¹ , <i>Flora Merko</i> ² , <i>Anjeza Bekolli</i> ³	5
“Financial Institutions, Supervision and Independence of Albanian Financial Supervisory Authority and Bank of Albania”	20
Phd(c). ElfridaTaraku	20
Prof. Dr. ShkëlqimFortuzi.....	20
Role of Agrotourism in economy.....	36
M.Sc. Ambra Kraja, Prof. Dr. Ana Kapaj	36
Analysing the role of Social Media to Market the Tourism Sector. Case of Southern Albania.	42
Assoc. Prof. Fioralba Vela.....	42
Analysis of the Factors Influencing fraud in Financial Reporting.....	52
Dr.Natasha Hoda.....	52
Doc.Dr. Hysen Hoda	52
Know Hubs: Building a Strong Ecosystem for Collaboration.	60
The Case of “Ismail Qemali” University	60
Alketa Hyso ¹ , Eljona Proko ² , Enkeleint Aggelos Mechili ³	60
Promotion of dairy products in social media	66
Belisa Korriku ¹ , Suada Korriku ²	66
Development of tourism in Kosovo before, during and after the Covid-19 pandemic.....	77
Flori Asani.....	77
Faton Sherifi	77
Zija Zimeri.....	77
The role of financial reporting reforms in addressing business climate in Albania.....	86
Dr. Evis Kumi	86
The long shadow of informality.....	96
PhD. Entela Velaj.....	96
PhD. Alba Ramallari.....	96
MSc. Olta Fuçia	96
Challenges and Benefits of Farm Accountancy Data Network (FADN) for Albanian Agricultural Sector	103
Prof. Assoc. Dr. Albana Jupe ¹ Prof. Assoc. Dr. Skender Uku ¹ PHD. Rovena Troplini ²	103
“The role of marketing in football and sport”	110
Msc. Ada Gashi.....	110

Emigration and its impact on the country's sustainable development.....	118
Klodian Muço	118
Silvana Gashi	118
“Profit Management or Profit Manipulation, which of them does more Damage to the Financial Reporting of the Economic Unit”	128
Phd(c). ElfridaTaraku	128
Prof. Dr. ShkëlqimFortuzi.....	128
Classification of tourism destinations in Albanian's territory	146
Najada Firza.....	146
Anisa Bakiu.....	146
Dante Mazzitelli	146
Analysis of leasing and factoring in the financing of SMEs in Albania	159
Phd. Ingrid Konomi.....	159
The Role of Consumer Preferences in Promoting Sustainable Agriculture Development	165
Flora Merko.....	165
Anisa Balla	165
Emira Spahaj	165
The impact of globalization in the Albanian tourism industry	180
Aishejla Myshketa	180
Strategic leadership: What is the most preferred style?	194
Ph.D Juliana Osmani.....	194
The structure of Investments Portfolio in Albanian Insurance Companies	209
Ardi Bezo, PhD.....	209
Opportunities for the development of rural tourism in Anamorava-Kosovo	217
Përparim Qahili	217
Cane Koteski.....	217
Faton Haziraj	217
Corporate sustainability: The key to the future.....	230
Giovanna Crocco	230
Eleonora De Luca	230
“Performance of Public Universities during the Pandemic Period”	242
Phd(c). ElfridaTaraku	242
Msc. ArbaTaraku	242

An Application of Solow’s Growth Model: Case of Balkan Country	282
Llambi Prendi	282
ArmiraLazaj	282
HenrietaThemelko	282
Implementation of the Agile methods in SME-s in Albania.....	290
Dr. Erisa Musabelli	290
Prof.Ass.Dr Venet Shala	290
Dr. Olta Nexhipi.....	290
Motivation and Social Media as Important part of Business Activity	296
PhD. Enis Fita.....	296
An overview of e-government development in Albania	304
M.Sc. Ermelinda Satka	304
Price Controls in Emerging Markets and Developing Economies: Impacts and Reforms.	313
Brunela Trebicka	313
Taulant Kullolli	313
Public Procurement as a Demand-Side Innovation Policy Tool	322
Rezart Prifti Ph. D ¹	322
Importance and Features of tourism economics development in the Municipality of Peja	334
Financial Planning through Cash Management Applications	347
Dr. Rovenia Troplini Vangjel	347
Jonida Lamcja.....	347
Merjeme Zyko	347
The financial impact of the increase in the price of fuel in Albanian businesses	368
Prof.Asoc.Dr. Shqipe Xhaferri ¹ , Mikael Xhaferri ² ,.....	368
Business Performance of Romanian Travel Agencies and Tour-Operators	375
Cosmina-Simona Toader ¹ , Brunilda Liçaj ² , Ioan Brad ¹	375
The role of Investment Funds in Albania.....	383
Dr. Juliana IMERAJ ¹ , PHd. candidate Elfrida TARAKU ² , Prof. Dr. Luljeta GJONI ³	383
The effectiveness of e-marketing in driving traffic and sales in e-commerce	391
Dr. Vaeld ZHEZHA ¹	391
Green skills in developing countries – is it a myth or opportunity for growth?	401
<i>Sidita Dibra</i>	401

Migration and Return Migrants. A Multinomial Approach for Albania

Arben Kambo,¹ Flora Merko², Anjeza Bekolli³

Department of Mathematics and Informatics, Agriculture University of Tirana, Albania¹

akambo@ubt.edu.al

Department of Economic Science, University "Aleksander Moisu" Durrës, Albania²

floramerko@uamd.edu.al

Department of Mathematics and Informatics, Agriculture University of Tirana, Albania³

abekolli@ubt.edu.al

Abstract

Albania is a wonderful laboratory for the study of migration in its variety: international, return, etc. Albania is a country that best reflects the relationship between migration and development. Emigration has been a major element in the country's transition and development. In our study through logistic regression, we have done in-depth research regarding the relationship and interaction between different variables. We used the descriptive statistics method and the logistic regression methods. Among the descriptive statistics, we used statistical ratios and graphical presentation. Cassarino's model as the theoretical approach was used in this study, which makes it possible to better understand the motivation of migration and the factors that have motivated and affected the migratory phases. Data collection was conducted in 2013 using a national sample of 2,000 individuals by INSTAT which collected more specific information on the process of reintegration of returnees in Albania. Building and implementing mechanisms for migrant participation in the country's development policy-making would be important for bringing valuable experiences and capital they tend to foster innovative ideas and a developing mentality for the economy.

Keywords: migrant, return, policy, integration, logistic, model.

JEL classification: C10, 51, 52

Paper type: Case Study

1. Introduction

From the point of view of migration scholars, Albania is a wonderful laboratory for the study of migration in its variety: international, internal, return, etc. (Barjaba K., King R. 2005) Also, Albania is a country that best reflects the relationship between migration and development. On the one hand, it is clear that

emigration has been a major element in the country's transition to a more developed economy and society (*De Soto H., et al, 2002*). At macro levels, emigrant deliveries have made a substantial contribution to the country's GDP structure since the early 1990s. Meanwhile, at the micro level, they have provided significant support for the survival and progress of hundreds of thousands of Albanian families. Another migration has been to the extent that it has brought about an imbalance in the population of Albania, leaving the country divided between the chaotically urbanized pole of the Tirana region and the depopulation of a mountain and hilly areas in the north, south, and interior of the country. (*Vullnetari J., King R. 2011*).

Albania's contemporary migration history began in 1990 when the fall of the communist regime removed the border controls that had prevented out-migration for almost 50 years (*King & Vullnetari, 2009*). The sudden outflows were intense: between 1991 and 1993 an estimated 200,000 Albanians left mostly for neighboring countries Greece and Italy (*King, 2003*), fleeing poverty and insecurity and seeking broadened horizons for personal fulfillment. These outward flows, largely driven by economic factors, continued throughout the 1990s and into the 2000s, resulting in a substantial population decline (*Gëdeshi & King, 2018*).

2. Return Migrants, Integration in Albania and Literature Review.

In an effort to better explore the links between migration, education and training systems, and labor markets in 2007, the European Training Foundation undertook a pilot study in Albania. The study revealed that migration will continue to play a role in Albania in the short term, and males would be more prone (46.9%) to migrate than females (40.9%). The majority of potential migrants would also view migration as a process leading to better work opportunities upon their return to Albania. The study also indicated that very few returning migrants (1.6%) were aware of any government support programs intended to facilitate the return. The findings of the survey suggested that return migration is a potential gain that has so far not been fully utilized in Albania and recommended offering effective reintegration programs for potential returning migrants, including better reception and advice for investment opportunities and access to business support and credits for entrepreneurship. In 2008, the IOM Tirana study "Identification of the areas most affected by emigration and return migration in Albania: profiling of returning migrants", elaborated on the first profile of returning migrants in Albania. The study found that return migration in Albania has many features and it includes both voluntary and involuntary dimensions, therefore and experiences of return are considered along a continuum ranging from positive to negative ones. The study looked at the type of assistance received and variations across forms of return (i.e., voluntary, regular, forced, etc.). It showed that the primary forms of assistance across all forms of return were, transportation of belongings, receiving support in job-seeking efforts, facilitating social reintegration, and professional training. According to International Organization for Migration (*IOM, 2016*), for Albania, the main factors of migration have been and are high unemployment, low wages, poverty, and low living standards, but also education, personal freedom, professional career, insecurity, violence, etc. According to the Ministry of Interior (2019), referring to INSTAT, the main reasons for the migration of Albanians are five: employment opportunities, family reunification, and unemployment in Albania, study abroad opportunities, and others. The research of (*Gedeshi and King, 2018*) shows that there is a relationship between the desire to emigrate on one hand and the economic development of a country and education, on the other hand. Regarding the return of migrants to Albania, according to (*INSTAT-IOM 2014*), some other reasons for return are job loss in the country of migration, longing for the country and family as well as problems with families left behind in Albania. The government has tried with its policies to promote the economic development of the country by encouraging the return of successful migrants and their investments in the country.

According to the literature, government policies toward reducing emigration are considered ineffective. Moreover, it is also estimated that the growing political agenda is not properly aligned with that of migrants (Barjaba, 2015).

In their study (Gëdeshi I., King R, 2018) about potential migration told that there were various causes of potential migration, where we can mention economic, educational, family, and health factors and the perception that the respondents have of their perspective on birthplace. However, the economic factors, which include the improvement of living standards, unemployment, low wages, working conditions, insurance schemes, and debts, continue to remain the main drivers of Albanian migration. According to their survey, these factors represent 57% of the causes of migration or more than half of all factors. This shows that Albanian migration even at the end of its third decade continues to be guided by economic factors. It is clear to everyone that the desire of almost half of the population of the age group 18 to 40 years to migrate from Albania is an undesirable syndrome, but also one reality that must be accepted

3. Methodology of Data Collection and Sources

The data source is the 2013 Migration Reintegration and Returns Survey, conducted by the Institute of Statistics (INSTAT) in cooperation with the Office of the International Organization for Migration (IOM). This survey has been conducted in the period September-October 2013 and was based on personal interviews with 2000 people from 12 regions of Albania. As much as 72% of respondents were male and the rest 28% were female. The sample is dominated by young or middle ages (18-47 years old) with almost 75% of the respondents. Older ages make up less than 10% of it.

The "three-phase approach" is structured along three main migratory phases: Phase 1) the situation before leaving the country of origin; Stage 2) migration experience in the main country of immigration; Phase 3) the return to the country of origin, the conditions after the return. This approach makes it possible: the understanding the extent of the migration experience, as well as the social and institutional context in the country, to influence the re-integration models; analyze why and how the interviewee's human, social, and financial capital has changed over time; comparing the different factors that have motivated the migratory phases. Cassarino's model (Cassarino, J.P. 2004) also represents the theoretical approach used in this study, which makes it possible to better understand the experience of migration, the factors that have motivated and handled the migratory phases, the social and institutional context in the country, and their influence on the new models. Integration. Re-integration of returnees is considered part of the return cycle even though the return itself may be temporary, depending on the migrant's decision to settle or not in the country of origin and the duration of the return.

The data processing program used was SPSS 23. The aim was to generate a sample of household economic units that would enable the derivation of reliable statistical estimates on the nature and extent of return migration to Albania and the re-integration needs of returnees at the national level and that would allow for urban comparison rural. The findings of the survey represent the entire population of returnees in Albania for the period 2009-2013.

4. Method of the Study

In the study, we used the descriptive statistics method and regression method. Among the descriptive statistics, we used statistical ratios and graphical presentation. Among other statistical methods, we use logistic regression modeling. Whenever we wish to relate a set of X 's to a dependent variable, like $D(Y)$,

we are considering a multivariable problem. In analyzing such a problem, some mathematical models are typically used to deal with the complex interrelationships among many variables. Logistic regression is a mathematical modeling approach that can be used to describe the relationship of several X 's to a dichotomous dependent variable, such as $D(Y)$. Other modeling approaches are possible also, but logistic regression is by far the most popular modeling procedure used to analyze data when the measure is dichotomous. To explain the popularity of logistic regression, we show here the logistic function, which describes the mathematical form on which the logistic model is based. This function, called $f(z)$, is given by 1 over 1 plus e to the minus z . We have plotted the values of this function as z varies from $-\infty$ to $+\infty$.

Figure 1: Logistic Function

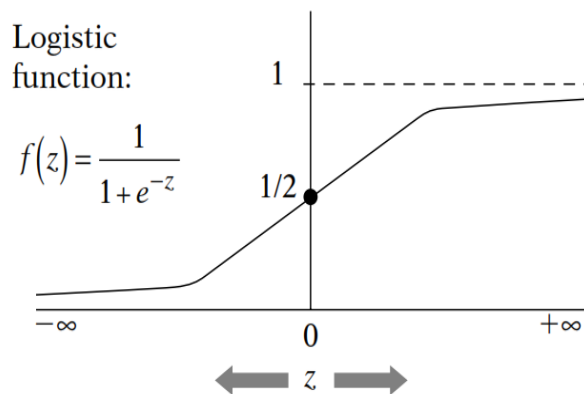
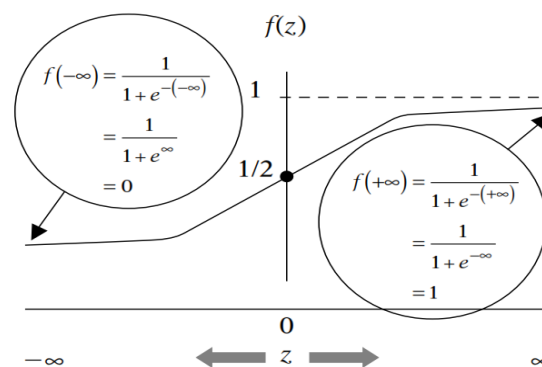


Figure 2: Logistic Function values estimates



Notice, in the balloon on the left side of the graph, that when z is $-\infty$ the logistic function $f(z)$ equals 0. On the right side, when z is $+\infty$, $f(z)$ equals 1.

The fact that the logistic function $f(z)$ ranges between 0 and 1 is the primary reason the logistic model is so popular. The model is designed to describe a probability, which is always some number between 0 and 1. Another reason why the logistic model is popular derives from the shape of the logistic function. As shown in the graph, if we start at $z = -\infty$ and move to the right, then as z increases, the value of $f(z)$ hovers close to zero for a while, then starts to increase dramatically toward 1, and finally levels off around 1 as z increases toward $+\infty$. (Kleinbaum, D. G., et al 2002)

The probability being modeled can be denoted by the conditional probability statement $P(D=1 / X_1, X_2, \dots, X_k)$. The model is defined as logistic if the expression for the probability of developing the dependent, given the X 's, is 1 over 1 plus e to minus the quantity α plus the sum from i equals 1 to k of β_i times X_i .

Thus, if we knew the parameters α and the β_i and we had determined the values of X_1 through X_k we could use this formula to plug in these values and obtain the probability that this individual would develop the dependent variable. The method used to obtain these estimates is called maximum likelihood (ML). ML programs have been widely available in recent years. Moreover, when compared to least squares, the ML method can be applied in the estimation of complex nonlinear as well as linear models. The estimated model coefficients and the corresponding odds ratio estimates that we have just described are point estimates of unknown population parameters. Such point estimates have a certain amount of variability associated with them, as illustrated, for example, by the standard errors of each estimated coefficient provided in the output listing. We consider the variability of our estimates when we make statistical inferences about parameters of interest. We have used two kinds of inference-making procedures. One is testing hypotheses about certain parameters and the other is deriving interval estimates of certain parameters. When using ML estimation,

we can carry out hypothesis testing by using the Wald test. The Wald test is a Z test; that is, the test statistic is approximately standard normal. The Wald test makes use of the standard errors shown in the listing of variables and associated output information.

4.1. Logit Transformation

The logit transformation, denoted as logit $P(X)$, is given by the natural log (to the base e) of the quantity $P(X)$ divided by one minus $P(X)$, where $P(X)$ denotes the logistic model as previously defined. This transformation allows us to compute a number, called logit $P(X)$, for an individual with independent variables given by X .

$$(1) \quad \text{logit } P(\mathbf{X}) = \ln_e \left[\frac{P(\mathbf{X})}{1 - P(\mathbf{X})} \right] \quad P(\mathbf{X}) = \frac{1}{1 + e^{-(\alpha + \sum \beta_i X_i)}} \quad (2)$$

Odds are the ratio of the probability that some event will occur over the probability that the same event will not occur, describe the risk for developing in the dependent, that this risk is determined by a logistic model involving independent variables summarized by X , and that we are interested in the odds associated with a particular specification of X . Because we have already seen that any logit can be described in terms of an odds, we can interpret this result to give some meaning to the parameter α . One interpretation is that α gives the log odds for dependent with zero values for all X 's. Any odds ratio, by definition, is a ratio of two odds, written here as odds1 divided by odds 0, in which the subscripts indicate two individuals or two groups of individuals being compared.

We denote this ratio as ROR, for risk odds ratio, as the probabilities in the odds ratio are all defined as risks.

$$\text{ROR}_{\mathbf{X}_1, \mathbf{X}_0} = \frac{\text{odds for } \mathbf{X}_1}{\text{odds for } \mathbf{X}_0} = \frac{e^{(\alpha + \sum \beta_i X_{1i})}}{e^{(\alpha + \sum \beta_i X_{0i})}} \quad (3)$$

4.2. Variables, their measurement scale and data processing results.

Table 1: Variables and their Measurement scale

Code of variable by questionnaire	Symbol of variable	Variable description	Measurement	Variable categories
I4	Y_i	Have you made any investments in your last country of emigration?	Binomial	Yes, No
M4	X_i	M4. During the last year of your stay, how often have you sent good things to your family members in Albania?	Binomial	Once a month 1 Once in three months 2 Twice a year 3 Once 4 According to case 5 Never 6
R19.	X_i	R19. In your opinion, what are the main necessary facilities for people to return and invest in Albania?	Binomial	Offering land 1 Increase in lending 2 Facilitation of procedures 3 Technical assistance/advice 4 Tax reliefs 5

				Customs facilities 6 Infrastructure 7 Appropriate institutional environment 8 Other 9
R9	X _i	R9. What good things did you bring with you when you returned to Albania? (You can choose more than one option)	Binomial	Car 1 Furniture 2 Household electrical appliances 3 Electronic and computer equipment 4 Agricultural equipment 5 Consumer goods 6 Other 7
R18.	X _i	R18. What are the main reasons why you have not undertaken an investment project in Albania? (You can choose more than one alternative)	Binomial	Insufficient capital 1 Lack of experience and training 2 Administrative and institutional restrictions 3 Insufficient market 4 Health or family problem 5 I didn't want to 6 I had not thought of any plan 7 Other 8
L10	Y _i	L10. In what area did you last live in the last place of emigration?	Binomial	- Rural - Urban
N6	X _i	N6. For those who returned before you, how much did their return influence your decision to return?	Binomial	Many 1 - Sufficient 2 - Not at all 3
S2	Y _i	S2. Do you feel happy that you are back in Albania?	Binomial	Yes 1 No 2

Source: Authors calculations

Table 2: Have they made any investments in your last country of emigration and frequency of sending goods case processing.

Nominal Regression - Case Processing Summary

		N	Marginal Percentage
I4. Have you made any investments in the last place of emigration?	Yes	1834.54	1.4%
	No	131709.46	98.6%
M4. During the last year of stay, how often have you sent good things to your family members in Albania?	Once a month	5497.19	4.1%
	Once every three months	12438.70	9.3%
	Twice a year	8527.39	6.4%
	Once	5205.33	3.9%
	By the case	48624.18	36.4%
	Never	53251.20	39.9%
Valid		133544.00	100.0%
Missing		.00	
Total		133544.00	
Subpopulation		6 ^a	

a. The dependent variable has only one value observed in 1 (16.)

Source: Authors calculations

Table 3. Parameter estimation as factor frequency of sending goods and depended variable investments in their last country of emigration.

Nominal Regression - Parameter Estimates - March 19, 2023									
Parameter Estimates									
I4. Have you made any investments in the last place of emigration ^a		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
Yes	Intercept	-4.386	.039	12444.240	1	.000			
	[M4=1]	-.015	.129	.013	1	.909	.985	.765	1.270
	[M4=2]	1.019	.064	257.192	1	.000	2.771	2.446	3.139
	[M4=3]	-22.910	9157.572	.000	1	.998	1.123E-10	.000	. ^b
	[M4=4]	-.341	.154	4.914	1	.027	.711	.526	.961
	[M4=5]	.088	.056	2.483	1	.115	1.092	.979	1.218
	[M4=6]	0 ^c	.	.	0	.	.	.	.
^a . The reference category is: No. ^b . Floating point overflow occurred while computing this statistic. Its value is therefore set to system missing. ^c . This parameter is set to zero because it is redundant.									

Source: Authors calculations

Table 4. Have they made any investments in their last country of emigration as depended variable and the main necessary facilities for people to return and invest in Albania as factors?

Nominal Regression									
Nominal Regression - Parameter Estimates - March 19, 2023									
Parameter Estimates									
I4. Have you made any investments in the last place of emigration ^a		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
Yes	Intercept	-3.064	.063	2392.835	1	.000			
	[R18A=1]	-.933	.059	249.499	1	.000	.393	.350	.442
	[R18A=2]	0 ^b	.	.	0	.	.	.	.
	[R18B=1]	-.974	.075	169.204	1	.000	.378	.326	.437
	[R18B=2]	0 ^b	.	.	0	.	.	.	.
	[R18C=1]	.312	.067	22.001	1	.000	1.367	1.199	1.557
	[R18C=2]	0 ^b	.	.	0	.	.	.	.
	[R18D=1]	-.914	.079	135.568	1	.000	.401	.344	.467
	[R18D=2]	0 ^b	.	.	0	.	.	.	.
	[R18E=1]	-.758	.094	65.547	1	.000	.469	.390	.563
	[R18E=2]	0 ^b	.	.	0	.	.	.	.
	[R18F=1]	-.492	.075	43.619	1	.000	.611	.528	.707
	[R18F=2]	0 ^b	.	.	0	.	.	.	.
	[R18G=1]	-.002	.053	.001	1	.976	.998	.899	1.108
	[R18G=2]	0 ^b	.	.	0	.	.	.	.
	[R18H=1]	-22.466	.000	.	1	.	1.751E-10	1.751E-10	1.751E-10
	[R18H=2]	0 ^b	.	.	0	.	.	.	.

Source: Authors calculations

Table 5. In what area did they live in the last place of emigration and the main necessary facilities for people to return and invest in Albania case processing.

Nominal Regression - Case Processing Summary

Case Processing Summary		N	Marginal Percentage
L10. In what area did you recently live in the last place of residence?	Rural	61908.72	46.4%
	Urban	71635.28	53.6%
Land delivery	Yes	65699.54	49.2%
	No	67844.46	50.8%
Increased lending	Yes	67915.37	50.9%
	No	65628.63	49.1%
Facilitation of procedures	Yes	90609.13	67.8%
	No	42934.86	32.2%
Technical Assistance/Advice	Yes	66553.01	49.8%
	No	66990.99	50.2%
Tax relief	Yes	86619.92	64.9%
	No	46924.08	35.1%
Customs relief	Yes	68007.67	50.9%
	No	65536.33	49.1%
Infrastructure	Yes	70191.62	52.6%
	No	63352.38	47.4%
Appropriate institutional environment	Yes	46404.38	34.7%
	No	87139.62	65.3%

Source: Authors calculations

Table 6. In what area did they live in the last place of emigration as depended variable and the main necessary facilities for people to return and invest in Albania as factors, parameter estimates.

Nominal Regression - Parameter Estimates - March 19, 2023

		Parameter Estimates							
L10. In what area did you recently live in the last place of residence? ^a		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
Rural	Intercept	-.096	.013	56.624	1	.000			
	[R19A=1]	.048	.012	16.367	1	.000	1.049	1.025	1.074
	[R19A=2]	0 ^b	.	.	0	.	.	.	.
	[R19B=1]	-.235	.012	376.281	1	.000	.790	.772	.809
	[R19B=2]	0 ^b	.	.	0	.	.	.	.
	[R19C=1]	.030	.013	5.355	1	.021	1.031	1.005	1.057
	[R19C=2]	0 ^b	.	.	0	.	.	.	.
	[R19D=1]	-.133	.014	96.632	1	.000	.876	.853	.899
	[R19D=2]	0 ^b	.	.	0	.	.	.	.
	[R19E=1]	-.139	.015	88.109	1	.000	.870	.845	.896
	[R19E=2]	0 ^b	.	.	0	.	.	.	.
	[R19F=1]	.188	.015	163.192	1	.000	1.207	1.172	1.242
	[R19F=2]	0 ^b	.	.	0	.	.	.	.
	[R19G=1]	.193	.013	217.041	1	.000	1.213	1.182	1.245
	[R19G=2]	0 ^b	.	.	0	.	.	.	.
	[R19H=1]	-.047	.014	11.059	1	.001	.954	.929	.981
	[R19H=2]	0 ^b	.	.	0	.	.	.	.

Source: Authors calculations

Table 7. Have they made any investments in their last country of emigration as depended variable and the main necessary facilities for people to return and invest in Albania as factors, parameter estimates.

Nominal Regression - Parameter Estimates - March 19, 2023

Parameter Estimates									
I4. Have you made any investments in the last place of emigration ^a		B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
Yes	Intercept	-6.716	.129	2725.531	1	.000			
	[R19A=1]	.571	.053	115.090	1	.000	1.770	1.594	1.964
	[R19A=2]	0 ^b	.	.	0	.	.	.	.
	[R19B=1]	.212	.053	16.046	1	.000	1.236	1.114	1.371
	[R19B=2]	0 ^b	.	.	0	.	.	.	.
	[R19C=1]	-.174	.056	9.592	1	.002	.841	.753	.938
	[R19C=2]	0 ^b	.	.	0	.	.	.	.
	[R19D=1]	-.831	.057	209.220	1	.000	.436	.389	.487
	[R19D=2]	0 ^b	.	.	0	.	.	.	.
	[R19E=1]	3.191	.129	607.327	1	.000	24.302	18.855	31.321
	[R19E=2]	0 ^b	.	.	0	.	.	.	.
	[R19F=1]	-.196	.055	12.596	1	.000	.822	.737	.916
	[R19F=2]	0 ^b	.	.	0	.	.	.	.
	[R19G=1]	.136	.057	5.755	1	.016	1.146	1.025	1.281
	[R19G=2]	0 ^b	.	.	0	.	.	.	.
	[R19H=1]	-.306	.062	24.127	1	.000	.736	.652	.832
	[R19H=2]	0 ^b	.	.	0	.	.	.	.
	[R19I=1]	-19.838	.000	.	1	.	2.424E-9	2.424E-9	2.424E-9
	[R19I=2]	0 ^b	.	.	0	.	.	.	.

Source: Authors calculations

Table 8. Have they made any investments in their last country of emigration and the main necessary facilities for people to return and invest in Albania case processing?

Nominal Regression - Case Processing Summary

		Case Processing Summary	
		N	Marginal Percentage
I4. Have you made any investments in the last place of emigration?	Yes	1834.54	1.4%
	No	131709.46	98.6%
Land delivery	Yes	65699.54	49.2%
	No	67844.46	50.8%
Increased lending	Yes	67915.37	50.9%
	No	65628.63	49.1%
Facilitation of procedures	Yes	90609.13	67.8%
	No	42934.86	32.2%
Technical Assistance/Advice	Yes	66553.01	49.8%
	No	66990.99	50.2%
Tax relief	Yes	86619.92	64.9%
	No	46924.08	35.1%
Customs relief	Yes	68007.67	50.9%
	No	65536.33	49.1%
Infrastructure	Yes	70191.62	52.6%
	No	63352.38	47.4%
Appropriate institutional environment	Yes	46404.38	34.7%
	No	87139.62	65.3%
Other	Yes	708.26	0.5%

Source: Authors calculations

Tables of results and data processing in SPSS are attached this study and can be opened and see the results in English language by double clicking icons bellow:



Lloji mallrave qe dergojne.htm



Arsyet e pengesave Investoret v emigrimit.htm



arsyet vs lumturi.htm



Frequencat.htm



Kush ndikoi ne kthim dhe lumturi.htm



Lehtesirat e ofruara.htm



Lehtesirat ne lumturi.htm



Lehtesirat Ruralevs urbane.htm

4.3. Study Objectives and Hypotheses

Many studies have been conducted in relation to immigration using different statistical methods, mainly descriptive and graphic methods. In our study through logistic regression, we will do an in-depth analysis of the relationship between the variables that we analyze: migrants who have made investments in the country of emigration and those who have not made investments, between those who are happy and

unhappy, between the place they have lived in the country of migration, etc. by formulating these hypotheses:

- a) Emigrants who have made investments in the country of emigration tend to send fewer remittances to their country of origin than those who have not made investments in the country of emigration.
- b) There were differences between the reasons for sending the income between emigrants who have made investments in their country of emigration and those who have not made investments in their country of emigration.
- c) There are differences regarding the perceptions of policies for returned emigrants between those who have made investments and those who have not made investments in the country of emigration.
- d) Taking as a dependent variable the binomial variable whether or not they are happy about returning to their homeland we measure through logistic regression the effect of the facilitations made by the government for those who return and invest in the country of origin as well as the effect of the hindering factors in the level of happiness of the returnees.
- e) How does rural or urban residence in the country of emigration affect the level of happiness of returning migrants? For those who returned before, how much did their return had influenced their decision to return?
- f) Were there any differences in good things did they bring by themselves when they returned to Albania between emigrants who lived in urban areas compared who lived in a rural areas in the last place of emigration?
- g) Is there any difference between happy and unhappy return migrants? We calculate the effect of the factors through probabilities and relative chances using logistic regression.

5. Results and Discussion

While continuous migration, there has been the phenomenon of the return of a significant number of Albanian migrants to their homeland. They return for various reasons, but two of them are job loss in the countries where they have emigrated and the second reason is the plan or desire to invest in Albania. Important reasons are the lack of supportive policies, namely the lack of fiscal and customs facilities, the lack of support for investment loans due to insufficient capital, and the lack of services, weakness of infrastructure, inadequate institutional environment, and bureaucracy. As a result, a high percentage of migrants returning to Albania feel unhappy, 54.3% feel happy, 45.7% feel unhappy, and unhappiness seems to be a significant driver of the Albanian returnees. The tendency of Albanian students studying abroad not to return to their homeland is also worrying. As evidenced by the literature, government policies to reduce migration have been ineffective. The study notes that even policies to support returned migrants and reduce the propensity for re-migration have so far been ineffective.

From the analysis of the frequency of remittances, emigrants who have made investments in the country of emigration have the frequency once in three months (the relative chance for this category is 1.77 times higher compared to emigrants who have not made investments in the country of emigration. For emigrants who have not made investments in the country of emigration, the most preferred frequency of remittances is once a year. The relative chance for this category is +29% higher. The results are statistically significant. The remittance frequency, according to the case is the same for both categories, but statistically insignificant. There are important differences regarding the perceptions of the easing policies between these two categories of emigrants.

Emigrants who have made investments in the countries of emigration prefer more tax relief (relative chance 23.3 times higher compared to the other category, followed by land supply (relative chance +77%); lending increase (relative chance +24%); improving infrastructure (relative chance +15%). For emigrants who have

not made investments in the countries of emigration, they perceive technical assistance as more important (relative chance +57%); suitable institutional environment (relative chance +27%); customs relief (relative chance +18%), and facilitation of procedures (relative chance +16%). The analysis shows that 1.4% of the answers were received from emigrants who made investments in the countries of emigration and 98.6% answered from emigrants who did not make investments in the countries of emigration. Taking into consideration the preferences for both categories would harmonize with good facilitation and integration policies for emigrants who return to their country. Regardless of the fact that the first category may be small at first glance, it represents the most successful and integrated category of emigrants in the countries of emigration that can serve as development potential and large investments in the country of origin. The results are statistically significant.

There are important differences regarding the perceptions of the facilitating policies between emigrants who have lived in rural areas in the countries of emigration compared to those who have lived in urban areas. Emigrants who have lived in places of emigration in rural areas perceive more facilitating measures related to infrastructure (relative chance +21%), compared to the other category, followed by customs facilities (relative chance +2%), the provision of land (relative chance +5%); facilitation of procedures (relative chance +3%). While emigrants who have lived in urban areas compared to those who have lived in rural areas perceive as more important the facilitating measures: increased lending (relative chance +21%); tax relief (relative chance +13%); technical assistance (relative chance +12%); suitable institutional environment (relative chance + 5%). The analysis shows that 46.4% of the answers were received from emigrants who lived in rural areas in the countries of emigration and 53.6% were received from emigrants who lived in urban areas in the countries of emigration. Taking into consideration the preferences for both categories would better harmonize facilitating and integration policies for emigrants who return to their country. The results are statistically proven.

We analyzed the type of goods that emigrants brought with them when they returned to their homeland, making comparisons between emigrants who made investments in the country of emigration and emigrants who did not make investments in the country of emigration prefer to bring cars with them (relative chance +92%), household appliances (relative chance +44%), computer equipment (relative chance +8%). Emigrants who have not made investments in the country of migration compared to those who have made investments in the countries of migration prefer to bring mainly agricultural equipment (relative chance +82%), and furniture (relative chance +70%). The analysis shows that 1.4% of the answers were received from migrants who made investments in the countries of emigration and 98.6% answered from emigrants who did not make investments in the country of migration. Taking into consideration the preferences for both categories would harmonize good procedural, fiscal, and integration facilitation policies for emigrants who return to their country. The results obtained for the category of returned emigrants who did not make investments in the countries of emigration (98.6%) are very interesting and prove an important trend for investments in agriculture and equipment and the completion of houses in their countries of origin. More in-depth studies are needed in the future. The results are statistically significant.

According to the International Organization for Migration (IOM), potential migration is 'the absolute number of adults planning or preparing to migrate, in relation to the country's population. The third decade of migration in Albania has been characterized by a revival of intensity, new features, and new destinations. These new and high emigration flows reflect the continuation of the Albanian population's high level of potential migration. Returned but unhappy migrants constitute an important source of potential migration. Based on this fact, in our analysis, we analyzed the factors that have influenced whether returned migrants feel happy or not and the factors that have influenced them.

We analyzed how other emigrations have influenced the decision to return to their homeland and how it has influenced whether or not they feel happy after returning to their homeland. Based on the results of the study, migrants who were heavily influenced by previous returnees in their decision to return have the lowest relative chance of feeling happy after returning to their homeland (relative chance -17%), those who were sufficiently influenced have the chance relative of feeling happy after returning to the homeland is higher (relative chance +6%). This shows that returned emigrants feel happier about returning to their homeland, if in their decision to return they were not influenced by others, but they take care of themselves. The analysis of the data shows that 54.3% feel happy after returning and 45.7% do not feel happy, 8.2% were influenced a lot in the decision to return, 45.9% sufficiently and 45.9% made their own decisions without being influenced by others.

We analyzed the reasons why migrants have not made investments in their country of origin. It turns out that 81.2% declare insufficient capital. This category has the lowest relative chance of being happy about returning home with (-52) %. The majority of migrants do not see the lack of experience and training as an obstacle to investing, 33% declare yes and 67% say no. The part that does see the lack of experience as an obstacle to investment have the highest chance of being happy (+99%). About 28% see administrative and institutional obstacles as a barrier to making investments. This perception reduces the chance of being happy by (-21%). 30% perceive the lack of market as an obstacle for investment, while this category has more chances to be happy with (+19.5%). 15% declare health problems as an obstacle to investment, while this category has the lowest chance of being happy with (-21.8%). They did not want to invest 17%, this category has the chance to be happier (+32%). About 37% did not plan to invest, while this category has the lowest chance of being happy (-6%).

From the analysis of the policies that have influenced the response (feeling happy) of returned immigrants, technical assistance and counseling are valued more (relative chance +57%), followed by increased credit (relative chance +12.5%), infrastructure (relative chance relative +9.1%), land supply (relative chance +3%). According to the perceptions of the returned migrants and what has worsened the situation (the answer is I don't feel happy) have been influenced by the unsuitable institutional environment (relative chance +80%), the facilitation of procedures (relative chance 36%), and the tax relief (relative chance +34 %). At the end of the paper, you will find the results of data processing by SPSS23.

5.1. Policy implications

As the literature points out, the legal and policy framework for migration is inefficient and needs to be further improved. It shows that the process of their integration has not been successful. While on the other hand, it shows that the country has not properly used its financial, human, and social capital to develop the country's economy. It is clear to everyone that the desire of almost half of the population to migrate from Albania is an undesirable issue, but also one reality that must be accepted. Monitoring and evaluation also need to be improved and made more transparent. Institutions dealing with the administration or management of migrant issues need to be restructured. The country's economic development policies are essential to influence the tendency for migration and that of return of migrants to their homeland, therefore building and implementing mechanisms for their participation in the country's development policy-making would be important because for bringing valuable experiences and capital they tend to foster innovative ideas and a developing mentality for the economy. It remains very important to analyze the impacts of policies and their adaptation depending on the perception of the effects they have, as well as the implementation of more efficient policies in the future regarding the emigration and integration of returned migrants.

6. References:

- Barjaba, K., & Barjaba, J. (2015). Embracing emigration: The migration-development nexus in Albania. Migration Policy Institute, 10.
- Barjaba, K., & King, R. (2005). Introducing and theorising Albanian migration. *The new Albanian migration*, 1-28.
- Cassarino, J. P. (2004). Theorising return migration: The conceptual approach to return migrants revisited. *International Journal on Multicultural Societies (IJMS)*, 6(2), 253-279.
- Cassarino, J. P. (2008). Return migrants to the Maghreb countries: reintegration and development challenges. MIREM Project, Robert Schuman Centre for Advanced Studies, EUI, Florence.
- Chaloff, J. (2008). Albania and Italy Migration policies and their development relevance. A Survey of Innovative and "Development-Friendly" Practices in Albania and Italy, Rome: CESPI Working Paper, 51, 2008.
- Cooperation, S. D. C. (2014). *MIGRATION IN ALBANIA*. Director.
- De Soto H., Gordon P., Gëdeshi I., Sinoimeri Z. (2002) *Poverty in Albania: A Qualitative Assessment*. Washington DC: World Bank Technical Paper No. 520
- García-Pereiro, T., & Biscione, A. (2016). Return migration in Albania: The profiles o returnees. *Rivista Italiana di Economia, Demografia e Statistica*, 70(2), 141-152.
- García-Pereiro, T., & Biscione, A. (2016). Return migration in Albania: The profiles o returnees. *Rivista Italiana di Economia, Demografia e Statistica*, 70(2), 141-152.
- García-Pereiro, T., & Biscione, A. (2016). Return migration in Albania: The profiles o returnees. *Rivista Italiana di Economia, Demografia e Statistica*, 70(2), 141-152.
- Gëdeshi, I., & King, R. (2018). Research study into brain gain: Reversing brain drain with the Albanian scientific diaspora. Albania: UNDP, 1-65.
- Gëdeshi, I., & King, R. (2018). New trends in potential migration from Albania. Friedrich-Ebert-Stiftung Office Tirana.
- Gëdeshi, I., & King, R. (2018). New trends in potential migration from Albania. Friedrich-Ebert-Stiftung Office Tirana.
- INSTAT, I. (2014). *Return Migration and Reintegration in Albania*.
- INSTAT, I. (2014). *Return Migration and Reintegration in Albania*.
- INSTAT, IOM (2014) *Return Migration and Reintegration in Albania*. Tirana: Institute of Statistics/International Organization for Migration
- King, R., & Vullnetari, J. (2009). The intersections of gender and generation in Albanian migration, remittances and transnational care. *Geografiska Annaler: series B, human geography*, 91(1), 19-38.
- Kleinbaum, D. G., Dietz, K., Gail, M., Klein, M., & Klein, M. (2002). Logistic regression (p. 536). New York: Springer-Verlag.
- Osmani, M., & Andoni, M. (2022). Unhappy Return to Homeland. A Study on the Reasons Why Returned Albanian Re-Abandon Their Country. *Technium Soc. Sci. J.*, 32, 731.

Vieira Jr, E. T. (2017). Introduction to real world statistics: With step-by-step SPSS instructions. Taylor & Francis.

Vullnetari, J., & King, R. (2011). Remittances, gender, and development: Albania's society and economy in transition. IB Tauris.

“Financial Institutions, Supervision and Independence of Albanian Financial Supervisory Authority and Bank of Albania”

Phd(c). Elfrida Taraku
Lecturer at University " Aleksandër Moisiu", Durrës
Business Faculty,
Finance- Accounting Department
itaraku@yahoo.com

Prof. Dr. Shkëlqim Fortuzi
Dean of the Faculty of Business
University " Aleksandër Moisiu", Durrës
shkelqimfortuzi@yahoo.com

ABSTRACT

Due to the importance of financial institutions regarding the economy, there should be an effective management of them and rigorous supervision by the relevant regulatory institutions. The supervision of the financial system should be done independently from any institution or political elements based on and directed by the relevant laws.

Our work is based on the study of the importance presented by financial institutions and the authorities responsible for their effective management. In order to achieve the set goals, a summary of the previous literature in this field was made, as well as the study of the Albanian financial system in its management by the Bank of Albania and the AMF for the period 2015-2020.

In order to better understand the effectiveness of these two regulatory structures, a questionnaire was made, which was addressed to the constituent institutions of the financial system.

In conclusion, we can say that Albania has a broad and well-organized basis for the protection and granting of the independence of BSH and AMF, but difficulties are encountered in creating a complete independence from any political element or conflicts of interest.

Keywords: Financial institutions; Bank of Albania; AMF- Albanian Financial Supervisory Authority; independence

JEL Classification: G18,G20,G21,E00

INTRODUCTION

Financial institutions are one of the most important components of the financial system of any country. They play a vital role in determining the effectiveness and efficiency of the financial system, representing a vital infrastructure through which money flows from savers to investors in various economic fields (Ghazi, 2019).

The financial system consists of the banking sector and the non-banking sector, including non-banking financial institutions, savings and loan companies, insurance companies, pension funds and investment funds.

Over the years, bank and non-bank financial institutions have changed by evolving and transforming the services they offer and the way they are served to beneficiaries. In the last 90 years these institutions have consolidated and formed much larger companies so that they can be more efficient and resistant to failures (Dyk). Before these changes, the banking industry operated by performing directly or indirectly all financial services (commercial banking, investment banking, shares investment services, insurance providers, etc.) (Saunders & Cornett, 2011). With the intervention of various factors such as financial innovation, technology, regulatory systems and taxes, an economic and industrial collapse resulted, bringing about the separation of some of the activities owned by banks and the increase of market share for non-bank financial institutions. The classic division between the banking and non-banking sectors as integral parts of the financial system in our country has been many times more pronounced, due to their asymmetric development.

Today's financial systems in the world have developed with great strides, making their management extremely difficult, but also profitable at the same time. The stability of the national financial system is an integral part of the stability of the global financial system, regardless of the stage of development and depth of any financial system in the world. Such a reality makes financial stability increasingly important and necessary.

Creating a financial oversight architecture requires a number of key institutional decisions. These decisions include:

- assignment of specific functions to individual financial authorities;
- creation of coordination mechanisms;
- specifying approaches and measures to avoid potential conflicts of interest.

In this paper we will analyze and study the financial institutions in Albania focusing on their management and supervision by the AMF and the Central Bank of Albania as the two main institutions in these functions. In addition to looking at the supervision of the financial system, we will also analyze the operation of these two controlling institutions, how independent they are and the obstacles they may encounter in fulfilling the tasks and objectives set.

The purpose of the paper

The purpose of this paper is to analyze the management of financial institutions, their functioning in the financial system of Albania, as well as to study the functioning of the supervisory institutions of the Albanian financial system.

Objectives of the work

1. Providing general information on the current situation in the management of financial institutions in Albania.
2. Analysis of the main performance indicators of banking and non-banking institutions in Albania.
3. To determine the sectors that encounter more problems in the financial system and how they manage this situation.
4. To carry out a qualitative study and be a reference for other studies.

METHODOLOGY

In this paper, various literatures have been analyzed for the treated topic, ensuring coherence in validating the conclusions drawn. We have developed a short analysis on the current financial system in Albania, looking at the constituent institutions and their weight in the market over the years, also analyzing their management. In this way, we were able to identify two of the most important sectors of the financial system in the Albanian market, but also those that appeared to be the most exposed to problems and the lack of effective supervision. By studying the functions of the two main supervisory institutions such as AMF and BSH, the tasks and objectives set by the heads of the institutions, we have drawn up a questionnaire to take a closer look at the functioning of the control structures in the financial system of Albania.

In order to provide valid recommendations to be implemented in Albania by the supervisory institutions, we have made an analysis and study of the structures and control systems of the states in Europe and the strategies followed by them.

Research Questions

Setting research questions was done after determining the topic and objective of the study in order to achieve the objectives through these questions. Based on the research questions, the hypotheses of the study were then raised, which have influenced the direction of which statistical tests can be used for the analysis of the study data. Having clear objectives and information from a variety of foreign and domestic literature has helped us in clearly and comprehensibly designing the research questions, hypotheses and methodology used.

1. What is the international perspective on the management of financial institutions?

2. Why is the management of financial institutions important?
3. What are the most important financial institutions in Albania?
4. Who are the supervisory and regulatory authorities of financial institutions in Albania?
5. How has the management of financial institutions progressed in Albania?
6. Do the financial supervisory institutions in Albania function independently?

Hypotheses

H1: High de jure independence of regulatory institutions is neither a necessary nor sufficient condition for their high de facto independence.

LITERATURE REVIEW

2.1. The importance of studying Financial Institutions

At the center of the financing of the economy are financial institutions, which are intermediaries that reallocate capital flows from surplus to deficit units. The main segments of financial institutions are: banking; asset management; insurance¹. Various authors have expressed the importance of financial institutions, according to Niti Gupta and Dheeraj Vaidya², financial institutions have an important role in any economy. The Central Government is placed in charge of banking and non-banking financial institutions thereby helping to bridge the gap between investment and untapped savings, i.e., from net savers to net borrowers. Frederic S. Mishkin, Stanley G. Eakins, Giancarlo³ Forestieri estimate that financial institutions produce and provide financial services and guarantee the functioning of financial markets.

Through a well-functioning financial market, which are a key factor in promoting high economic growth, we have positive impacts on financial developments, on the other hand, poorly performing financial markets are a reason that many countries in the world remain extremely. The personal wealth of individuals, the behavior of businesses and consumers as well as the cyclical performance of the economy are directly affected by activities in the markets⁴.

In the last three decades, the world has witnessed dramatic changes in the organization and functioning of intermediaries and financial markets both within and between countries with the main cause being globalization⁵.

¹(EFRAG, 2021) - Focus on Financial Institutions

²Vaidya & Gupta, Role of Financial Institutions, 2022

³Frederic S. Mishkin , Stanley G. Eakins , Giancarlo Forestieri, Institutions and financial markets, 2010)

⁴(Mishkin & Eakins, 2018) - Financial Markets and Institutions (Ninth Edition)

⁵(Atack & Neal, 2009) - The Origin and Development of Financial Markets and Institutions - From the Seventeenth Century to the Present

In general, the market-based financial system, through its functions, made it possible to create lender (investor) - borrower (companies) connections without the need for direct mediation. Various companies, in order to secure sufficient funds for their activity, issue debt or equity securities and put them on the market, where they meet directly with investors. The system based on process intermediaries, banking institutions, is a bank-based financial system that transfers surplus funds to companies seeking funding sources.

According to the study developed in 2009, the banking system, especially for developing countries, but not only, remains at the center of economic development⁶. Through the payment service, both for the real and the financial sector which are essential becoming the most promising source of financing, also, by monitoring the use of borrowed funds, banks will be the main source of corporate governance during the transformation to a market economy⁷.

In recent years, the dominance of banks as financial intermediaries has somewhat diminished in some industrial countries, due to the emergence of non-bank intermediaries and the further development of corporate debt markets, which give firms direct access to individual savings.

Regarding non-banking financial institutions, the development of the activities of non-banking financial institutions that accumulate the resources of the national savings system in a long-term period according to a study based on the financial system of Russia came to the conclusion that it is seen as an influence on the growth of investments in the economy and economic growth rates⁸. The development of these institutions and markets from the study in 1993 was emphasized that it would depend to a significant degree on the expertise and practices of credit risk measurement⁹.

On the other hand, Isabel Schnabel ¹⁰has emphasized that significant duration, liquidity and credit risks are taken by non-bank financial institutions during the activity on their balance sheets.

An increase in liquidity mismatch may be caused by increased risk-taking, which may cause and affect the ability of non-bank financial entities to withstand potential losses, thereby potentially creating systemic risk and impairing the policy transmission mechanism monetary¹¹.

FINANCIAL SYSTEM AND ITS SUPERVISION IN ALBANIA

The financial sector in Albania consists mainly of banks that make up close to 90% of the total assets of the financial sector. Shares of non-bank financial institutions, investment funds, pension funds, etc. are negligible.

Chart 1. Structure of the financial sector in Albania, June 2020

⁶(Beck, Kunt, & Levine, 2009) - Financial Institutions and Markets across Countries and over Time

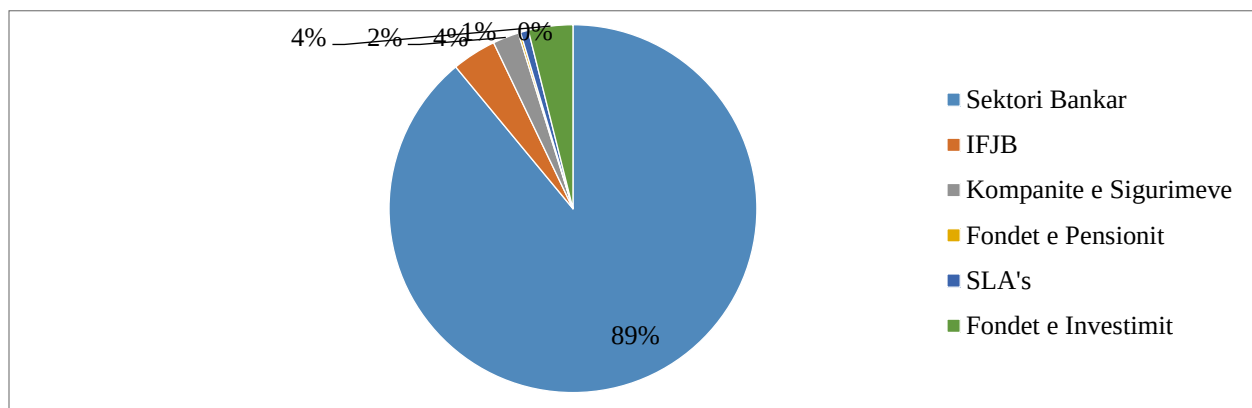
⁷Mr. Michael G. Spencer and Mr. H. J. Blommestein, The Role of Financial Institutions in the Transition to a Market Economy, IMF, 1993

⁸Travkina, Ternovskaya, & Fiapshv, The Role of Non-Bank Financials in the Formation of Long-Term Resources for Economic Growth in Russia, 2022)

⁹(Mr. Michael G. Spencer and Mr. H. J. Blommestein, 1993) - The Role of Financial Institutions in the Transition to a Market Economy

¹⁰Isabel Schnabel - Member of the EEA Executive Board (European Economic Association)

¹¹Schnabel, The rise of non-bank finance and its implications for monetary policy transmission, CBE, 2021



Source: Bank of Albania¹²

Currently, 12 banks operate in Albania and most of them are owned by non-residents. The weight of local shareholders in the total assets of the banking sector is about 30%. The remaining 70% is owned by non-residents, of which around 50 percentage points are from EU countries and the remaining 20 pp from non-EU countries.

The financial sector in Albania is completely covered by a regulatory framework and all lending institutions are licensed by the Central Bank of Albania. Credit organizations are the second largest actors of the financial market after banks, with total assets reaching the value of 17.9 billion ALL, thus occupying 1.3% of the sector, and with a foreign portfolio in the value of 16.3 billion ALL, thus occupying 3% of the sector. The dominance of the banking segment has naturally led to a high degree of concentration of financial products and services in its favor. Over 80% of residents' investments in the financial system are in the form of deposits and current accounts. Only a little over 12% is in the form of government securities, while the remaining part, about 6.5%, is invested in investment and private pension funds. The latter constitutes only 0.1% of the total assets of the financial system. Statistics show that the number of companies operating in other segments of the financial sector remains low, while their activity in terms of Domestic Production or the financial market remains negligible. Financial development in Albania is asymmetrical with a developed mainstay of the banking sector, and a modestly developed non-banking sector. Despite the positive developments in the Albanian economy, the financial system still remains dominated by the banking system and its developments. According to the financial reports of financial stability included in the drafting of this thesis, it is mentioned that banks represent 89.4% of the total assets of the financial system.

The dominance of the banking segment has naturally led to a high degree of concentration of financial products and services in its favor. Over 80% of residents' investments in the financial system are in the form of deposits and current accounts. Only a little over 12% is in the form of government securities, while the remaining part, about 6.5%, is invested in investment and private pension funds. The latter constitutes only 0.1% of the total assets of the financial system. Statistics show that the number of companies operating in other segments of the financial sector remains

¹² Bank of Albania 2020

low, while their activity in terms of Domestic Production or the financial market remains negligible¹³.

The non-banking sector remains relatively small and is not currently a source of systemic financing for the Albanian market. As a consequence of a late development of these institutions, comes their small size. Another influencing factor has been the lack of understanding of financial products and services by potential users and the still low level of financial infrastructure. The enterprise sector consists mainly of small firms (91% of enterprises have 1-4 employees) that make extensive use of domestic funds and have little direct access to foreign currency borrowing from abroad¹⁴.

The insurance market, which includes private companies and those owned by the state, is a very important part of the financial system in Albania, with the aim of realizing the process of insurance for individuals or businesses. As we can see from the composition of the Albanian financial system, insurance companies occupy a significant market share after the banking sector.

Insurance companies, on the other hand, influenced by the global situation of recent years, appear as a sector that is constantly exposed to various risks.

3.1 Banking sector and its management

3.1.1 Development of the banking sector for the period 2015 - 2020 and management by BSH

- The main developments of banking activity during 2015, in relation to the progress of risk indicators and their management are as follows¹⁵:

1. Decrease in the indicator of non-performing loans by 4.58 percentage points compared to the previous year, where the impact factor was the decrease in the portfolio of non-performing loans. The value of the loan portfolio written off during 2015 is about ALL 26.6 billion.

Loans classified by type of subject show a higher concentration in the private sector, around 68.6%. . Meanwhile, loans to individuals and the public sector have registered an increase of 2.0 and 0.1%, respectively.

2. In the liquidity risk indicator, it can be said that the condition of the banks remains satisfactory, even after the shocks caused by external factors (closing of banks in Greece) with a liquidity indicator that reached the level of 41.4% at the end of 2015 , with an increase of 1 percentage point compared to the end of last year. The liquidity indicator in foreign currency has increased to the level of 29%10 (from 26% in December 2014), as a result of the reduction of the loan portfolio and the portfolio of securities in foreign currency, and the investment of freed funds in assets with high liquidity (operations with the treasury and interbank).

¹³https://www.bankofalbania.org/Statistikat/Statistika_te_lidhura_me_FMN

¹⁴The Impact of Asymmetric Information in Financial Markets Fadil Govori 25 May 2011 Online at <https://mpa.ub.uni-muenchen.de/33831/MPRA>

¹⁵ (BSH, 2016) - Raporti Vjetor i Mbikeqyrjes 2015

3. During 2015, as a result of the events in the neighboring country Greece and considering the great impact this situation could have on our country, continuous supervision was exercised in the private sector. This monitoring consists of:

- exchange of information with the relevant authorities in Greece and other countries of the region;
- supervisory measures aimed at limiting the negative impacts created in Greece on Greek bank subsidiaries in Albania;
- monitoring as closely as possible of the financial situation, risks and developments in Albanian banks with Greek capital through inspections in the country and abroad;

3.2 The functioning of the Bank of Albania as the supervisory institution of the banking sector

The Bank of Albania, as an independent and autonomous institution with entirely state capital, has as its main objective the achievement and maintenance of stability in the country's prices, thus helping in a stable and long-term economic growth of the country. Among the bank's other functions, among the most important is the early identification and management of financial risks, where the most important risks in the annual supervision reports the bank considers are operational risk, interest rate risk, capital risk, credit and profitability risk. In the annual reports, the central bank examines its activity, collaborations, measures and regulations within the framework of providing effectiveness and efficiency in the financial system.

Independent central banks have been established in developed countries. These countries have been successful in achieving price stability. Based on this, Eastern European countries as well as other developing countries have aimed to create independent central banks. The most widespread and main argument or belief is that "independent central banks are associated with a lower level of inflation". This argument is supported by various and numerous literatures. The independence of the central bank depends on a set of different factors, starting from the independence that it is recognized by law and taking into consideration the personality and reputation of the central bank managers or the traditions and mentality in a certain country.

Thus, one can talk about the legal independence of a central bank. Legal independence means the independence that a bank is recognized by law or in its charter. Legal independence itself has two constituent elements:

- Political independence;
- Economic independence.

The Bank of Albania licenses, regulates and supervises the following financial institutions:

- o Banks;
- o Non-bank financial institutions that offer services such as foreign exchange, microcredit, factoring, financial leasing, transfers and payments;
- o Credit Savings Associations and their unions;
- o Foreign exchange offices.

Supervision is one of the main functions of the Bank of Albania, the purpose of which is to continuously exercise appropriate control over banks and other entities that carry out financial activities licensed by it. In implementation of its legal responsibilities as a supervisory authority,

the Bank of Albania aims to preserve the health of the bank, the stability of the banking and financial system, the prevention of crises in this sector and the protection of depositors. In order to fulfill its mission, supervision exercises three main functions: licensing of financial entities, regulation of their activity and continuous control of their activity. For the realization of these functions, specific structures have been set up and work processes have been created to maximize their implementation in the most effective way.

licensing

Licensing is based on a set of minimum regulations that must be respected by entities. These regulations are related to the object and purpose of the activity. The licensing function is performed even during the exercise of the subject's activity for issues related to the change of its activity or structures.

Regulatory function

This function is based on the design and development of the necessary regulatory framework, embodied in a wide range of by-laws. The regulatory framework aims to determine the minimum quantitative and qualitative criteria, which allow the entry into the market of sound entities with development potential, as well as monitoring and establishing their activity on a sustainable basis. The regulatory framework is subject to continuous changes in response to the dynamics of the entities' activity and the environment in which they operate, as well as to adapt it to changes in international best practices in the field of regulation and supervision.

Controlling

The control function consists in designing a continuous cycle of supervision of the subjects, which is carried out through a balanced coordination of on-site inspections and off-site analyzes of the information received from them, in accordance with the nature, importance, issue and level of complexity . . For the realization of these functions, supervision is based on the analysis of a number of quantitative indicators, for which different reference values are defined, as well as on the review of the work of the management structures of the subjects in the management of daily activities. Based on the assessment carried out, the risk profile of the subject is determined, deficiencies for a healthy activity are identified, recommendations for improvement are given and, as necessary, supervisory and corrective measures are taken, which are subject to continuous follow-up. up.

Table 2. Number of inspections performed by BSH according to years and nature

	Rrezikstrategjik	Rrezikuorganizativ	Rreziku kreditë	Rreziku likuiditetit	Rreziku normalitetit	Rreziku integritetit	Teknologjia e Informacionit dhe Komunikimit	Rreziku operacional	Rreziku reputacional	Përfitimi	Kapitali
2017	9	12	13	10	10	9	11	8	11	10	11
2018	8	10	9	8	8	8	9	8	28	9	8
2019	13	13	16	13	13	14	13	13	14	13	15
2020	2	8	15	11	2	5	5	5	88	2	6

Source: Bank of Albania

During the year 2020, the examination plan had a significant deviation due to the pandemic situation. Thus, in the first half of the year, only two complete examinations were carried out in banks. Meanwhile, in the second half of the year, 5 examinations covering the largest banks were carried out, focusing on the management of the pandemic situation and its effects, especially on the loan portfolio. Meanwhile, partial examinations were carried out in banks, evaluating the implementation of the regulation "On the liquidity coverage ratio".

As far as non-bank financial institutions are concerned, the focus in 2020 was on entities that exercise lending, leasing and microcredit activities. A good part of the examinations are aimed at addressing supervisory issues related to signals for cases of fraud, non-implementation of supervisory recommendations or signals for market distortions. Assessing transparency with customers is an important part of these examinations and a very practical issue in the case of non-bank financial institutions. From the examinations, several problems in this direction were identified, which were addressed through recommendations for the subjects.

METHODOLOGY AND DATA ANALYSIS

4.1. Methodology of the work

The purpose of this paper is both informative and advisory. Due to the very importance that financial institutions represent for the economy, there should be an effective management of them and rigorous supervision by the relevant institutions. For this reason, based on various literature, Albanian and foreign, a general information is given on the financial system, its management and the institutions responsible for their supervision.

The literature review was also used to see the importance of financial management and the positive impact it has on economic development.

4.2. Data used

Two sources of information were used for this paper.

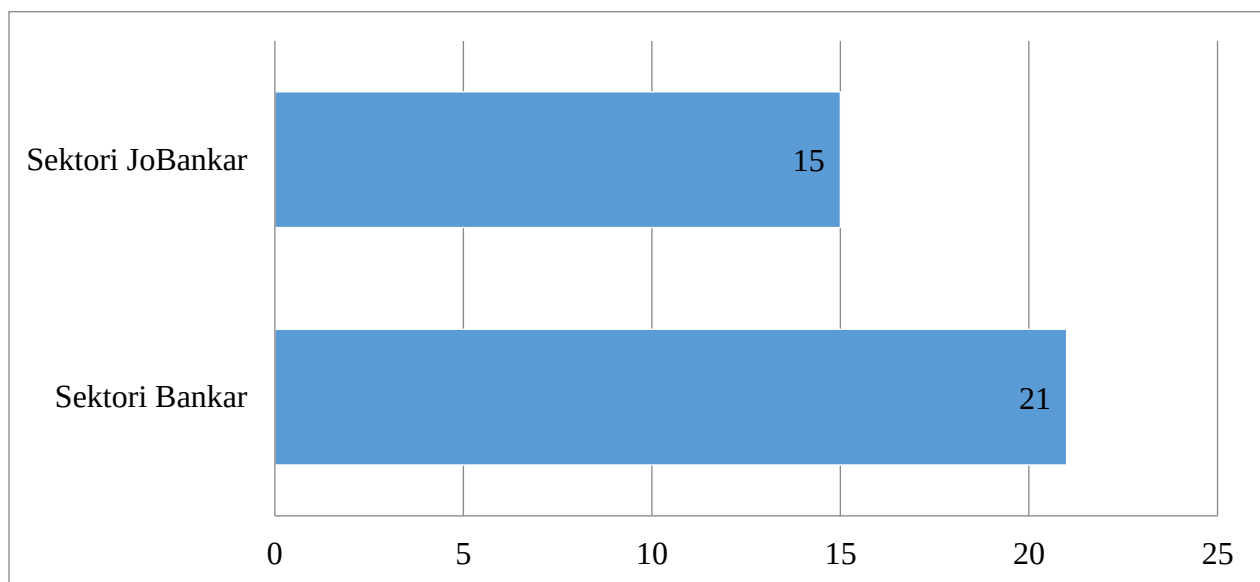
First by accessing books, publications, reports and various articles, it has become possible to collect secondary data to carry out the literature review. Foreign literature has the greatest weight because of the few studies done by Albanian researchers in this field.

The questionnaire was the source of primary data. After drafting the questionnaire, it was consulted with a professional in the field to create questions that are as understandable as they are effective in achieving the set goals.

4.3. Overview of primary data

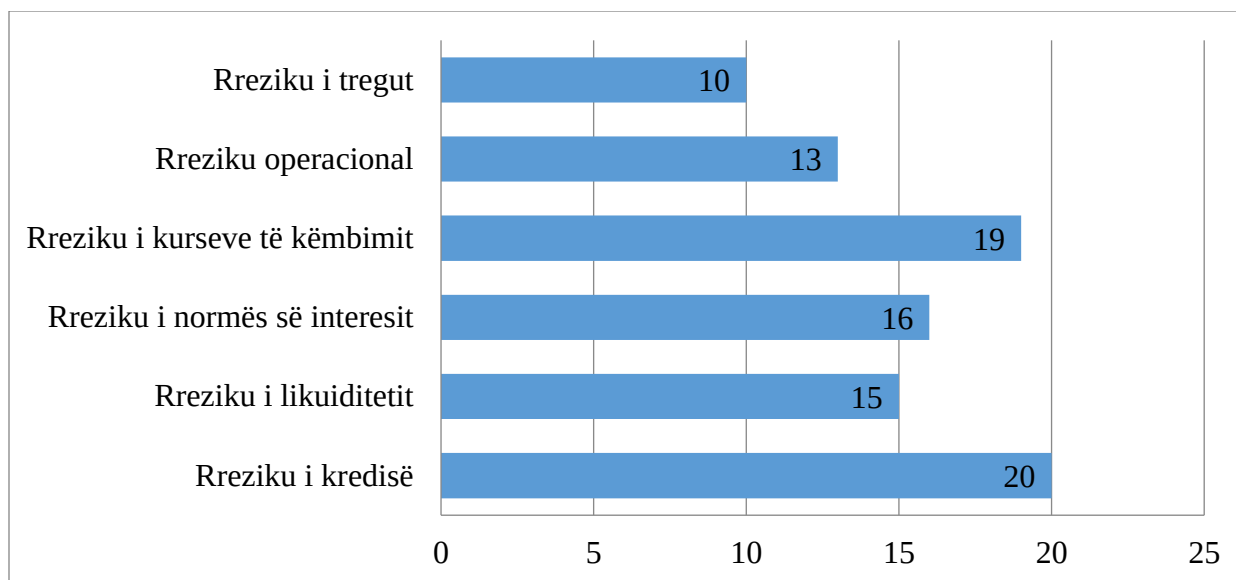
Below we will analyze in detail the primary data collected from the questionnaire distributed using the Google Forms format and then processed in Excel by building the relevant graphs.

Chart 2. The sector you represent



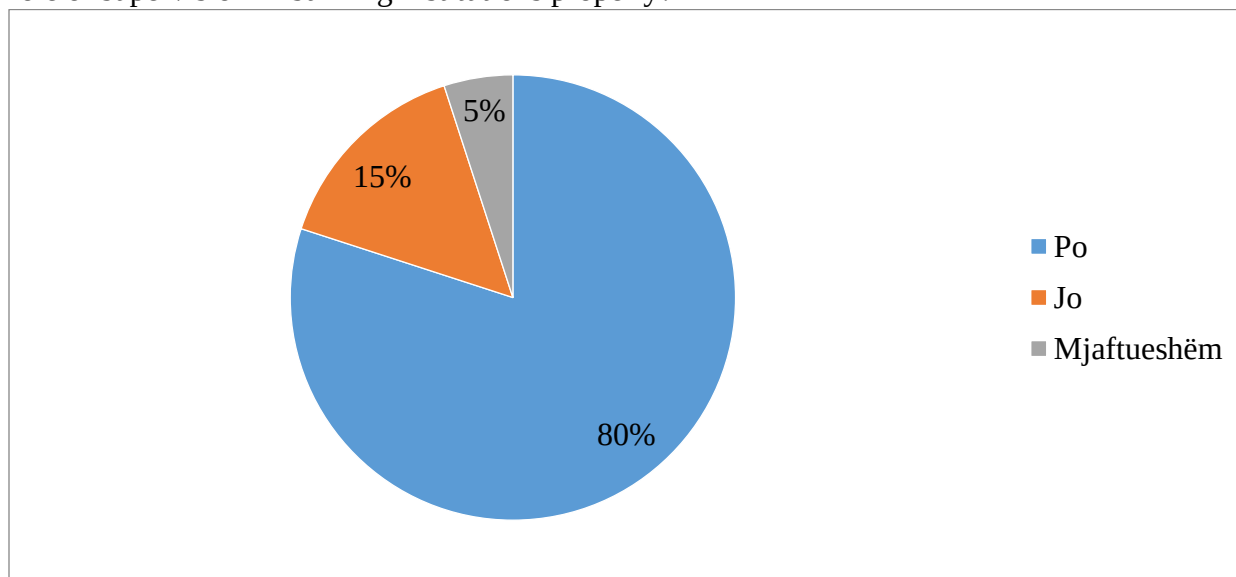
Source: Questionnaire

Chart 3. What are the risks that are considered the most important and given the highest priority by your bank?



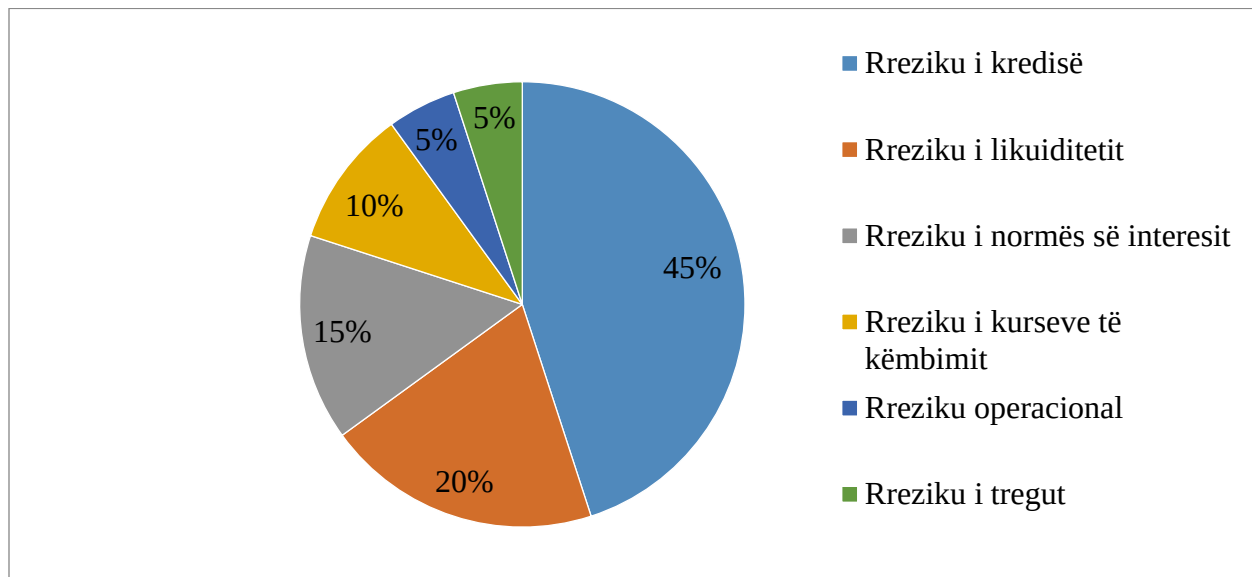
Source: Questionnaire

Chart 4. If you are part of the banking sector, do you think that the Bank of Albania has done the role of supervision in banking institutions properly?



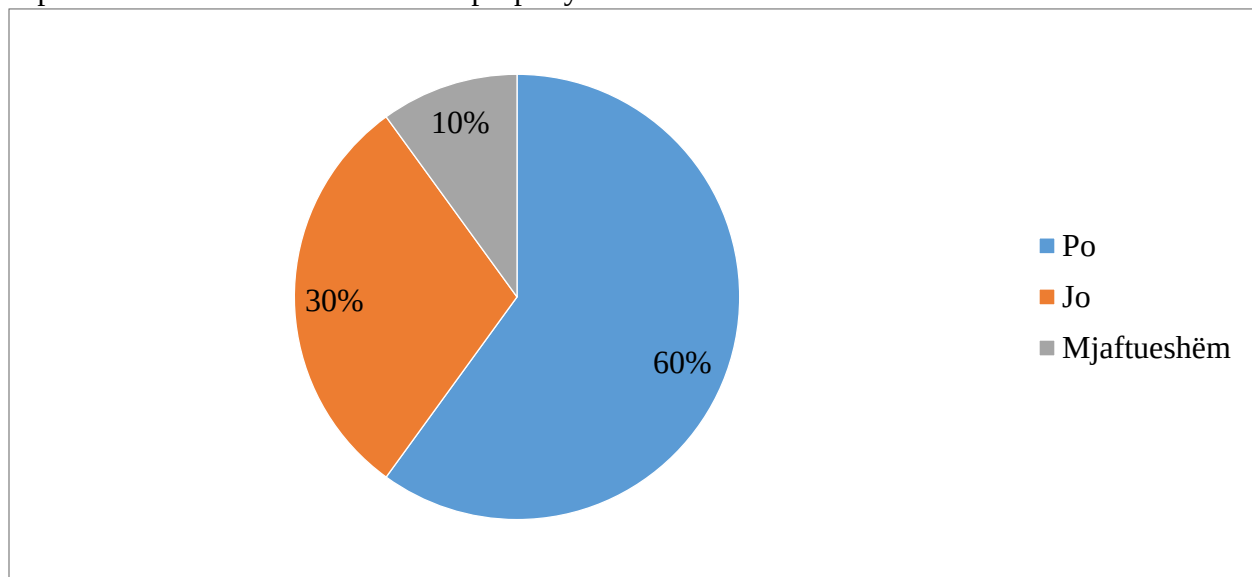
Source: Questionnaire

Chart 5. Which of the financial risks should the Bank of Albania pay more attention to?



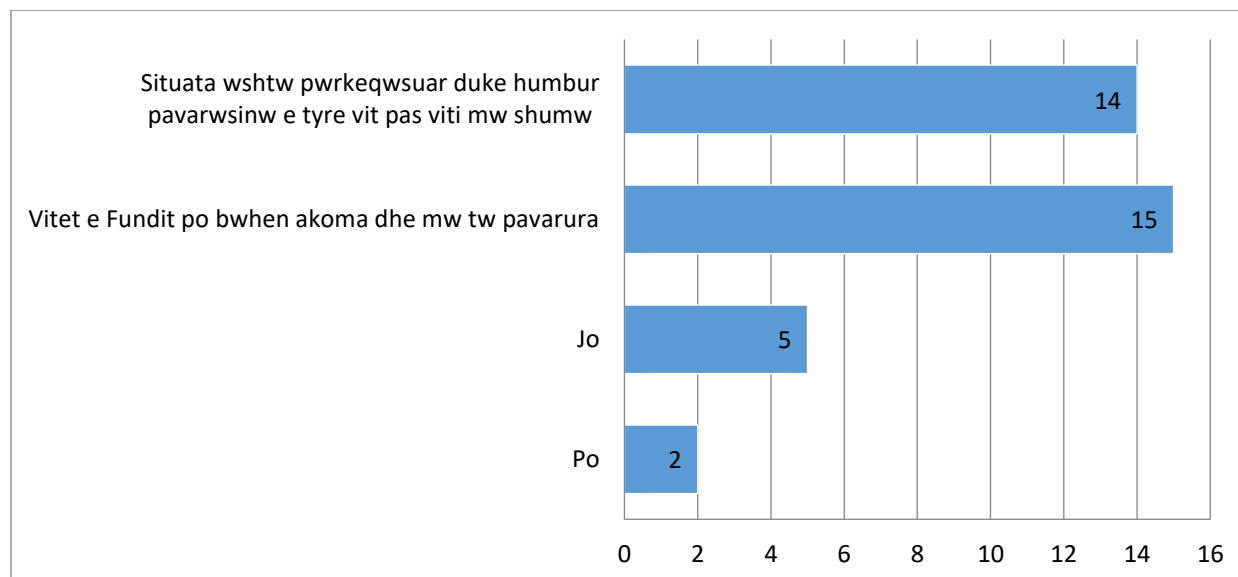
Source: Questionnaire

Graph 6. If you are part of the non-banking sector, do you think that the AMF has done the role of supervision in the insurance market properly?



Source: Questionnaire

Graph 7. Do you think that the AMF/Bank of Albania are completely independent from various political elements or conflicts of interest?



Source: Questionnaire

CONCLUSIONS

- The risks that are considered the most important are credit risks, exchange rate risks, interest rate risks...etc. up to market risk;
- In 80% of the answers received from the questionnaire, the Bank of Albania has properly performed the role of supervision in banking institutions;
- The financial risks that the Bank of Albania should pay more attention are: credit risk, followed by liquidity risk and, to a lesser extent, operational risk and market risk;
- The AMF has performed the role of supervision in the insurance market properly, but improvements should be made in this direction

BIBLIOGRAPHY

- Woods, M., & Dowd, K. (2008). *Financial Risk Management for Management Accountants*. CMA Canada, AICPA, CIMA.
- AMF. (2016). *Rapporti Vjetor i Mbikeqyrjes*. amf.gov.al.
- AMF. (2017). *Raporti i Mbikwqyrjes 2016*. <https://amf.gov.al/publikime.asp?id=4>.
- AMF. (2019). *Raporti i Mbikeqyrjes 2018*. <https://amf.gov.al/publikime.asp?id=4>.
- AMF. (2019). *Raporti i Mbikeqyrjese 2018*. <https://amf.gov.al/publikime.asp?id=4>.
- AMF. (2020). *Raporti i Mbikwqyrjes*. <https://amf.gov.al/publikime.asp?id=4>.
- AMF. (2021). *Raporti i Mbikwqyrjes*. <https://amf.gov.al/publikime.asp?id=4>.
- Atack, J., & Neal, L. (2009). *The Origin and Development of Financial Markets and Institutions - From the Seventeenth Century to the Present*. USA: Cambridge University Press.
- Banka e Shqiperise. (2020). *Raporti Vjetor*.
- Beck, T., Kunt, A. D., & Levine, R. (2009). *Financial Institutions and Markets across Countries and over Time*. Policy Research Working Paper 4943.
- BIS. (2000). *Principles for the Management of Credit Risk*. Basel Committee on Banking Supervision.
- BIS. (2006). *The management of liquidity risk in financial groups*.
- BIS. (2011). *Principles for the Sound Management of Operational Risk*. CH-4002 Basel, Switzerland.
- Brown, K., & Moles, P. (2008). *Credit Risk Management*. Edinburgh Business School, Heriot-Watt University.
- BSH. (2016). *Raporti Vjetor i Mbikeqyrjes 2015*. www.bankofalbania.org.
- BSH. (2017). *Raporti Vjetor i Mbikeqyrjes*. www.bankofalbania.org.
- BSH. (2018). *Raporti Vjetore i Mbikeqyrjes*. www.bankofalbania.org.
- BSH. (2019). *Raporti Vjetor i Mbikeqyrjes*. www.bankofalbania.org.
- BSH. (2020). *Raporti Vjetor i Mbikeqyrjes*. www.bankofalbania.org.
- BSH. (2021). *Raporti Vjetor i Mbikeqyrjes*. www.bankofalbania.org.
- Dyk, F. v. (n.d.). *Financial Institutions Managment (BAN4801)*. University of South Africa.
- EFRAG. (2021). *Focus on Financial Institutions*. EFRAG.
- European Central Bank. (2002). *Annual Report*.
- Fabrizio Gilardi. (2011). *Explaining Delegation to Independent Regulatory Agencies: The Role of Political Uncertainty*.
- Frank Naert & Bart Defloor. (2011). *Credibility and independence in Belgian competition and regulatory policies*. Centre for Competition, Investment & Economic Regulation.
- Ghazi, R. (2019). *Financial institutions and their role in the development and financing of small individual projects*. Al-Mustaqbal University College.

- Hall, M.J.B. (2001). *The Evolution of Financial Regulation and Supervision in the UK: Why We Ended Up with the Financial Supervisory Authority*.
- Mishkin, F. S., & Eakins, S. G. (2018). *Financial Markets and Institutions (Ninth Edition)*. Pearson.
- Mr. Michael G. Spencer and Mr. H. J. Blommestein. (1993). *The Role of Financial Institutions in the Transition to a Market Economy*. IMF.
- Nicoleta, R. A., & Cornelia, O. A. (n.d.). *The Operational Risk Management*. The Bucharest Academy of Economic Studies .
- Nikčević, R. (2015). *Banking Risks and Risk Measurement*. Crnogorska komercijalna banka Nikšić.
- Onsongo, S. K., Muathe, S. M., & Mwangi, L. W. (2020). *Financial Risk and Financial Performance: Evidence and Insights from Commercial and Services Listed Companies in Nairobi Securities Exchange, Kenya*. International Journal of Financial Studies.
- Pakhchanyan, S. (2016). *Operational Risk Management in Financial Institutions: A Literature Review*. Department of Business Administration, Economics, and Law.
- Saunders, A., & Cornett, M. M. (2011). *Financial Institutions Management (A Risk Management Approach)*. <https://rasabourse.com/>.
- Strzelczak, S. (2007). *Operacional Risk Managment*. ReseachGate.
- Supervisory Insights. (2006). *Operational Risk Management: An Evolving Discipline* .

Role of Agrotourism in economy

M.Sc. Ambra Kraja, Prof. Dr. Ana Kapaj
Agriculture University of Tirana

Abstract

Over the past decades, agritourism has spread rapidly worldwide with the growing interest of tourists in learning about rural life. Diversifying business activities on the farm, primarily through agritourism, increases the farm's income and helps reduce the financial problems. Yet, the economic importance and consequently the cultural and social consequences of agritourism in rural areas have not been well studied, particularly in the developing countries. The concept of agritourism is considered in various forms in the literature related to tourism and rural development. Agritourism is known as tourist farm, holiday farm, farm-based tourism, and rural tourism. Depending on the epistemological framework, different authors have defined agricultural tourism from different perspectives. However, the meaning of agritourism in this study is related to farming activities performed on the farm or in other agricultural environments for entertainment or education. This study explores agritourism's cultural and economic consequences in unspoiled rural regions of north Albania that have not yet experienced tourism as a sustainable economic activity. The findings indicate that economic consequences arising from agritourism include improvement of economic development, increasing financial challenges and requirement of economic and administrative measures. Cultural consequences include the emergence of cultural challenges, cultural promotion tools, pre-implementation management measures cultural capacity development. The results could help local authorities to develop sustainable tourism plans in the rural areas.

Key words: Agroturism, Albania, economic development, rural areas.

JEL classification: B4, C4, C6.

INTRODUCTION

Albania has very favourable conditions for tourism, including agrotourism. Most of the territory of Albania is a mountainous place, with Mediterranean climate. Based on the favourable conditions for tourism in general, including rural tourism, the Albanian government has started to advance rural tourism so as to manage nearby economies and to improve work and development opportunities. Rural tourism is viewed as a new component of the Albanian supply of tourism, providing opportunities for little villages and rural regions of the country. In this study we intended to collect information on rural tourism, to review tourism attempts and strategies, to give an overview on the current situation. Challenges in tourism sector include: improve the image of tourism through enhanced promotion and marketing; perfect the certification system and standards

in order to increase the quality, as well as human capacity building to improve tourism services; improve the climate business and encourage private investment; organise data collection and analysis at local, regional and national level according to international standards. The priorities and objectives of the sector are as follows: develop the tourism sector by increasing, diversify tourism products extended in the whole territory to ensure integrated tourism development. Offers in tourism and rural nature are well-known and consolidated in the main markets of resources.

- ✓ Economic objectives - Increase the contribution of nature and rural tourism in income and economic impact;
- ✓ Market objectives-Tourism nature, especially natural active tourism, an increased number of domestic tourists.
- ✓ Strategic objectives - Strategic measures to create product of nature and rural tourism.

New forms of tourism, such as rural tourism, with all its types and varieties, require many micro and small-scale businesses, family-owned, dispersed and located in rural areas. In this way the economic effects of tourism rest and spread inside the local community, the multiplier is increased, and leakages of tourism income are decreased compared to other types of tourism destinations. Rural tourism obviously generates new employment opportunities and helps to sustain the existing business and creates the new ones. Hence, the key role of rural tourism in rural development may be seen in diversification of economic activities and income in rural regions. Apart from this, protection and preservation of cultural heritage in rural areas, protection of the environment and biodiversity, etc. are very important (Moric, 2013).

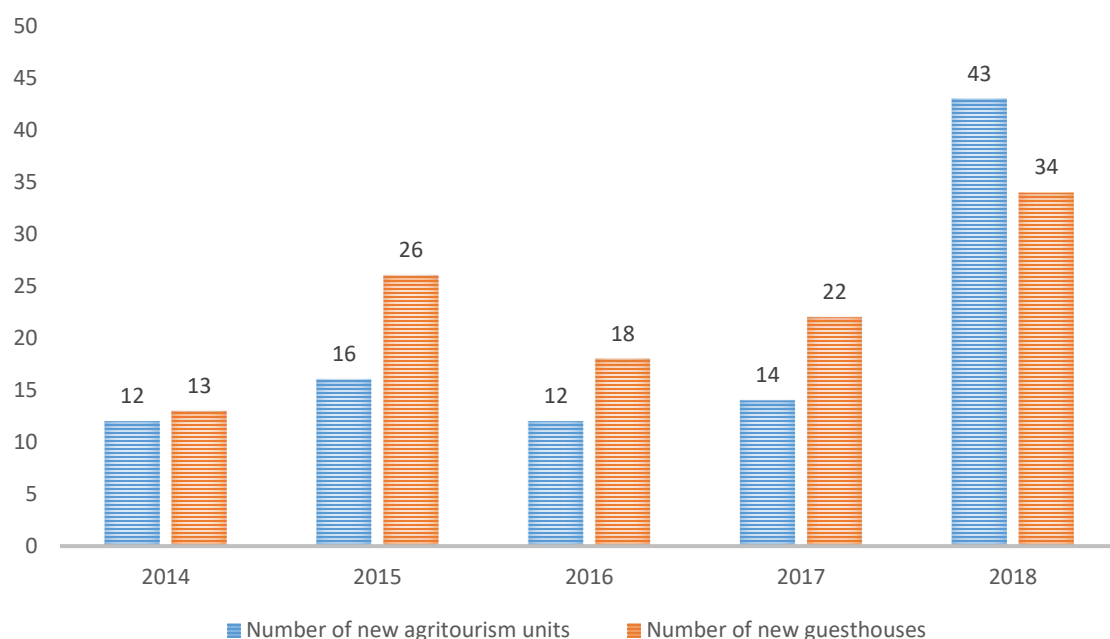
METHODOLOGY AND MAIN OUTCOMES

The main purpose of our research is give an overall situation of the agrotouristic sector in Albania. Our aim is to explore the current situation of rural tourism in Albania and to discover the challenges and the possibilities. This paper is mainly based on the study and review of several papers by national and international authors. As secondary sources haveused earlier studies by different authors, periodic reports from government agencies and consulting corporation.

Rural tourism is a convergence of rural and tourism development. Moreover, rural sustainable livelihoods is a convergence of rural development and sustainable development (Shen, Hughey dhe Simmons 2008). The impact from investment in value chains involving a broad rangers of actors has proved successful in raising agricultural productivity and profitability and has also demonstrated a higher degree of sustainability.

- The demand for medium and long term rural finance is largely unsatisfied, despite the efforts of several development initiatives;
- The impact of the rural finance which has been provided has largely been positive in terms of employment and income creation, enterprise development and improvements in export performance;
- There is still a large population of under-employed rural people in need of permanent and remunerative employment.

In order for companies to be able to compete, there should be an efficient market system. It is often argued that the development of sustainable rural tourism cannot be achieved without the full support of rural community (Doohyun et al., 2014). However, market efficiency is not a normal situation for many sub-sectors of the agricultural industry in Albania. Its consequences are caused losses, sub-optimal prices, supply shortages and irregularities and loss due to competition. A tourist offer is very fragmented (Hall, Mitchell and Roberts, 2005). Inefficiencies are prominent in the relationships between small farmers and processors/markets, between suppliers and local markets and also between various producers and export markets. Although there have been some efforts to remove such inefficiencies, they remain a serious impediment. Similarly, enterprises need to use technology that is sufficiently modern and efficient to enable them to compete on the basis of cost and quality. Actually, social-cultural heritage maintenance is also considered an essential component of sustainable development the natural resources and socio-cultural heritage maintenance (Holloway and Taylor, 2006). Again, these are not features of the majority of agricultural enterprises, contributing to their difficulty in competing and making sustainable profits.



The trend of new agritourism units and guesthouses 2014-2018

Central Albania offers good opportunities for agritourism development. Twenty-five villages from the region are included in the “100 villages” program, amounting to 25% of the total program coverage. Some of the biggest and most known agritourism enterprises located in Central Albania are Agritourism Huqi, UKA Farm, Nano Resort, Agritourism Gjepalaj, etc. There is a growing interest for agritourism investments in the region from national and international investors. Recently, there has been a noticeable growing trend of farm-to-table restaurants, which is currently the most common model of agritourism in the region. The region contributes to about 50% of the country’s GDP, and high concentration of capital increases the likelihood of new investments in agritourism. Touristic attractions such as Museums, castles, archeological sites and protected areas

in central Albania were visited by about 660,000 tourists during 2018. There are more than 700 accommodation structures, including guesthouses in rural areas and agritourism businesses (15-20 according to MoARD data).

SWOT analysis of Agritourism Sector

As agritourism in Albania is still an emerging sector albeit with great potential for the future, a SWOT analysis would be a useful framework to analyze the sector's strengths and weaknesses as well as opportunities and threats. It helps the sector focus on strengths, work on its weaknesses, minimize threats, and take advantage of opportunities available.

STRENGTHS	WEAKNESSES
- Exceptional geographical location - Beautiful and diverse nature (seaside, lakes, rivers, lagoons, mountains, hills, waterfalls) - Rich in cultural attractions and archaeological sites (most of them located in agriculture rural areas). - Agriculture-based country (more than 300,000 farms) - Old tradition of hospitality; Rich culinary and gastronomy offer with many traditional dishes (each region has its own traditional dishes); - Wide range of traditional products (traditional product incubators are emerging); - Low cost services;	- Lack of experience and business management skills in agritourism; - Low level of education of the rural population and the poor quality of education in rural areas • Low focus of banks and FIs in financing the sector; - Lack of a national strategy for agritourism development; - Lack of a value chain study for the sector - Poor road infrastructure and poor public transport in rural areas; - Lack of adequate training programs for agritourism management. - High informality of agriculture sector; - Marketing is not on a high level, especially promotion;
OPPORTUNITIES	THREATS
- High priority in the Government Agenda (100 village program; important focus in different development strategies); - Availability of funds for investments offered by different grant programs (AZHBR, IPARD, other) - Increased focus of donor agencies (USAID, GIZ, EU, Swiss Cooperation, Swedish Government); - Growing demand for agritourism experience from both national and foreign	- Property rights problems might hamper investments (land document important criteria to benefit from grant program or getting a commercial loan); - Mismanagement of waste in rural areas. - Political instability could damage the country's image and result in low number of tourists. - The growing trend of young people leaving rural areas for a better life in large cities

-
- tourists; (about 50% of the Albanian population live in urban areas; 54% of the world population live in urban areas);
 - Suitability for year-round agritourism.
-

It is very important for all the players in the agritourism value chain to work towards reducing sector weaknesses and minimizing potential negative effects of existing or future threats. There is a general lack of experience and lack of business management skills in the sector. The Government should increase its efforts to lower the level of informality needed to make the sector eligible for different grant programs and to qualify for commercial loans. There is a narrow focus by financial institutions on the agritourism sector and incentives should be introduced to motivate them to consider agritourism in their portfolio. Several developments can negatively affect the sector performance. Currently, the political instability represents a great threat not only for agritourism but for the whole tourism sector in Albania. Other threats to the sector include the growing trend of young people leaving rural areas, mismanagement of waste, and property rights problems which can hamper investments in the sector. Presented in table 3 below, is a detailed SWOT analysis which is based on thorough desk research and consultation with agritourism entrepreneurs and tourism experts. Agritourism development in Albania benefits from a number of strengths and is expected to experience fast growth by taking advantage of numerous opportunities. Albania is an agriculturebased country, well positioned geographically, with outstanding picturesque nature, rich in touristic attractions and an ancient tradition of hospitality. The agritourism sector is a high priority on the Government agenda and has attracted the interest of donor agencies.

CONCLUSIONS AND RECOMMENDATIONS

The aim of this article has been to analyse the governance dynamics and challenges of tourism development in Albania, with a particular focus on policy-making aspects of the sector. Based on an overview of the core legislative framework related to the sector's development, strategies, and its current state and challenges, several conclusions can be drawn. Albania as a 'tourist destination' is a positively evolving reality, as growth trends have shown over the years. Institutional efforts and processes within and between the central and local level are not coordinated. Conflicting interests and development priorities, as in the case of Albania's energy sector, have a direct, counter-productive impact on the development of the tourism. If Albania is adamant about its tourism ambitions and willing to turn it into a key driver for economic development, actions to improve the governance of the sector are required on numerous levels. First, it is important that the tourism governance process is realistic and acknowledges that the increasing tourism figures have not translated into actual growth (contribution to the gross value added). The tourism development narrative in Albania needs to be amended along with the ways that success and progress in the sector are measured. In addition, sustainable tourism development needs to be planned for the long-term instead of being tied to a single governing mandate. This would avoid situations in which strategies are discontinued because of changes in governments or ministers

(even within the same governing mandate). Governance efforts should also focus on preventing conflicting development priorities, as in the case of energy vs. tourism; planning, managing, and promoting tourism not only by foreign 200monitoring measures in coordination with the affected sectors and implemented with immediate effect.

REFERENCES

- Ciro, A. (2019). Tourism governance in Albania—an assessment of the policy framework for the tourism sector in Albania. *Annual Review of Territorial Governance in the Western Balkans*, 1, 69-85.
- Moric, I. (2013). The Role and Challenges of Rural Tourism Development in Transition Countries: Montenegro Experiences, *TURIZAM* | Volume 17, Issue 2, 84-95
- Smith, V., & Eadington, W. (1992). *Tourism alternatives, potentials and problems in the development of tourism*, Wiley, Chichester.
- World Travel & Tourism Council (2017). *Travel & Tourism Economic Impact 2017 Albania*, Retrieved from <https://www.wttc.org/-/media/files/reports/economic-impactresearch/countries-2017/albania2017.pdf>
- Korsita, B., Cania, L. (2016) *Challenges in Agribusiness and Rural Tourism Development in Albania*
- Hall, D., Kirkpatrick, I. & Morag, M. (2005). *Rural Tourism and Sustainable Business*. UK: Channel view publications.
- Hall D., Mitchell, M. and Roberts, L. (2005). *Tourism and the Countryside: Dynamic Relationship*, in Hall D., Roberts, L. and Mitchell, M. (Ed.) *New Directions in Rural Tourism*, Ashgate, Aldershot, 3-18.
- Roberts, L. & Hall, D. (2004). "Consuming the countryside: Marketing for rural tourism." *Journal of Vacation Marketing* (Sage publications) 10, no. 3, pp 253-263.
- Albanian Telegraphic Agency, 2018. Online Article about the impact of the ARDA Grant Scheme in creating new agritourism ventures.
- Besra, N. 2018. *Agritourism in Albania: Trends, Constraints, and Recommendations*. Center for Economic Development at Harvard University.

Analysing the role of Social Media to Market the Tourism Sector. Case of Southern Albania.

Assoc. Prof. Fioralba Vela
University of Vlora, Albania

Abstract

This paper discusses the role of social media in

The advent of new technologies such as social media have penetrated many households and have made it possible to change the way consumers seek information as a basis for their purchasing decisions. As the number of users escalates, companies are advised to take advantage of the development of these marketing channels and effectively communicate with customers. Meanwhile, the hotel industry is growing rapidly and hoteliers in general have actively tried to pursue marketing strategies that remained competitive. However, with the large number of competitors and the increase in the bargaining power of consumers, hoteliers must rethink their strategy to manage, among other things, marketing communication channels that include social media.

This study seeks to examine the relationship between social media use, trust in the content created by this communication channel, and consumer behavior. Primary data were collected through questionnaires. The results showed that there is a positive correlation between the research variables.

Key words: social media, promotion, marketing communication, tourism.

INTRODUCTION

Today, tourism companies and tourists need to reach (contact) each other. One way to establish these contacts and to nurture them is through social media networks. These networks are always the voice of the companies and the voice of the public, the audience. More than paid media opportunities such as television advertising, and traditional mass media approaches, the online world requires companies and products that build a community of people to follow them. Word of mouth marketing/advertising provides the most powerful opportunity for the organization to reach the audience and for the audience to reach the organization.

The advent of social media as a marketing channel has dramatically changed the way companies communicate with consumers. With a large number of users worldwide, social media can be a strategic marketing communication tool for service providers including the hotel industry. Recent years have seen the growth of social media channels such as Facebook, YouTube, Google+, Twitter, Instagram and Tiktok, which allow consumers to take a more active role in the market. In

a recent survey of 1,700 Internet users, Nielsen Online reported that 73% of users engaged in social media at least once a week (Woodcock & Green, 2010). The older generation of consumers will join the labor market and create a new dimension of the market. In a market environment where word of mouth travels at lightning speed, companies are facing greater challenges to attract and retain customers.

The tourism system is inevitably influenced by the environment of new businesses created by the spread of ICT (information and communication technology). Information technology is one of the external elements of the environment for tourism, travel and accommodation, although in recent years technological developments have helped in the renewal of eTourism and vice versa. ICT has become an important partner providing more and more connections between consumers and supplier companies. Tourism is a very intensive informative activity. In few other areas of activity are products, collections, data processing, application and communication of this information, which are daily procedures and as important as they are for the tourism industry. Unlike durable goods, tourism services, which are unreal and temporary but valued by companies, cannot be displayed or physically controlled until the point of sale, before they are purchased, because services are normally purchased before the time of purchase. Their use and away from the consuming country. Tourism products, therefore, are almost exclusively dependent on reviews and descriptions, such as providing this information in print or in auto-visual formats. Often these criticisms are made by friends, relatives or travel companies, but not by tourist organizations or the authorities of the host destination. So, the means of communication and information transmission are necessary for the general marketing of the tourism industry. As a result, consumers are at great risk, not only financially but also psychologically. Vacations or holidays are among the days that have large expenses in the annual family budget and as a result these days have a greater commitment from the whole family. So, the whole family is fully engaged on holidays.

The Internet has brought important changes in the Albanian media ecosystem. The number of actors and communication and information platforms in the country has multiplied. The ways of production, consumption and distribution of information have also changed. In addition to traditional media, social media are also taking an increasingly large role in the process of informing the public. For traditional media they are being outlined as new channels of connecting with the audience and distributing content. But social media also presents itself as an important channel of distribution of content produced by the users themselves and the general public.

METHODOLOGY

The purpose of this paper is to examine the possibility of promoting tourism through social media as well as to evaluate the current use of this method of promotion in the Municipality of Vlora.

Objectives

1. To know the relationship between tourism agencies and social media.

2. To analyze the role of marketing in the promotion of tourism.

Hypotheses

1. *There is a correlation between information technology and tourism.*

2. *Social media has a direct impact on marketing to promote tourism.*

3. *Social networking sites are used to inform tourists when they plan to take vacations.*

In order to test these hypotheses it has been conducted a field research through a questionnaire to tourists and tourism enterprises in the municipality of Vlora.

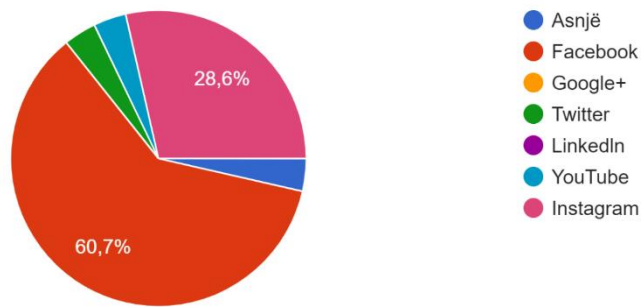
DATA ANALYSIS

The results for the age of the interviewees show that the largest percentage is occupied by the age category of 30-35 years with (30.8%) and an important part is occupied by the age category of 36-41 years with (33.3%).

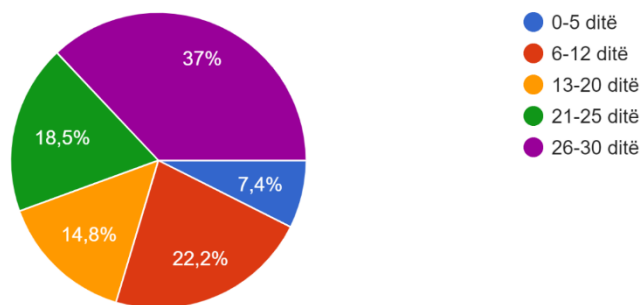
Table 1. Demographic profile of respondents

Variable	Particulars	(%)
Age	18-23	17.9
	24-29	21.4
	30-35	28.6
	36-41	17.9
	mbi 41 vjec	14.3
Gender	Male	44.8
	Female	55.2

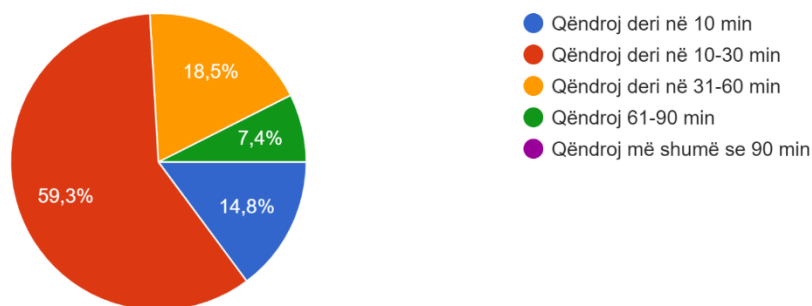
The category with the smallest percentage is over 41 years old, with (14.3%) and this is due to the fact that this age is less active in their involvement in social networks and as a result they had less interest in being included in the study . (21.4%) is occupied by the age category of 24-29 years. The reporting between men and women has an acceptable difference where the highest percentage is occupied by women with a rate of (55.2%) and (44.8%) occupied by men. The interviewees are mainly with university education (55.2%) and the smallest percentage of 13.8% is in the high school category. We are mainly dealing with employed tourists who occupy the largest part of the report in the measure (65.5%) and in the measure (13.8%) the category of students. Tourism is an activity that requires sufficient income justifying the inclusion of tourists in the tourist destinations they seek. Referring to this, the monthly income in the families of the selected population is in the amount of 350-600 euros (39.3%) and after this category comes the income below 350 euros (28.6%). The majority use Facebook as the most popular social network among other media, led by (60.7%).



Regarding the frequency of using social networks, the following results emerged: (37%) use social networks 26-30 days and (22.2%) use them 6-12 days a month.



From these results we understand that there is a great usability of social networks based on their daily attendance. To be even more convinced of this frequency of using social networks, we also see the time spent on them: (59.3%) stay 10-30 minutes and (18.5%) stay 31-60 minutes.



Following the results of the study, it is stated that (44.4%) think that the use of social networks will allow them to stay informed about the latest news about events of interest and about events from their friends. The satisfaction that users of social networks get is SOCIAL to the extent of

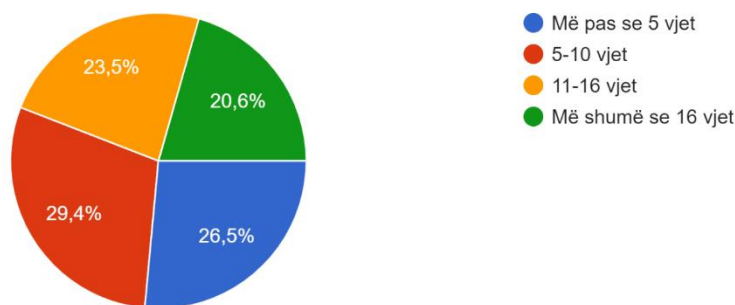
63%. The majority travel at least once a year in the amount of 48.1%, having as motivation all the indicators mentioned in the study, that is, 44.4% choose to travel for vacation, business and personal events and each has a frequency which you can find in the graphic representation of annex of the first questionnaire.

27.6% use 31-50 euros per day during the summer holidays. Most of them are influenced by friends' recommendations for choosing tourist destinations and choose to share all their past vacation experiences on social networks.

Interpretation and analysis of data collected from the questionnaire for tourism enterprises.

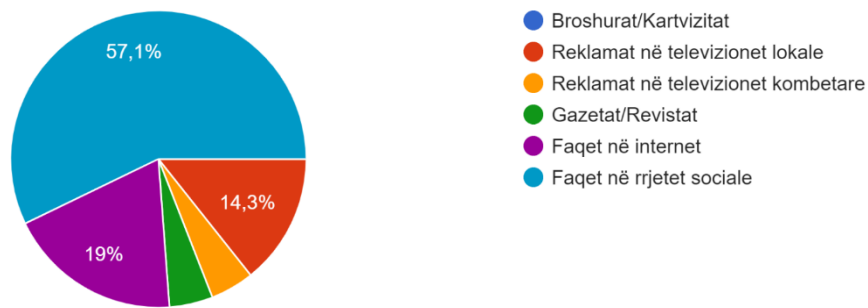
This chapter will examine all the results found by the questionnaire addressed to tourist companies, all the results will be expressed in percentage, reaching some conclusive conclusions.

Regarding the form of ownership in the interviewed enterprises, we can say that 71.4% of the enterprises are individual businesses and only 28.6% are jointly owned. So, we can say that enterprises in the region of Vlora are mainly individual businesses. Mostly these businesses were created 5-10 years ago in the amount of 29.4%, businesses created in less than 5 years are 26.5%, businesses created 11-16 years ago are 23.5% and with enterprises that have existed for more than 16 years are 20.6%.

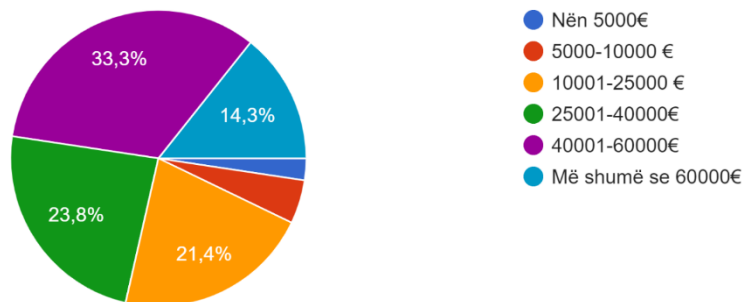


Mostly, these enterprises are self-managed to the extent of 56.5% and 30.6% have employed managers. Management boards are only 12.9% of enterprises in the southern region.

Referring to the use of social networks in the promotion of businesses, social network pages, brochures/business cards and websites are the most used communication by businesses.

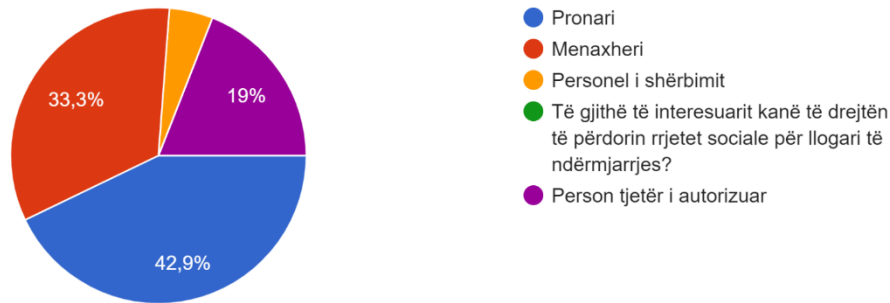


Regarding the income of tourism businesses in the southern region, we can say that the largest percentage is occupied by the category with the highest income of 40,001-60,000 euros, which is 33.3%, and the category with 25,001-40,000 euros is 23.8%.



Now we will see what percentage of the total annual budget is occupied by promotional expenses during a year. The collected data show that 38.1% of enterprises have annual expenses for promotion above 400 euros. The rest of the businesses use different incomes to promote their businesses. However, the majority, 75%, think that social networks are an efficient tool in promoting businesses.

Facebook is the platform most used by business for promotion and occupies a % of about 33.3% compared to other social networks. From the results of the study, it can be seen that the person who administers the social networks the most are the owners at the rate of 42.9% and then the managers at the rate of 33.3%.



CONCLUSIONS

This study aimed to examine the possibility of promoting tourism through social media, as well as to measure the actual use of this method of promotion, considering the involvement of social media users as much as possible. Based on the reviewed literature, social media brings a number of promotional advantages and this is due to the fact that social media enables the combination of several elements such as: text, video, audio and photo. This communication brings an advantage to KIM. Also, social media is a new and rapidly growing trend, so it must be managed well. Among other things, social media has disadvantages, referring to the brands that are promoted, it requires commitment and requires a good management of negative comments.

Social media is considered important in achieving promotional objectives and the importance of this means of communication is greater mainly in increasing awareness of the enterprise or the destination as a whole, as well as providing basic information about the enterprise as well as ensuring a strong engagement of the audience. . In conclusion, regarding the use of this communication channel to promote the tourist offer, we can say that there is interest and trust on the part of companies, but there is a lack of involvement and periodic commitment.

The role that social media plays in promoting tourism lies mainly in awareness, encouragement and persuasion to choose a particular destination or enterprise. Specifically on these social networking platforms information is sought for criticisms that may have been made in relation to a particular enterprise, price comparison is quite used by information seekers. Tourists before taking the travel decision would look to consult their social media sites and virtual friends.

RECOMMENDATIONS

- It is recommended to use social networks to improve and strengthen connections in the business market.

- Distributing as much information as possible to the audience and staying in virtual contact with them.
- For small companies with few resources, it is recommended to use social media as an efficient promotion tool.

References

- Anderson EW (1998) Customer satisfaction and word of mouth. *J Serv Res* 1(1):5–17
- Anderson CK (2012) The impact of social media on lodging performance. *Cornell Hosp Rep* 12(5):4–12
- Arndt J (1967) The role of product-related conversations in the diffusion of a new product. *J Mark Res* 4(3):291–295
- Ayeh JK, Au N, Law R (2013) Do we believe in TripAdvisor? Examining credibility perceptions and online travelers' attitude toward using user-generated content. *J Travel Res* 52(4):437–452
- Baccarani C, Golinelli GM (1992) L'impresainesistente: relazioni fra immagine e strategia. *Sinergie* 29:137–149
- Bambauer-Sachse S, Mangold S (2011) Brand equity dilution through negative online word-of-mouth communication. *J Retail Consum Serv* 18:38–45
- Banerjee S, Chua AYK (2014) A linguistic framework to distinguish between genuine and

deceptive online reviews paper presented at the international multiconference of engineers and computer scientists, IMECS 2014, March 12–14, 2014, Hong Kong

Banerjee A, Fudenberg D (2004) Word-of-mouth learning. *Game Econ Behav* 46(1):1–22

Bateson EG, Hoffman KD (1999) *Managing service marketing*. Dryden Press, Boston

Bhattacharjee A, Sanford C (2006) Influence processes for information technology acceptance: an elaboration likelihood model. *MIS Q* 30(4):805–825

Blal I, Sturman MC (2014) The differential effects of the quality and quantity of online reviews on hotel room sales. *Cornell Hosp Q*. doi:[10.1177/1938965514533419](https://doi.org/10.1177/1938965514533419)

Breazeale M (2009) Word of mouse: an assessment of electronic word-of-mouth research. *Int J Mark Res* 51(3):297–319

Brown JJ, Reingen PH (1987) Social ties and word-of-mouth referral behavior. *J Consum Res* 14(3):350–362

Brown J, Broderick AJ, Lee N (2007) Word of mouth communication within online communities: conceptualizing the online social network. *J Interact Mark* 21(3):2–20

Buhalis D, Law R (2008) Progress in information technology and tourism management: 20 years on and 10 years after the Internet—the state of eTourism research. *Tour Manag* 29(4):609–623

Buttle F (1998) Word of mouth: understanding and managing referral marketing. *J Strateg Mark* 6(3):241–254

Chaiken S (1980) Heuristic versus systematic information processing and the use of source versus message cues in persuasion. *J Pers Soc Psychol* 39:752–766

Chang MK, Cheung W, Lai VS (2005) Literature derived reference models for the adoption of online shopping. *Inf Manag* 42(4):543–559

Chatterjee P (2001) Online reviews: do consumers use them? *Adv Consum Res* 28:129–133

Chen Y, Xie J (2005) Third-party product review and *firm* marketing strategy. *Mark Sci* 24(2):218–240

Chen Y, Wu S-Y, Yoon J (2004) The impact of online recommendations and consumer feedback on sales. Paper presented at the International Conference on Information Systems (ICIS), Washington DC, USA, 12–15 Dec

Cheung CM, Lee MK (2012) What drives consumers to spread electronic word of mouth in online consumer-opinion platforms. *Decis Supp Syst* 53(1):218–225

Cheung CM, Thadani DR (2010) The state of electronic word-of-mouth research: a literature analysis. Paper presented at the 23rd Bled eConference Trust: Implication for the individual, enterprises and society, June 20–23, Bled, Slovenia
Cheung CM, Thadani DR (2012)

The impact of electronic word-of-mouth communication: A literature analysis and integrative model. *Decis Supp Syst* 54:461–470

Cheung MY, Luo C, Sia CL, Chen H (2009) Credibility of electronic word-of-mouth: informational and normative determinants of on-line consumer recommendations. *Int J Electron Commer* 13(4):9–38

Chevalier JA, Mayzlin D (2006) The effect of word of mouth on sales: online book reviews. *J Mark* 43(3):345–354

Chu SC, Kim Y (2011) Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social networking sites. *Int J Advert* 30(1):47–75

De Bruyn A, Lilien GL (2008) A multi-stage model of word-of-mouth influence through viral marketing. *Int J Res Mark* 25(3):151–163

Dellarocas C (2003) The digitization of word of mouth: promise and challenges of online feedback mechanisms. *Manage Sci* 49(10):1407–1424

Dellarocas C (2006) Strategic manipulation of Internet opinion forums: implications for consumers and firms. *Manage Sci* 52(10):1577–1593

Dellarocas C, Zhang XM (2007) Exploring the value of online product review in forecasting sales: the case of motion pictures. *J Interact Mark* 21(4):23–45

Doh SJ, Hwang JS (2009) How consumers evaluate eWOM (electronic word-of-mouth) messages.

Analysis of the Factors Influencing fraud in Financial Reporting

Dr.Natasha Hoda

natashahoda@yahoo.com

Lecturer at the Public Department, Faculty of Political Sciences and Law, Aleksander Moisiu University,
Durrës

Doc.Dr. Hysen Hoda

hhodaj@yahoo.com

Lecturer at the Department of Finance-Accounting, Faculty of Business, Aleksander Moisiu University,
Durrës

Abstract

The purpose of this paper is to analyze the factors that effects fraud in financial statements and to highlight the role of the auditor of financial statements. At the beginning of the 21st century, a series of financial events occurred in the activity of companies that disturbed the business world. The Enron, WorldCom, and Xerox scandals were just a few of the companies that affected public confidence and put large capital markets funds at risk. Financial statement fraud happens not only in the outside world. Different media have published different frauds that have occurred in different companies: This shows that fraud in financial statements has become an increasingly critical problem nowadays.

The final product of accounting is the financial reports, which are important not only for reporting to the tax authorities but also for the decision-making of the economic entity. There are two possibilities for the existence of errors found in the financial statements, namely fraud and error. What is the difference between these two factors? Fraud in the financial statements can result in material misstatement. Thus, the AICPA in 2002 issued SAS no. 99 which is based on the triangle theory of deception by Cressey (1953). Factors that influence the occurrence of fraud itself, namely starting from pressure, opportunity and rationalization. While the mistake could happen for various subjective reasons. Company culture, size, operational complexity and business changes have a significant impact on potential irregularities. For example, moving from manual to digital payments is highly vulnerable to fraud and errors.

Types of fraud include: – Appropriation of funds; misuse of company assets; fake invoices etc. The auditor has a responsibility to detect fraud or error that may have been committed before concluding that the financial statements are fairly presented. Therefore the auditor must be aware of the fraud that may occur and find out how fraudsters carry out the fraud process. The auditor must perform audits in a systematic way through the appropriate methodology.

This study was carried out using the narrative method, paying attention to the literature review by previous researchers.

Keywords: Fraud, Auditor, Financial Statement, Financial Reporting.

JEL Classification: M41, M42, M48

Introduction

The phenomes' that took place at the beginning of the 21st century, a series of accounting and financial events occurred in the company that disturbed the business world.

The Enron, WorldCom, and Xerox scandals were just a few of the companies that affected public confidence and put large capital markets funds at risk. Financial statement fraud happens not only in the outside world. Many media outlets have published various frauds that have occurred in various companies. This illustrates that financial statement fraud has become an increasingly critical problem today. Red flags and indicators of fraud relate to possible conditions that cause symptoms of fraud in a company. The theory developed by Donald R Cressy, the "triangle" of fraud is a model for explaining the factors that cause someone to commit fraudulent behavior in accounting and other areas of the economy. It consists of three components, which together lead to deceptive behavior.

These components include:

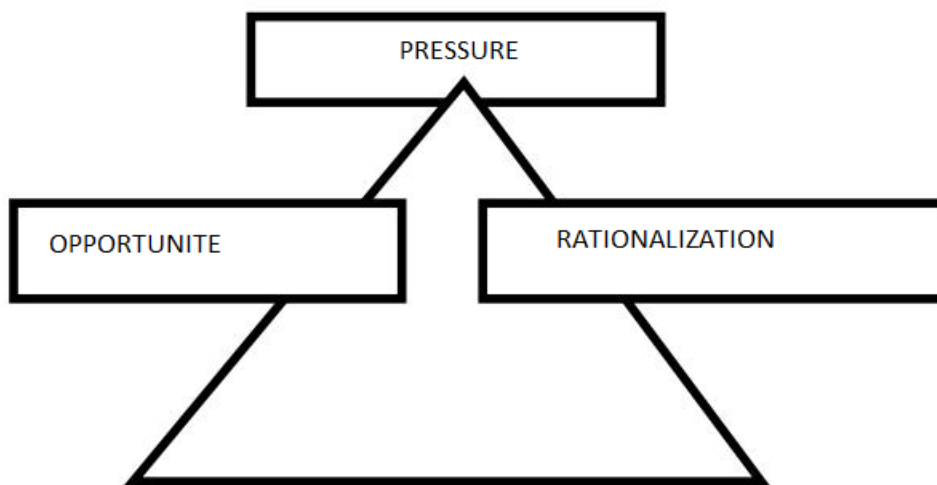
1. Incentives/Pressure: Managers or other employees have incentives or pressures to commit fraud.
2. Opportunities: Circumstances provide opportunities for managers or employees to commit fraud.
3. Attitudes/Justifications: There is an attitude, character, or set of ethical values that allows managers or employees to commit a dishonest act, or they are in an environment that imposes enough pressure that causes them to involve in the illegal acts.

This factor occurs when someone rationalizes or tries to justify the fraud that has already happened, this usually happens because the author retains his identity as a trusted person, so he will try to justify his actions.

Financial statements are a structure of the financial position and performance of an economic entity. These statements present all the records of a company's financial information in an accounting period, information that can be used to evaluate the company's performance..

1- Literature review.

In the 1950s, criminologist Donald R. Cressey published a model called the "fraud triangle". The fraud triangle describes the three conditions that lead to instances of fraud at work: motivation, opportunity, and rationalization.



Source: Cressey (1953) *Figure 1. The fraud triangle*

1.1-Perceived pressure/ Incentive/ Motive

In 2015, two authors, Abdullahi and Mansor, pointed out that perceived pressure refers to factors that lead to unethical behavior. Every act of fraud faces some pressure to commit unethical behavior. While Albrecht in 2006, points out that since pressure to commit fraud may not be real, it is important to use the word perceived, also in 2008, categorized pressure into four groups, including economic, vice, work-related pressures and others. These pressures can be either financial or non-financial. Even Lister, 2007, defines that he defines three types of pressure which are personal, work stress and external pressure.

While in 2007, Chen and Elder determine that there are six basic elements for pressure as a cause for breach of obligations or involvement in fraud, personal problems, corporate inversion, achievement of position and relations between employees.

Someone may be forced to defraud because of personal financial problems, such as debt, mortgage payments, utility bills, a lavish lifestyle, and other financial needs. Moreover, the desire to cheat can also be caused by unrealistic work objectives. This condition can cause someone to commit fraud, for example using company funds for personal gain. Meanwhile, someone can falsify or manipulate company records if they think their job goals are unrealistic.

1.2. Opportunity

The second element necessary for deception to occur is perceived opportunity. The opportunity is created by an ineffective system of control or governance that allows an individual to commit fraud in the organization. In the field of accounting, this is referred to as an internal control weakness. Once the pressure or desire to cheat arises, somebody will try to find opportunities to commit fraud.

For example, a staff accountant may realize that financial audits are not performed every day. The case of the financier (2021, private company in E.), where he had not performed the internal audit for years, or the financier of the X bank branch in 2018, where the replacement of the existing experienced branch director with an inexperienced branch director, managed to cheated and embezzled all the currency that was in the

branch and fled the country. In most cases, the lower the risk of being caught, the more likely cheating will occur (Cressey 1953). For example, if there is an inadequate division of labor, weak internal control, irregular auditing and the like, then the conditions will be favorable for the employee to commit fraud.

1.3- Rationalization or justification

In committing fraud, one will believe that the fraud committed is more important than the possibility of being caught. He assumes that his actions would not be known by anyone.

In addition, someone who commits fraud may also think that the fraud he is doing is justified because, he will convince himself to replace the money received later.

The fraud triangle is needed by the company in analyzing the motives or possibility of fraud. Rationalization refers to justifications and excuses that wrong behavior is different from criminal activity. If an individual cannot justify dishonest actions, it is unlikely that he or she is involved in fraud.

Some examples of rationalizing fraudulent behavior include "I was borrowing the money," "I was entitled to the money because my employer is cheating me." Moreover, some fraudsters justify their action as "I had to steal to provide for my family", "some people did it, why not me" (Cressey, 1953). According to Rae and Subramanian, 2008, rationalization is an excuse for fraudulent behavior due to the employee's lack of personal integrity or moral reasoning. So he could have taken advantage of this opportunity to benefit by the company's funds. The opportunities to commit fraud can be even greater if the company's internal controls are not in order. If someone manages to take advantage of an opportunity to cheat, then it is very likely that he will repeat it on another occasion.

The types of objects of the fraud triangle in business include:

- Stealing company data that is sold to competitors or for personal gain. This company data can be in the form of recipes, employee data, financial data, customer data, etc.
- Wage falsification, usually carried out by falsifying work hours so that employees receive a higher salary, by falsifying account numbers, up to entering false employee data for personal gain. This is usually the case with increasing costs in the project budget, or by asking for blank invoices from the sellers and writing the costs themselves over the original costs.
- Misuse of company assets, for example using office vehicles for personal gain.
- Eliminating or falsifying financial reports for a certain period in order to commit acts of corruption or bribery.

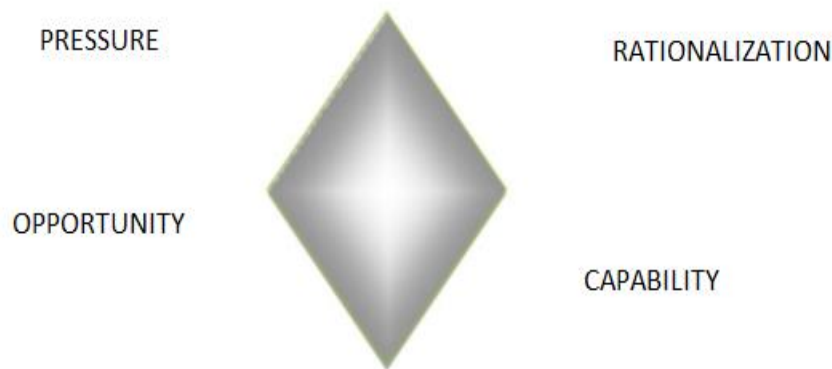
2. Evolution of fraud theory

In this context, the theory of the fraud triangle has evolved and today we talk about the "Theory of the fraud rhombus", where from the fraud triangle, in 2004, Hermanson and Wolfe argued that although perceived pressure can coexist with an opportunity and a rationalization, fraud is unlikely to occur unless the fourth element (ie skill) is also present. In other words, the potential perpetrator must have the ability to commit fraud.

2. Evolution of fraud theory

In this context, the theory of the fraud triangle has evolved and today we talk about the "Theory of the fraud rhombus", where from the fraud triangle, in 2004, Hermanson and Wolfe argued that although perceived pressure can coexist with an opportunity and a rationalization, fraud is unlikely to occur unless the fourth element (ie skill) is also present.

So if he or she does not have the ability to justify the fraud, there is little chance of being involved in the fraud.



Source: Wolfe dhe Hermanson (2004) Figure 2. Diamond of fraud

This fraud is also common in the field of accounting, the final product of the accounting process is the preparation of financial statements. The information presented in the financial statements must be clear and easy to understand.

Financial reports are also important for investors who refer to these reports to make the decision whether to continue investing in the company or not.

In addition, users of financial information should be cautious because of the possibility of conveying financial information that is not correct.

This can happen on purpose. If the fraud factor occurs, it is necessary to conduct an audit by an external audit.

The auditor is also responsible for detecting fraud that occurs before concluding whether the financial statements are fair or not.

3. Fraud in financial statements

Financial statements are a structured presentation of the financial position and performance of an economic entity (IAI, 2005). Records of a company's financial information in an accounting period are necessary to describe the company's performance. Fraud in financial statements can be defined as fraud that implies a deviation or an illegal act. This action is carried out intentionally so it has a specific purpose, for example to deceive or manipulate other parties, this is carried out by people both inside and outside the organization (Karyono, 2013). Fraud in the financial statements is an anomaly in the disclosure of an amount that is intentional. This tends to happen when companies report higher amounts than they actually are. Financial statement fraud is an intentional act by one or more members of management, managers, employees or a third party, through deception to obtain illegal profits. (Tuanakotta, 2013). Financial statement fraud is intentional and unknowingly causes harm to the company and provides benefits to the perpetrators of the fraud. Fraud generally occurs because there is pressure to commit fraud or encouragement to take advantage of existing opportunities and there is (generally accepted) justification for these actions. Fraud itself is generally an illegal act committed by people inside and or outside the organization, for the purpose of personal and/or group benefits that

directly harm other parties. Common people often assume that fraud is a crime or an act of corruption. We often encounter fraud in corporate and government organizations. Basically fraud in a company is a deliberate act of deception based on dishonesty that can be committed by anyone, both employees and managers, which results in the loss of the company, both financially and non-financially. The company's losses due to this fraud can eventually lead to bankruptcy. The type of fraud that occurs in each country is likely to be different because each fraudulent practice is greatly influenced by the different conditions of each country.

Fraud is a very serious problem in society and must be addressed and overcome by organizations with support from governments (Priantara, 2013). Red flags and indicators of fraud relate to possible conditions that cause symptoms of fraud in a company.

In developed countries where law enforcement works well, the general economic conditions of the people are sufficient or more than adequate so that the occurrence of fraudulent practices is reduced. There are indications of fraud or fraud/irregularities in a company or government agency committed by employees. This deviation can occur at different levels of the organization's employees, both in the top management of the company and in the senior officials of an agency.

Attempts made by company owners, company managers and employees working to improve performance will never be achieved if fraudulent acts are still embedded in the company. To make it possible to prevent or minimize losses due to fraud and to improve the control system, the company is expected to undertake appropriate actions by performing a detailed audit. Companies that are at risk of financial loss due to fraudulent actions taking place can find out who the party involved in the fraud is, who will then be held responsible for compensating the company's losses. Moreover, in order to have a deterrent effect, it is necessary to take administrative and legal measures against the perpetrators of fraud. In relation to the legal prosecution of fraud that is discovered, the company must have a thorough consideration that covers the financial aspects of the company and the legal aspects related to the procedures used by the employees and the company as a whole.

Finally, we can say that the identification of fraud that has occurred in a company will provide added value, especially for the recovery of losses that occur, improving the control system and preventing other potential perpetrators from committing fraud. On the other hand, this action will positively affect the value of the company because it will enable the company to improve management by improving the company's performance both from the economic aspect of procurement, the efficiency of business processes and the effectiveness of the company's work program.

The audit has an important role in identifying and preventing incorrect presentation of financial statements. The auditor's responsibility is to plan and perform the audit to ensure that the financial statements are free of material misstatement. If anomalies are present in the financial statements, the auditor has the task of determining whether the anomalies occurred as a result of error or fraud.

4.Recommendations

There are several methods you can use to overcome fraud in business, these methods are:

a) Improvement of internal supervision

The first way is to improve the internal control system. You can pay particular attention to certain areas that are prone to fraud, such as finance and staff.

For example, increasing the level of auditing and using applications to record and report data in real time. In this way, the data will not be manipulated.

Internal control must be evaluated over a period of time to determine its effectiveness.

b) A very strong code of ethics in the company's culture

The second way is to introduce a strong code of ethics for employees. Make sure you already have rules and a good code of ethics that applies to all employees without exception. You can include sanctions or penalties along with the provision of a code of ethics. Discipline should be built in every employee and acts of fraud should be avoided.

c) Use of applications or programs for data storage

The third way to avoid data theft and manipulation is to use an application program database system. This system makes the company's data more secure, since a password is used to access the company's data, which no one can have. In addition, monitoring can be done at any time using the program. This method can minimize the possibility of data manipulation.

d- The connection of remuneration with the company's performance

Another way is discipline, honesty and sincerity as competition among employees. You can choose the best employees every month and give prizes or incentives. In this way, everyone will try to give their best performance and stay away from all forms of cheating. You can give incentives in the form of cash, merchandise or vacation tickets. Applying the fraud triangle theory is important in business because you can detect the possibility of fraud. You might as well get over it as soon as possible. You also need to establish good communication with employees and create a favorable working climate.

5. References

- 1) Albrecht, W. S., Albrecht, C. & Albrecht, C. C. (2008). Current Trends in Fraud and its Detection: A Global Perspective. *Information Security Journal* Vol.17. Retrieved from www.ebscohost.com on 11th June, 2014.
- 2) Abdullahi, R. and Mansor, N. (2015a). Concomitant Debacle of Fraud Incidences in the Nigeria Public Sector: Understanding the Power of Fraud Triangle Theory. *International Journal of Academic Research in Business and Social Sciences*, Vol. 5,
- 3) Chen, K. Y. & Elder, R. J. (2007). Fraud Risk Factors and the Likelihood of Fraudulent Financial Reporting: Evidence from Statement on Auditing Standards No. 43 in Taiwan, Working paper.
- 4) Cressey, D. R. (1953). *Other People's Money*. Montclair, NJ: Patterson Smith, pp.1-300.
- 5) Lister, L. M. (2007). A Practical Approach to Fraud Risk: Internal Auditors.
- 6) Love, V. J., & Manisero, T. R. (2021). A Corporate Governance Anomaly Requiring Outside Auditors to Disclose CAMs May Have Unintended Consequences. *The CPA Journal*, 91(2/3), 11–14.
- 7) Moeller, R. R. (2013). Executive's Guide to COSO Internal Controls -Understanding and Implementing the New Framework. In *Executive's Guide to COSO Internal Controls*. John Wiley & Sons, Inc.
- 8) Simeunović, N., Grubor, G., & Ristić, N. (2016). Forensic Accounting In The Fraud Auditing Case. *The European Journal of Applied Economics*, 13(2), 45–56. <https://doi.org/10.5937/ejae13-10509>
- 9) Simha, A., & Satyanarayan, S. (2016). Straight from the Horse ' s mouth : Auditors ' on Fraud Detection and Prevention , Roles of Technology , and White-Collars Getting Splattered with Red ! *Journal of Accounting and Finance*, 16(1), 26–44.
- 10) Standards Australia. (2021). *Fraud and Corruption Control Implementation*

Know Hubs: Building a Strong Ecosystem for Collaboration.

The Case of “Ismail Qemali” University

Alketa Hyso¹, Eljona Proko², Enkeleint Aggelos Mechili³

¹ *University of Vlora “Ismail Qemali”, Albania, alketa.hyso@univlora.edu.al*

² *University of Vlora “Ismail Qemali”, Albania, eljona.proko@univlora.edu.al*

³ *University of Vlora “Ismail Qemali”, Albania, mechili@univlora.edu.al*

Abstract

Universities play a great role, as centers where learning takes place, researchers integrate knowledge into creative and innovative ideas, novel solutions, provision of new products and services with a final goal the progress of economy and society. Today, more than ever, the changing social, economic, and technological prospect has introduced to new challenges and opportunities for universities. The concept of the university as a knowledge hub emphasizes their importance as key players in the knowledge economy and as contributors to societal development. By fostering a culture of collaboration, innovation hubs and incubators can help bridge the gap between university and industry, contributing significantly to driving innovation and economic growth. In this work, we consider the new position of universities in society, from the traditional model of knowledge creation and dissemination to an entrepreneurial model that highlight the commercialization of research and the transfer of knowledge to the private entrepreneurship, in order to improve regional and/or national economic performance. However, this is also another possible way for universities to increase their revenues and use them for more research activities. We explore the concept of hubs and incubators, examining their role in fostering collaboration between universities and companies. We bring the short but very important experience of Vlora University in building Know Hub Unit, to develop entrepreneurial and innovation capacities of the University, with the intention to make it a key player in the regional innovation ecosystem, and an important contributor in regional economic growth.

Keywords: *University, Know Hub, Innovation, Entrepreneurial, Incubator*

JEL classification: *O2, O3, O4*

1. Introduction

The motivation for this work is the situation of collaboration between universities and regional companies/businesses. There is a lack of culture, experience and formal collaboration of Albanian Universities with the companies/businesses in their region, in establishing sustainable university – enterprise cooperation. In their history of creation and operation, the role and mission of universities has been constantly redefined.

Henry Newman, in his book "The Idea of a University" [1], defined the university as a place that develops and shapes intellectual character, where universal knowledge is learned. The focus of the university was the teaching of knowledge rather than scientific research or philosophical discoveries. Universities that functioned according to this model prepared generalists rather than narrow specialists.)

According to the Humboldtian model of 19th century [2], the role of universities were to create student communities capable of thinking critically and contributing to the advancement of new scientific knowledge. So scientific research was an important and integral part of the university's activities, in support of teaching. That role was different from what is applied today in universities, where research is a vital activity in itself, contributing to industrial progress, military strength, and social welfare, and requiring collaborative rather than individual effort.

There was a change in the role of universities at the beginning of the 20th century compared to the role that universities have today. At the beginning of the 20th century, universities were focused on liberal education, law, medicine, and the church, rather than for career preparation or practical training. This is known as the elite university wind. The recruitment of students was done among elite secondary schools and the masses were excluded. Today, in the modern job market, where the demand for specialized work is increasing, universities are focused on career preparation and practical training, and the liberal arts have taken a back seat to professional and technical fields.

In the contemporary world [3], global challenges and problems are related with economic power of regions, that find regional or local solutions to them. Today the universities have three basic missions: teaching and learning, research, and providing services to the community under conditions of institutional autonomy and academic freedom. Today, according to third mission, universities must cooperate with local political administrative authorities and actors of the regional economy, to influence in their development through innovation and scientific research, to be involved in local and regional decision-making, but also to be recognized internationally in what concerns research, and education, through partnership with regional business. The active participation of universities on a local and regional level effects the local economy, and regional social development. Regional orientation changed the traditional model of the university to the entrepreneurial university.

The published works introduces different conceptual viewpoint to the entrepreneurial university phenomenon. Chrisman presented [4], [5], that the entrepreneurial university involves the creation of new enterprises by university professors, technicians or students. Kirby [6] wrote that an entrepreneurial university is one that has a culture that encourages and supports entrepreneurship among its students, staff, and alumni, and actively engages with the local community and industry to foster innovation and economic development. The Triple Helix model, created by Etzkowitz [7], concentrates on the relations of universities, industry and governments. The entrepreneurial university is an institution that combines the traditional roles of teaching and research with a third mission of economic development. According to him,

the entrepreneurial university is characterized by a culture that encourages innovation, risk-taking, and collaboration between academia, industry, and government.

Youtie and Shapira [8], refer to the university as a "knowledge hub." "The roles that universities perform in society change and evolve over time; from accumulators of old knowledge to a factory of new knowledge, and today from that of a knowledge factory to a knowledge hub, to advance technological innovation and economic development in its region. Universities help students, faculty, researchers, and other stakeholders to share knowledge and expertise, to capitalize on scientific discoveries and applied research and encourage economic growth and development".

The universities have powerful influences on innovation. They provide the students and faculty with the resources, and support them to turn their ideas into successful ventures. In addition, the universities create the right environment for a collaboration and partnership between different stakeholders, including industry, government, and civil society organizations, contributing to solving complex problems and addressing the challenges of the future. The concept of the university as a knowledge hub emphasizes the importance of universities as key players in the knowledge economy and as contributors to societal development.

The paper is structured in the following way. First, we presented the viewpoints of different authors on the role and mission of the university at the time, to arrive at the new model that is required today, entrepreneurship university, that has an important contribute in promoting innovation, regional development and economic growth. Secondly, we emphasize how know hub units in universities can promote knowledge transfer, research commercialization, and talent development. Thirdly, we bring here the case of successful collaborations between Vlora University and companies, established by Know Hub Unit in Vlora University and some conclusions.

2. Methodology

In the work for the realization of this paper, we have carefully examined the literature related to the changing role of universities in the period in which we live, the importance of implementing the third mission of the university in support of regional economic development and innovation. We have gone deeper into the concept of the role of the university as a know hub in the region where the university is located.

We have analyzed in this light three pilot projects carried out by the Know Hub unit at the University of Vlora, a unit created with the support of the Erasmus+ project.

To develop a detailed catalogue of all possible services that could be offered to the different third partners, first an agreement was signed with the Vlora Chamber of Commerce and Industry to make formal this collaboration, then we asked from all the Deans of the Faculties of the University (4 Deans) to discuss with their staff and Head of Research centers about the services that they can offer. Additionally, we contacted the Quality Assurance Unit in order to ask them for possible services that the University offer. This unit is responsible for accreditation process of the University and the study programs. Thirdly, we asked from different professors at the University that are active in projects and/or have a background in industry to inform us if they can provide specific services or if they know someone at the university that can do this.

In order to develop some services in the interest of business in the city, we held meetings and talks with entrepreneurs in the field of tourism.

3. University as a “Know Hub”

Know hubs and incubators have become a popular approach to building a strong ecosystem for collaboration. These entities offer a range of resources and support to entrepreneurs and startups, including funding, mentorship, networking, and access to research and development facilities. By fostering a culture of collaboration, innovation hubs and incubators can help bridge the gap between academia and industry, driving innovation and economic growth.

The roles that universities perform in society change and evolve over time [9]; from accumulators of old knowledge to a factory of new knowledge, and today from that of a knowledge factory to a knowledge hub, to advance technological innovation and economic development in its region.

University can serve as "a hub of knowledge" that connects researchers, students, entrepreneurs, and industry partners, creating a fertile environment for innovation, developing strong networks and partnerships with industry, government, and other stakeholders [10]. The concept of the university as a knowledge hub emphasizes:

- The importance of universities as key players in the knowledge economy and as contributors to societal development. Regarding regional development, knowledge transfer can play a critical role in fostering regional economic growth by helping to create new companies, jobs, and industries. Universities can act as engines of regional economic development by facilitating the commercialization of academic research and providing resources and expertise to local businesses and entrepreneurs.
- It helps students, faculty, researchers, and other stakeholders to share knowledge and expertise, to capitalize on scientific discoveries and applied research, and encourage economic growth and development. Companies can benefit from the expertise of university researchers and students, who are often at the forefront of cutting edge research and development. Universities can benefit from the practical knowledge and experience of industry professionals. Opportunities for student engagement and career development: Knowledge exchange provides opportunities for students to engage with industry professionals and gain valuable experience and skills that can enhance their career prospects.
- The universities have powerful influences on innovation. They provide the students and faculty with the resources, and support them to turn their ideas into successful ventures. Collaboration between universities and companies can lead to new research projects and development opportunities that may not have been possible otherwise. This can lead to the development of new products, services, and technologies that benefit both parties. Abramovsky et al [11], emphasizes the importance of knowledge hubs within universities in responding to both "demand pull" and "supply push" factors. The authors [12], argue that universities can act as "public spaces" for knowledge exchange, bringing together diverse stakeholders to collaborate on innovation projects. They also discuss the role of universities in providing both basic and applied research, and the importance of balancing these different types of research in order to maximize the impact of university-industry collaborations.

4. Case Study: Know Hub Unit in Vlora University. Three Pilot Projects.

Collaboration between universities and companies in Albania is still in its early stages and there is room for improvement. According to the World Economic Forum's Global Competitiveness Index 2019 [13], Albania ranks 126th out of 141 countries in terms of Research and Development, 117th in Entrepreneurial Culture and 110th in Innovation Capability. The indexes tell us, that there is a lack of a culture of collaboration between universities and companies. In many cases, universities and companies operate independently of each other, without much interaction or knowledge sharing. This can result in a gap between the skills that students acquire in universities and the skills that are required in the labor market, making it difficult for graduates to find employment. There are, however, some positive developments in this area. The Albanian government has recognized the importance of collaboration between universities and companies and has taken steps to promote it. For example, the government has established a National Agency for Research, Technology and Innovation (AKKSHI), which aims to promote the transfer of knowledge and technology from universities to industry.

There are also some initiatives by individual universities to promote collaboration with companies. KNOW HUB Unit in UV is established in the framework of a project called "KNOW HUB" - Reconnecting universities and enterprises to unleash regional innovation and entrepreneurial activity", which is focused on strengthening knowledge transfer and innovation in the Western Balkans, funded by Erasmus+ program. The knowledge hub within the Vlora university will serve as a center for innovation and entrepreneurship; also as a platform for exchange ideas, knowledge, and expertise between the university and local businesses, industry associations, and other stakeholders.

The University of Vlora mission focuses on contemporary teaching, innovative research and services to the third partners. Completing the third mission that University has, Know Hub Unit developed and is implementing three pilot projects as followed:

- University of Vlora Services Catalogue
- Online application that offers guide and services for tourists in Vlora City
- 3D Modelling

First Project is "University of Vlora Services Catalogue". The catalogue of services make possible to disseminate the services that public/private institutions, small and medium entrepreneurship (SME) and other partners can receive from the University. The catalogue is developed by Vlora Know Hub team in collaboration with all Faculties and professors. Till then, the services to the third partners were very limited. Most of the times, these partners had no knowledge of the possible services that can receive from the University. The catalog is created in Albanian and English language.

Second Project is "Online application: Vlora - All in One Guide". We developed the application "Vlora - All in One Guide", that contributes to increase the profits of accommodation units and Municipality of Vlora, and promotes the university at national and international level. It offers to tourists: guide to access as easily as possible the picturesque and historical places of the city, provides data for hotels, restaurants, bars, informs about the cultural and artistic events that take place in the city.

Third Project is "3D Modelling". University can make money using 3D printing technology, by making and selling items. For example touristic ships owners want to give to the clients both with the tickets a small model of their ship as a souvenir (this is done by our know hub). In education, using 3D printing provides students with skills required for the future. In the future, 3D printers can be used for producing

complex designs with a high degree of customization. As a result, University can design and produce unique objects for each client, increasing their profits.

5. Conclusions and Recommendations

By promoting collaboration, facilitating knowledge transfer, and driving innovation, know hubs can help organizations to create new opportunities for growth and development. As such, investing in know hubs is not just a good business decision, but a critical step towards building a better future for all.

References

- [1] Newman, J. H. (1996). *The idea of a university*. Yale University Press. (Original work published 1852)
- [2] <https://www.manchesteropenhive.com/display/9789198376814/9789198376814.00007.xml>
- [3] <https://unesdoc.unesco.org/ark:/48223/pf0000183277>
- [4] Chrisman, J. Hynes, T., Fraser, S. (1995). *Faculty entrepreneurship and economic development: The case of the University of Calgary*, Journal of Business Venturing, Volume 10, Issue 4, July 1995, Pages 267-281
- [5] Chrisman, J. (1995). Writing Cases for Entrepreneurship Theory and Practice. Retrieved from: <https://journals.sagepub.com/doi/10.1177/104225879501900207>
- [6] Kirby, D. A. (2002). *Creating Entrepreneurial Universities in the UK: Applying Entrepreneurship Theory to Practice*. The Journal of Technology Transfer, 27(1), 123-131. doi: 10.1023/A:1013108005474).
- [7] Etzkowitz, H. (2003). Innovation in Innovation: The Triple Helix of University-Industry-Government Relations.
https://www.researchgate.net/publication/249733214_Innovation_in_Innovation_The_Triple_Helix_of_University-Industry-Government_Relations
- [8] Youtie, J., Shapira, P. (2008). *Building an innovation hub: A case study of the transformation of university roles in regional technological and economic development*, Research Policy, Volume 37, Issue 8, September 2008, Pages 1188-1204
- [9] Guerrero, M., Urbano, D., & Fayolle, A. (2016). *Entrepreneurial activity and regional development: an introduction*. Small Business Economics, 47(4), 835-844.
- [10] Koster, S., Stam, E., & Suddle, K. (2017). *Knowledge spill-overs, entrepreneurship and economic growth*. Entrepreneurship & Regional Development, 29(5-6), 400-421.
- [11] Abramovsky, L., Harrison, R., & Simpson, H. (2007). *University research and the location of business R&D*. The Economic Journal 117(519):114-120
- [12] Abramovsky, L., & Simpson, H. (2011). "Geographic proximity and firm--university innovation linkages: evidence from Great Britain," Journal of Economic Geography, Oxford University Press, vol. 11(6), pages 949-977
- [13] World Economic Forum. (2019). Global Competitiveness Index 2019. Retrieved from: <https://www.weforum.org/reports/the-global-competitiveness-report-2019>

Promotion of dairy products in social media

Belisa Korriku¹, Suada Korriku²

Slovak University of Agriculture, Nitra, Faculty of Economics and Management, Department of Marketing¹,

Ministry of Agriculture and Rural Development, Directorate of Irrigation and Drainage Durres²
belisakorriku@hotmail.com¹, suadakorriku@hotmail.com²

Abstract

This study aims to determine and analyze the effect of promotion through social media in dairy products. The research method used in this paper is qualitative, for developing a basic research model through analysis and interpretation of information collected from books, websites, journals, conference papers, etc. In this paper, we present the results of a literature review that aims to provide an overview that how dairy products are promoted in social media, but we should mention that we have a lack of information because we see that the promotion of dairy products in social media is not very used. The results showed that promotion through social media of dairy products has no significance because is not used for promotion purposes. We will suggest some tips about how to promote dairy products in social platforms in order to apply different experiments and research on market in the future.

Keywords: *Marketing, promotion, dairy products, social media*

JEL Classification : *M30 ; M31 ; M37*

Introduction

Presentation of the scientific problem

Recently, social platform has attracted a lot of attention, not only as an important research topic, but and as a core and ubiquitous means of digital and virtual communication for billions of users worldwide. As already we are familiar with this word, 'Social media' are online platforms that facilitate global collaboration and sharing amongst users. Those social platforms include websites and other online tools (called social networks) that enable people and organizations to get, create, and share content by interacting with others about topics of common interest. Social platforms are transforming the way business are carried out. Recent studies has shown that a huge part of the consumers would be more inclined to buy more often in the future because of a brand's presence on social media (Elena-Iulia, 2018). Technological innovation has grown at an unprecedented rate over the past couple of decades, creating multiple opportunities for marketing in online settings ("Importance of Strategic Social Media Marketing," 2017).

Milk has been used by humans since the beginning of recorded time to provide both fresh and storable nutritious foods. In some countries almost half the milk produced is consumed as fresh pasteurized whole, low-fat, or skim milk. Most milk is manufactured into more stable dairy products of worldwide commerce, such as butter, cheese, dried milks, ice cream, and condensed milk. Dairy products, milk, butter, cheese, ice cream, yogurt, and condensed and dried milk (Bandler, n.d.).

Aim of research

The growing importance of social media marketing among businesses is very clear. So, the question is no longer if you must use the social media tool in your marketing activities, but how to do it better, in order to grow sales and impact of your brand. According to (Ciprian, 2015) business owners should pay attention to which social platforms help them reach their goals with relevant audiences, whether that's generating sales or greater visibility.

In this study it will be presented how the use of Social Media affects consumer behavior in dairy products. To contribute in order to expand the literature review focuses on the relationship between social media platforms and promotion of dairy products, and these results will give some guidelines for these companies in order to better change their strategy of selling those products from social platforms.

In recent years, social media has rapidly become popular all around the world for every costumer. Social media has completely changed the way people communicate and interact in a very short period of time, going more in a practical way. Social media will gradually become an important

channel of e-commerce. This growth requires companies to make good use of social media platforms and utilize with new ways of communication to attract consumers to shop(Xu, 2020).

1.1 Problem Definition

According to (Appel, Grewal, Hadi, & Stephen, 2020) social media allows people to freely interact with others and offers multiple ways for marketers to reach and engage with consumers. From discussions with industry leaders, and popular discourse, the authors has identified nine themes, organized by predicted imminence (i.e., the immediate, near, and far futures), that they believe will meaningfully shape the future of social media through three lenses: consumer, industry, and public policy.

Advantages of Dairy Products for Your Health

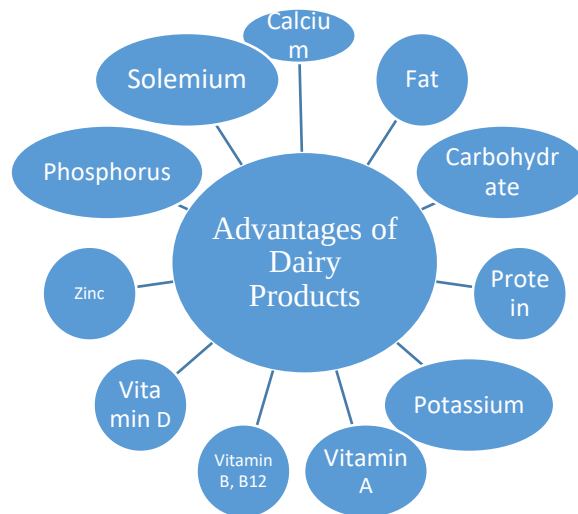


Figure 1, Diagram 1, Advantages of Dairy Products

Source : (Bandler, n.d.)

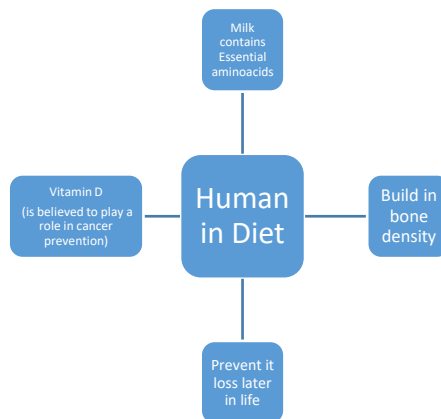


Figure 2, Diagram 2, Advantages of Dairy Products

Source : (Bandler, n.d.)

Lactose-free dairy is able to provide the essential nutrients present in regular dairy products, like calcium and vitamins, to those that are not able to digest lactose. This product has a wide and growing health appeal to consumers. In recent years, the quality and product variety in the lactose-free dairy segment has been increasing significantly, giving consumers more tempting products to decide from. Lactose-free dairy is now the fastest growing market in the dairy industry(Dekker, Koenders, & Bruins, 2019).

Literature review

Importance of social media

The history of the last 100 years of the science and technology of yogurt, sour cream, cultured butter, cultured buttermilk, kefir, and acidophilus milk has been one of continuous development and improvement. Yogurt leads the cultured dairy product category in terms of volume of production in the United States and recent research activity. Overtime, there have arisen alternative manufacturing methods, flavor problems, addition of flavorings, and use of probiotics for cultured buttermilk(Aryana & Olson, 2017).

According to (Nicodim Liliana & Negoii Eugen Remus & Tileaga Cosmin) social media is a term that reflects the rapid development of technology nowadays and the skills and knowledge users, a complex concept. The term of social media defines a set of online communication channels, social networks and transmission of information, including social networks, groups, forums, blogs and various content platforms that facilitate transmission and instant communication(“The Importance of Social Media in Business Models on Internet,” 2012).

The concept of Social Media is on the focus for many business executives today. Decision makers, as well as consultants, try to identify ways in which companies can make profitable use of applications such as Wikipedia, YouTube, Facebook, Second Life, Twitter, and Instagram. But yet seems to be a very limited understanding of what the term "Social Media" exactly means(“The Importance of Social Media in Business Models on Internet,” 2012). In a rapidly changing era, entrepreneurs, as well as marketers, need to be updated with the change in the business environment or they may have to face the risk of being old in the market. This for businesses should be considered a must. Days are long past when a conventional business model used to grow fast and get success. In the era of Facebook, WhatsApp, Twitter, and Instagram, social marketing has evolved as an integral part of marketing strategy. Nowadays is all most impossible to think of a marketing strategy without taking into account the importance of social media(Ghoshal, 2019).

Importance of dairy products

Dairy products include yogurt, sour cream and dips, cultured buttermilk, acidophilus milk, and kefir(Aryana & Olson, 2017). The EU is a net exporter - it is projected to meet up to 30% of global import demand growth. Meanwhile, imports of dairy products into the EU are very low due to the high competitiveness of local producers in the EU and due to the requirements for standards set by the EU market - for both of these reasons, Albania cannot export large quantities of dairy products in the future(Prof. Dr. Engjëlli Skreli / Prof. Assoc. Dr. Drini Imami, n.d.).

Albania produces about 1.15 million tons of milk per year, or about 400 liters of milk per capita. From statistics of INSTAT show that milk is one of the most important food products we produce, dairy products. But, the use of dairy products suffers from formalization and food safety problems. INSTAT

statistics show that only 11% of locally produced milk is collected in processing plants; for the rest, we can assume that it is traded informally or used for the family needs of farmers. According to Eurostat figures, in European Union countries the collection rate varies from 72% to 100%. Exceptions only Romania (22%) and Bulgaria (48%). According to INSTAT in 2016, the amount of milk collected from processing plants was about 125 thousand tons. Calculating a retail price of milk of around 0.7 euros per liter, the volume of the formal milk market results in around 87.5 million euros. From the data of the volume of the formal and informal market, we can say that Albania produces milk every year for a market value of about 600 million euros. According to the Ministry of Agriculture, there are about 400 dairy farms in the country, but most of them seem to operate informally(Elisabeta Dosku, n.d.).

The growth of digital marketing has made it possible to break down geographical, ethnic, gender, linguistic, religious, etc. barriers, and reach consumers at all times, which years before it was once just an illusion. Identifying the needs, desires and opportunities of customers and striving to meet these expectations is the goal of marketing. Recent years lifestyle has change with technology and with this change, the need has arisen to design new marketing strategies. Digital marketing, has made it possible to reduce costs in the case of marketing activities, as well as to manage in real time the promotion of the product or service. Spread of information is usually done through multiple channels, such as Google, YouTube, Website, Facebook, Instagram, LinkedIn, Twitter, Snapchat, Blogosphere, Pinterest and many other platforms. It is very evident that the trend of increasing digital marketing presence is undisputed. The advancement of digital technology and the presence of the Internet has enabled and contributed to the positive development of digital marketing. According to the study of the Global Web Index, of the 7.396 billion inhabitants of the world population, 3.419 billion inhabitants or 46% are Internet users, who use online media for information, while in Kosovo according to STIKK, this figure reaches 75.6%. According to PWC studies, companies in 2015 in digital marketing have spent about 30% of the marketing budget, while in 2019 this figure is expected reach 46%. From these data and information let us know that digital marketing will dominate the traditional one within the next two to three years(Refki Havolli, n.d.). When marketing a dairy product, the most important aspect of making a strategy is determining your competition and most important audience. By establishing these parameters, you can decide what aspect of your dairy business to highlight and where will be the most effective place to advertise to capture the target audience.

If you thought that all the action in business was concentrated around the e-commerce sector, you could not be more wrong.(PixelSutra., n.d.)

Figure 1: Global: Dairy Market: Breakup by Product type (in %), 2016

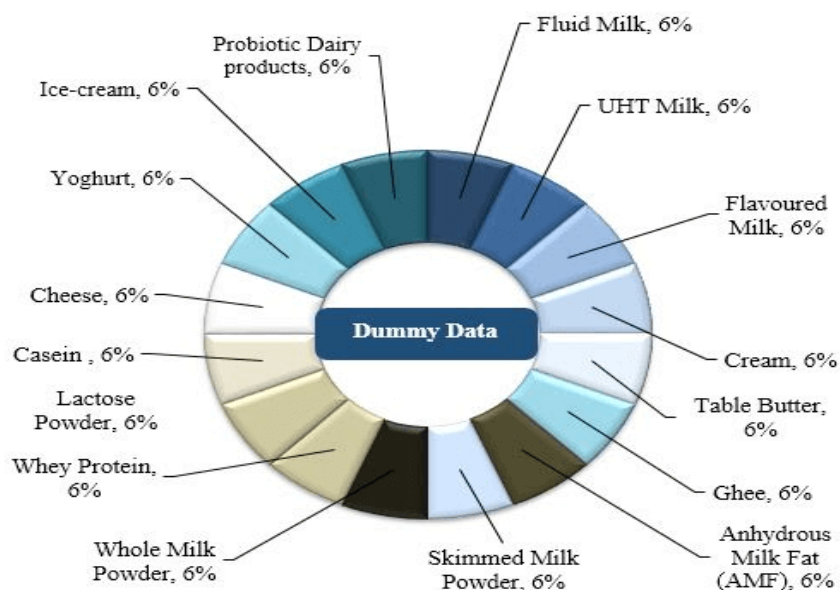


Figure 3, Global : Dairy Market : Breakup by Product type (in %)2016

Source :Image source: <http://www.imarcgroup.com/files/images/global-dairy-market.png>

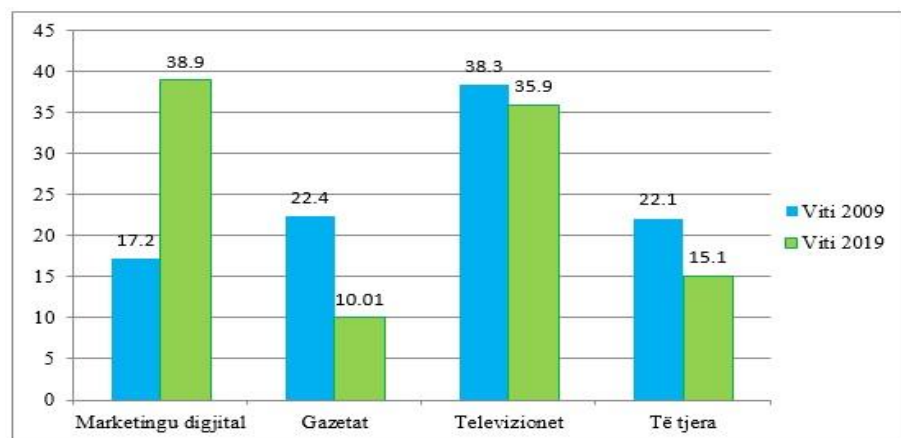


Figure 2: Ndarja e tregut medial sipas llojit të mediave në vitin 2009 dhe 2019

Source: PCWorld.al

From collected data from (INSTAT, n.d.) in 2020, the total amount of milk collected is about 119 thousand tons, decreasing by 14.80%, compared to 2019. During this period, the amount of cow milk collected is about 101 thousand tons, declining by 18.45%, compared to 2019. The accumulated amount of sheep milk in 2020 is about 10 thousand tons, marking an increase of

3.07%, compared to a year ago. Meanwhile, the amount of milk collected from goats is about 7 thousand tons, marking an increase of 37.03%, compared to 2019.

In Ukraine, from reduced demand for milk and dairy products, milk processing needed to step up the marketing communication policy by using affordable and effective channels of information distribution. The result is that nowadays conditions the Internet and social media are an important channel of communication between milk producers and consumers (Vasyliovych & Mefodiivna, 2016).

In Slovak Republic, dairy industry has an important position in the food industry. Food industry it accounts for 18% of its total production and sales. Sales are mostly influenced by the evolution of raw cow's milk prices on both, European and world markets. Prices had a significant impact on the industry in 2009 – 2010, as there were observed sharp fluctuations – while 2009 brought to the dairy sector a profit of 2.8 million €; in 2010, it showed a loss of 7.3 mil. €. From the results of several researches the low consumption of milk and dairy products is caused mainly by poor eating habits of consumers and, last but not least, insufficient promotion of these products (e.g. Kubicová and Habánová, 2012; Krivošíková et al., 2019; Kubicová et al., 2019, etc.).

2. Data and Methods

The research method in this paper is Qualitative, for developing a basic research model through analyzing and interpreting of information collected from books, websites, journals, articles, Conference papers, dairy products.

This will help businesses/companies of dairy product to create a marketing strategy to start promoting their products through social platforms in order to inform more consumers for products with the purpose: *happy consumer and to sell more*.

The world over, social media is being utilized by the business world as an effective marketing tool for connecting with their customers.

Results and Discussion

Based on the analysis of this study and from the literature review we see that dairy products do not use social platform much in order to promote them. Nowadays, this is called a problem because everything is moving towards the digital world, social marketing. In order for this industry, to be part of social networks, firstly I suggest building a marketing strategy on how we should promote dairy products on social networks, making consumers clearer by giving even more information about the ingredients, its processing, in more detail.

The importance of social media in business is growing at warp speed. With more and more people joining social media sites and using them regularly/efficiently, the social media industry is bound to become bigger in the coming years. It's booming like never before. No, the social media wave isn't ending anytime soon. And your business should take advantage of it if you want it to survive. (Smith, 2019)

Conclusion

We suggest some classic social media marketing tips for global dairy & milk product industries, in order to apply in dairy businesses and market in the future:

Talk about where your business will be, and how to purchase your product.

Be interactive. It is important to ask for your customers input about your product when appropriate. By asking them for their feedback, you're communicating that you value their opinion, and you care about what they have to say. In this way your customers feel important because you're treating them as such and they feel involved in shaping your product.

Post regularly. You should give your followers regular posts to look forward to fosters momentum for your business and brand. When you post consistently, the algorithms will favor your posts and more people will see them. When you post regularly, and if you post about the same topics on certain days of the week, your audience will expect and look forward to your content.

Create a social media marketing plan before you begin. Having a marketing plan helps you to identify your target market and how your product or service can benefit it. Having a social marketing plan helps you to identify how you might attract new customers. encourage your existing customers to continue purchasing your product or service

Do a social media audit of your social media presence. The purpose of a social media audit is to give you a better understanding of where you are currently and to make plans for the future, that's why is important doing it.

Your social media strategy must include social media engagement. Measuring social media engagement is important because it provides you with insights into how well your content is resonating with your customers.

Increase your website traffic with social media. The more people see your site, the more potential customers you will have. But, more website traffic doesn't just mean more money but helps you to grow your business, expand your product line, open more locations and develop more services and products.

All businesses should be on LinkedIn. LinkedIn is important, because you can continually update your profile or company, giving your connections current information about what you're doing. Unlike other social media channels, LinkedIn is a professional way for companies to show people who they are, without the face-to-face contact.

Learn how to schedule tweets so you can save time. Scheduling can elevate your Twitter marketing strategy by saving you time and helping you engage your followers.

Avoid social media strategy mistakes at all cost. We should avoid mistakes, because they can significantly reduce the effectiveness of your strategy and in some cases, can cause long-term damage.

Tell all social media skeptics that social media is beneficial to their business. Social media enables you to add value to your stakeholders in a targeted way, allowing you to communicate faster, more often and with greater relevance.

Use URL shorteners to track and measure engagements on your URLs. Shortened links display better in emails, print material, and other places. Some URL shortener services turn long links into small ones.

Learn the do's and don'ts of using hashtags. Hashtags are a powerful way to reach new audiences and grow your account, but it takes time and effort to see big results.

Use a social media content calendar. Content calendars serve as the framework for what your business plans to share and promote across all marketing channels

Increase your social media reach with social media marketing and advertising. Social media advertising is critical because it allows you to hyper-target specific users, build an audience database and directly track your return on investment.

Go mobile. Nowadays, important is being practical in everything. Most consumers now are looking for the best service to differentiate between companies and having a company that gives such a personal service via text message is what people want to make them feel special. People are addicted to their mobiles and they want to communicate via them.

Develop a fan base and build your community on social media. Fanbase is a subscription-based social media platform that helps any user monetize the content they create.

Use four or more social networks. For businesses this is important, because once someone does become a client, using multiple social media platforms can be a great way of attracting further business.

Get engaged on the top social media platforms. For modern brands with an online presence, strong social media engagement is a sign that you're making an impact in the market. It's not just about looking popular: it's about making meaningful connections with current and future customers, which will serve to boost your brand (and ROI) both on and offline

Video is powerful tool for marketing purpose. Video is powerful medium because it allows you to connect with your target audience on an emotional level. Creating an emotional bond is what makes a person want to do business with you.

Use podcasting. Podcasts are delivered digitally and their advantage is that they eliminate many costs associated with other forms of communication including postage, printing, and paper. They are easy to archive and updating them is quick and easy.

Balance your marketing efforts. Marketing informs your customers about the products or services you're offering them.

Use these geo-location services; Foursquare, Gowalla, Google places and Facebook Places. Location-based services rely on consumers' smartphones to provide interactive opportunities and targeted advertisements.

Target website visitors with social media marketing and advertising. Social media networks are open to all, giving businesses a chance to follow their consumers' activities or potential buyers. This helps marketers be more informed about their target audience, likes, dislikes, and interests so that they can create a better marketing strategy to attract such customers.

- 1- **Social Media is likely the only advertising you can afford.** Social media is cheaper than any form of advertising available today. And has a lot of impact on consumer behavior toward products or brands.

Acknowledgements

This paper is created within the project VEGA 1/0245/21 Implementation of a new EU food strategy in the food vertical in Slovakia.

References

1. Appel, G., Grewal, L., Hadi, R., & Stephen, A. T. (2020). The future of social media in marketing. *Journal of the Academy of Marketing Science*, 48(1), 79–95. <https://doi.org/10.1007/s11747-019-00695-1>
2. Aryana, K. J., & Olson, D. W. (2017). A 100-Year Review: Yogurt and other cultured dairy products. *Journal of Dairy Science*, 100(12), 9987–10013. <https://doi.org/10.3168/jds.2017-12981>
3. Bandler, D. K. (n.d.). Dairy Product. Retrieved from <https://www.britannica.com/topic/dairy-product/Ripening>
4. Ciprian, P. (2015). The Growing Importance of Social Media in Business Marketing. *Quaestus Multidiciplinary Research Journal*, 94–98. Retrieved from <https://www.quaestus.ro/en/wp-content/uploads/2012/02/pavel.ciprian.pdf>
5. Dekker, P. J. T., Koenders, D., & Bruins, M. J. (2019, March 1). Lactose-free dairy products: Market developments, production, nutrition and health benefits. *Nutrients*, Vol. 11. <https://doi.org/10.3390/nu11030551>
6. Elena-Iulia, V. (2018). THE IMPORTANCE OF SOCIAL MEDIA. *Annals - Economy*

- Series, 6, 80–91. Retrieved from <https://econpapers.repec.org/RePEc:cbu:jrnlec:y:2018:v:6:p:80-91>
7. Elisabeta Dosku. (n.d.). Prodhimi i qumështit në Shqipëri - Tregu 600 milionë euro përballë sfidës së formalizimit - SCAN. Retrieved January 24, 2022, from <http://www.scan-tv.com/prodhimi-qumeshtit-ne-shqiperi-tregu-600-milione-euro-perballe-sfides-se-formalizimit/>
 8. Ghoshal, D. M. (2019). Social Media as an Effective Tool to Promote Business- An Empirical Study. *Global Journal of Management and Business Research: E Marketing*, 19(1), 15–25.
 9. Importance of Strategic Social Media Marketing. (2017). *Expert Journal of Marketing*, 5(1), 28–35.
 10. INSTAT. (n.d.). Qumështi dhe Nënproduktet e tij 2021. Retrieved from <http://www.instat.gov.al/>
 11. PixelSutra. (n.d.). Dairy Industry_ Market Analysis And Marketing Strategies.
 12. Prof. Dr. Engjëll Skreli / Prof. Assoc. Dr. Drini Imami. (n.d.). STUDIM PËR SEKTORIN E QUMËSHIT. Retrieved from www.aasf.com.al
 13. Refki Havolli. (n.d.). Përdorimi i Marketingut Digjital në përgjithësi dhe Rrjeteve Sociale në veçanti - PCWorld Albanian. Retrieved from <https://pcworld.al/perdorimi-i-marketingut-digjital-ne-pergjithesi-dhe-rrjeteve-sociale-ne-vecanti/>
 14. Smith, K. (2019). The Importance of Social Media in Business for Entrepreneurial Success.
 15. The Importance of Social Media in Business Models on Internet. (2012). *Ovidius University Annals, Economic Sciences Series*, XII(2), 860–864.
 16. Vasyliovych, K. Y., & Mefodiivna, S. O. (2016). MODERN INTERNET TECHNOLOGIES IN MARKET PROMOTION OF DAIRY PRODUCTS AND MILK. *MARKETING AND MANAGEMENT OF INNOVATIONS*, (2), 39–48.
 17. Xu, T. (2020). The Impact of Social Media on Business Marketing and Consumer Shopping. *International Journal of Literature and Arts*, 8(5), 272. <https://doi.org/10.11648/j.ijla.20200805.12>

Development of tourism in Kosovo before, during and after the Covid-19 pandemic

Flori Asani

Third cycle student at the University of Bitola St. Kliment Ohrid, Faculty of Tourism and Hospitality Ohrid, North Macedonia floriasani@hotmail.com

Faton Sherifi

Third cycle student at the University "St. Cyril and Methodius", Institute of Geography, Faculty of Natural Mathematics – Skopje, North Macedonia, fatonsherifi80@gmail.com

Zija Zimeri

Professor, "University UT-Tetovo", Faculty of Natural Sciences and Mathematics, Tetovo, North Macedonia. mail: zijazimeri7@hotmail.com

Abstract

The world is facing an unprecedented situation with Covid-19. The normal functioning of economies has been completely disrupted with the lockdowns in place. The consequences of the pandemic have been deeply felt throughout the global tourism ecosystem and our country. The travel restrictions that were put in place to reduce the outbreak of the coronavirus affected various sectors of every economy including tourism as an industry in itself. As the recovery of tourism is crucial to the turnaround of any economy, this study aims to provide an overview of the impact of Covid-19 on tourism in our country. Some countries had opened their borders earlier and were encouraging tourism movements, the sector was facing the challenge of rebuilding consumer confidence to promote future tourism, but such opening of our country was going through many obstacles, one of them was the financial crisis. Due to the economic and social importance of the pandemic, it is worth taking a closer look at its effects on the tourism demand side.

A major challenge in studying the Covid-19 pandemic is that it is an ongoing situation and that the relevant state of knowledge changes from day to day. Given the rapid spread of the pandemic, Kosovo and most countries around the world have adopted several public health measures aimed at preventing its spread, including social distancing and limited movement hours and curfews as a preventive measure to face the wave of the pandemic.

Key words: tourism demand, economic impact, congestion, travel restrictions.

JEL classification: M21, M30, M38, L83

Introduction

Being a unique risk, Covid-19 led to various global distortions. Tourism was affected however, only a few studies consider the effects of the measures related to Covid-19 on the opposite side of tourism. Tourism is affected and vulnerable to different types of different types of nature and behaviors such as: heat waves, hurricanes and earthquakes man-to-man crises and sentiments such as the global financial crises of 2007 to 2009 etc. . And finally it's a global fund of the famous Covid-19 pandemic, that's why we did it this way, that's why it's different from their feelings because of other feelings.

This study provides a brief overview of economic aid costs in the tourism sector in Kosovo and more. The driving and tourism industry is one of the sectors most affected by the Covid-19 pandemic crisis. The analyzes in the report are based on official statistics from the Kosovo Statistics Agency (ASK) and studies made by these various organizations. This sector is very much due to the pandemic, diseases due to the measures that had moved (closure) as well as the stop of tourism.

The acute situation with the spread of Covid-19 both globally and as well as in Kosovo, not only did it threaten the condition of the victims and the victims that are capital damage, but it also had consequences in the drastic reduction of economic activities and the deterioration of social conditions in the country and beyond, such a situation was such. unaffordable population and as such is a long-term problem, where now in 2023 in 2023. The Covid-19 pandemic which is which is true, which are in the city of Wuhan of Kinists and spread in worldwide, is characterized as a biological hazard and evolved into a global health crisis with socio-economic sentiments. The first months of the outbreak, the evidence was consistent in contrast due to everyone's mistakes in performing and testing to make a diagnosis. The priority of the language affected by the virus was to contain its spread to the maximum extent. So nations globally turned to restrictions on travel and trade (except when necessary) to suppress the spread of the coronavirus. Covid-19 has had an impact on the branches of the economy, the tourism industry does not deny that this, and in this country, is vulnerable. Travel restrictions in various national and regional reports by many government levels of different languages have become temporarily impossible and therefore the impact on tourism was direct.

In general, tourism can be examined from two perspectives: on the one hand, it plays the role of a (potential) push for the spread of the Covid-19 virus, and on the other hand, the tourism

industry. it was the godsend of restrictions on guidelines and falling demand and is therefore a victim of the deadly Covid-19 pandemic.

The economic impact of the Covid-19 pandemic on the hotel and accommodation sector in Kosovo

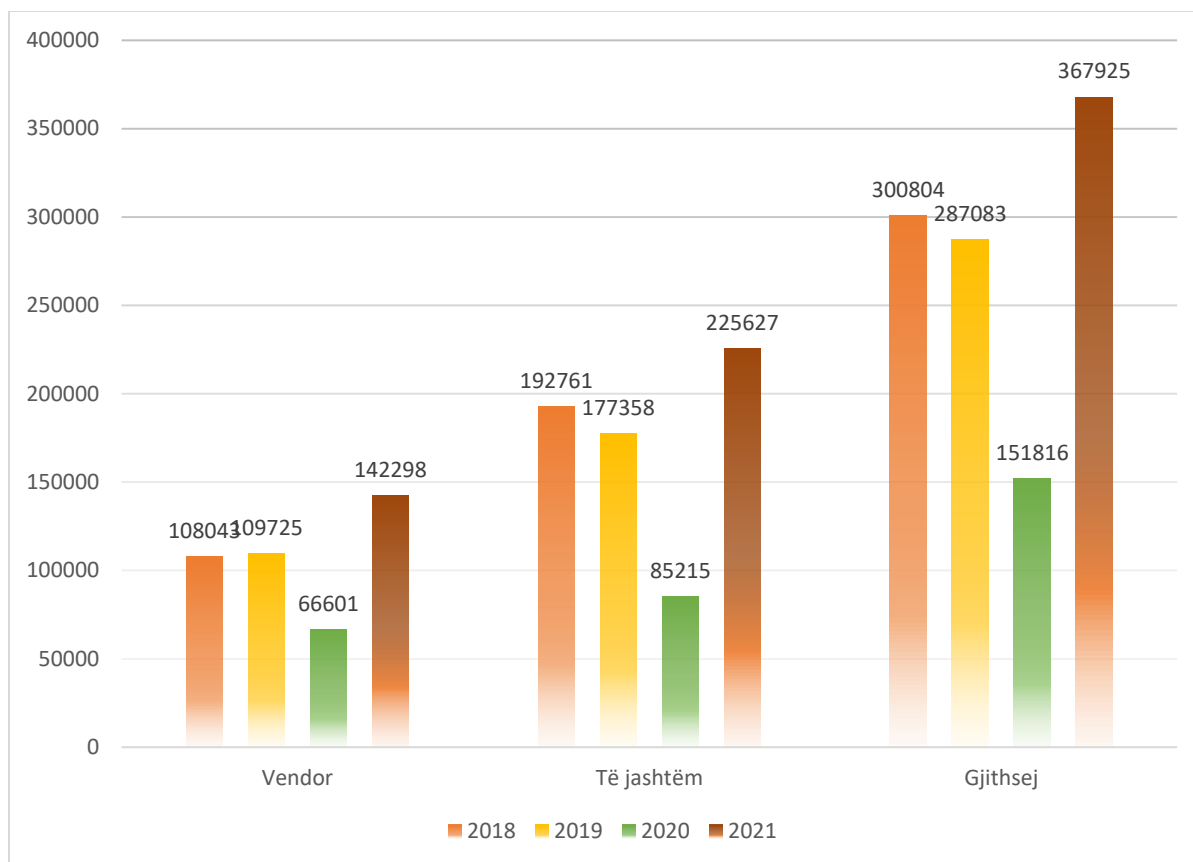
Targets foreigners of the country of establishment for the unequal placement of the demand side, matured by the relative changes in the number of beds in 2020 compared to previous and future years, at the level. The identification, decision and illustration of some differences may be politically made and further research should be carried out in the search for differential impact and measures which have not been adequate for the recovery of the country's economy.

Table1: Number of visitors (domestic and foreign) in Kosovo 2018-2021

Period	Number of visitors		
	<i>Local</i>	<i>External</i>	<i>Total</i>
2018	108 043	192 761	300 804
2019	109 725	177 358	287 083
2020	66 601	85 215	151 816
2021	142 298	225 627	367 925

Source: Kosovo Statistics Agency.

In blood 1 and gtable 1, the number of local and foreign visitors during the years 2018-2021 has been elaborated. During 2021, the number of visitors to the seller increased by 113.66% compared to 2020. We have an increase in external visitors by 164.77%. It also shows the difference between 2019 and 2020 where there is a pandemic of visitors due to Covid-19 and its negative impact on tourist movements in.



Graphic1: Number of visitors (domestic and foreign) in Kosovo 2018-2021

Source: Kosovo Statistics Agency.

Their measures to ensure the safety of the body and their closure is one of the prohibited sectors that deal with this. had a lot of negative impact as a result of the decline of the tourist world.

In this context, the sectors of the economy have suffered large parts, while on the other hand, some sectors have marked improvements. The crisis of the Covid-19 sector in the world, but also in the country of the region, has affected a lot of tourism, as well as other sectors related to tourism, namely hotels, crafts and transport, but also investments in construction and other projects others, both in the public and private sectors.

According to the forecasts of the International Monetary Fund, it has influenced the external sector of 20% in tourism, related to regular visits from the diaspora, which are due to the visible borders, have made their realization impossible. visits.¹⁶

Anti-Covid-19 measures that affect tourism in the Republic of Kosovo

¹⁶Covid-19 and the impact on the economy "Opportunities for economic recovery and transformation", December 2020.

1. Fifty percent (50%) reduction in the interest rate on loans for small and medium enterprises (SMEs) operating in the tourism sector.¹⁷
2. Measures for all citizens of Kosovo are sufficient, the Central Bank of (CBK) in coordination with the Association of Banks of Kosovo to postpone the deadline for loan payments, this measure aimed to help businesses and families who have security. in generating income as well as those affected by the crisis.¹⁸
3. The municipality of Prizren is also the largest municipality with the most developed tourism industry, in the industry during the summer, which many of the closure measures.¹⁹
4. Hotel data (on a sales and annual basis) used for the publications are from 2010 to Q4 2021, Kosovo Police data (on a monthly and annual basis) for the years 2017 - 2021, and tourism data from economies. Family (in the market) for 2017 and 2019. Due to the serious situation with the Covid-19 pandemic in Kosovo, the Survey of Tourism in the Family economy was not carried out in the field during 2020 and 2021.²⁰
5. The CBK has also stated that once the loan deferment is approved by the bank, any additional provision should not be applied. The interest rate for SME loans operating in the tourism sector has been reduced to 50%, while the interest rate for large company loans has been reduced to 15%.²¹

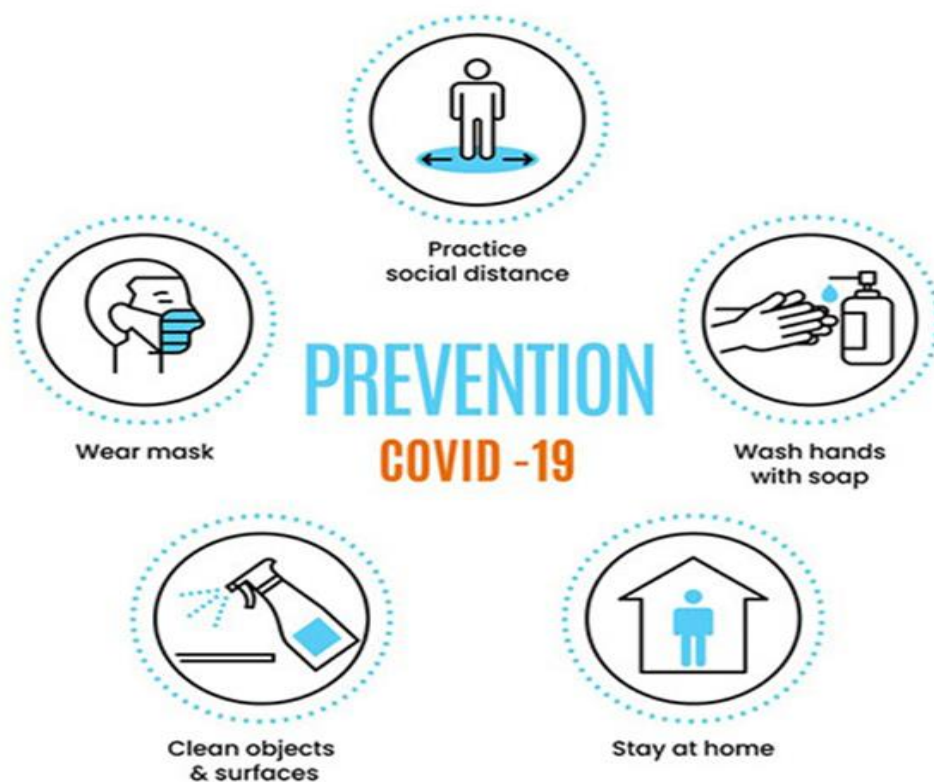
¹⁷*The effect of the Covid-19 pandemic in Kosovo, the result of the budget of the municipality, Pristina 2021.*

¹⁸CBK, Communiqué from Governor Mehmeti, April, 2020, retrieved from <https://www.bqk-kos.org/?id=104&l=1731>

¹⁹*Impact of Covid-19 on Marginalized Groups in Kosovo Municipalities, March 2021.*

²⁰Kosovo Statistics Agency, *Hospitality Statistics for the period Q4 2021.*

²¹OBZHE, *The Covid-19 Crisis in Kosovo, June, 2020*, taken from <https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Kosovo.pdf>



Picture1: Anti-Covid19 measures.
Source: National Institute of Public Health.

According to Mike Konczal, a researcher at the Roosevelt Institute, there are five small elements to the recession and possible downside constraints:

- Help directly for this by giving you information money;
- Support for employees to stay who cares about them;
- Support of business and municipalities with fiscal and monetary policy measures;
- Preventing the collapse of businesses, through the provision of funds for liquidity, includes the possibility for the government to be the end consumer for a part of their stock of products, provided that companies do not lay off workers.
- For industries/sectors that may go bankrupt, create incentive mechanisms that facilitate their recovery, through a clear corporate and financial governance framework that includes limits on dividends and bonuses.²²

²²Covid-19 and the impact on the economy "Opportunities for economic recovery and transformation", December 2020.

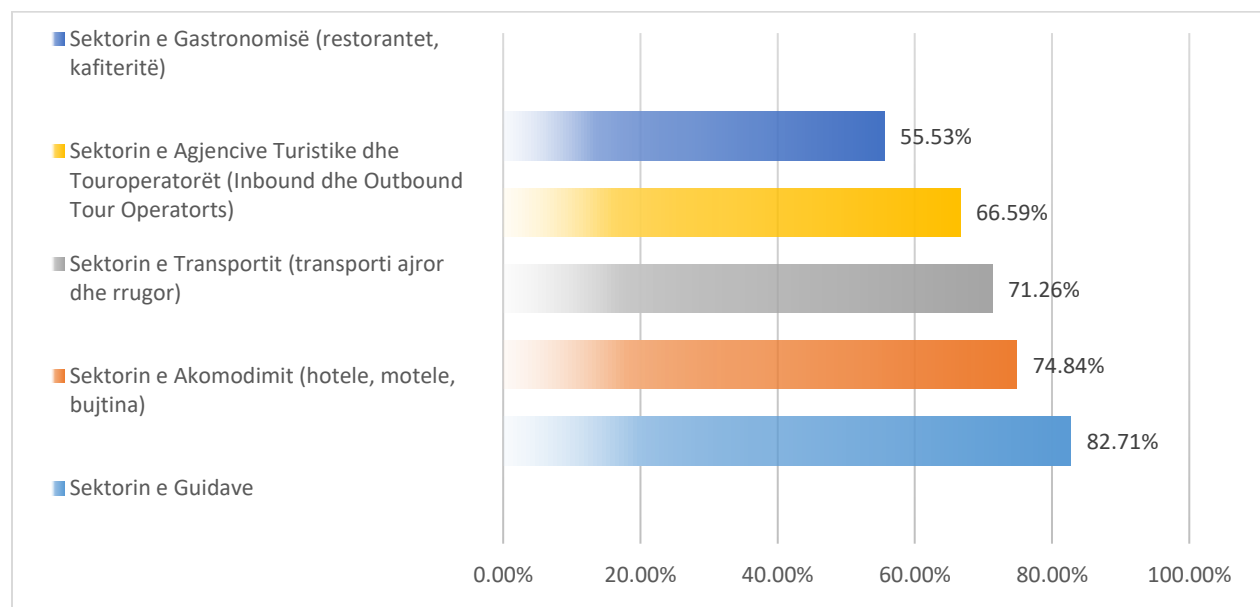
Average reports in the Republic of Kosovo during 2020 by sector

Based on the average revenue for tourism businesses, if we compare the average revenue in 2019 with the average revenue in 2020 by tourism sectors more than one tourism sector. As can be seen in situation 2, the Guides sector has suffered a loss of 82.71% during 2020 compared to 2019, then we have the accommodation sector where we have broken by 74.84%, the Transport sector has suffered a loss of 71.26%, the Tour Agencies sector operators suffered a loss of 66.59% and the Gastronomy sector suffered a loss of 55.53%.²³

Table2: Average carried out during 2020 according to the revenues realized by tourism businesses compared to 2019.

No.	sector	PERCENT
1	Guide Sector	-82.71%
2	Accommodation sector (hotels, motels, hostels)	-74.84%
3	Transport Sector (air and road transport)	-71.26%
4	Sector of Tourist Agencies and Tour Operators (Inbound and Outbound Tour Operators)	-66.59%
5	Gastronomy sector (restaurants, cafeterias)	-55.53%

Source: Report Impact of the Covid-19 pandemic on the tourism sector.



Graphic2: Shortened average during the year 2020 according to the revenues realized by tourism businesses compared to the year 2019

Source: Report Impact of the Covid-19 pandemic on the tourism sector.

²³Report, Impact of the Covid-19 pandemic on the tourism sector, 2021

Conclusion

Given these uncertainties, the purpose of this paper is not to evaluate the sectors of its industry in the world which is countless tourism in Kosovo, but the cost of a wide cost for its impact on the country's economy. This paper the effects that have not spread from the coronavirus pandemic (Covid-19) in the Republic of Kosovo, the analysis which a summary of responsibility is responsible by the government, in relation to the analysis in three main areas of impact: health, economy and education, with special emphasis on tourist markets. Due to the economic shocks from the coronavirus, local governments in Kosovo have received significant revenue from income tax, sales tax and others. The travel and tourism industry, which is part of the hotel and accommodation sector, is one of the sectors hardest hit by the current pandemic crisis. Also, this is confirmed by the UNWTO, according to which, the global industry is estimated to suffer losses of up to 50 billion US dollars, according to USD. The Covid-19 pandemic is defined as the biggest global health virus and the biggest challenge we have faced since World War II. Worldwide, from December 31, 2019 to the end of September 2020, the number of cases affected by Covid-19 has exceeded 32 million more cases, including 991,224 deaths, reported to the World Health Organization (WHO).

According to the predictions of the International Monetary Fund, which will influence the foreign country by 20% in the tourism sector, which are connected with regular visits from the diaspora, which due to the restrictions on sports, which have made about their realization impossible. this visit. Based on the average revenue for tourism businesses, if we compare the average revenue in 2019 with the average revenue in 2020 by tourism sectors more than one tourism sector. In these, when the reality is changing from day to day, it was expected that the practitioners of tourists in Kosovo would focus on starting their own tourism businesses, expecting different from the Government of Kosovo.

REFERENCES

1. Kosovo Statistics Agency 2022.
2. Swiss Agency for Development and Cooperation, Economic Impact of the COVID-19 Pandemic on the Hospitality and Accommodation Sector in Kosovo, 2020.
3. World Bank. Doing Business Report 2014: Economic Profile: Kosovo. World Bank, Washington, 2014.
4. GAP institution. Economic and budgetary effects of fiscal reforms 2015. Prishtina: Republic of Kosovo, 2015
5. National Council for Economic Development, Economic Impact of the Covid-19 Pandemic in Kosovo, 2020.
6. Ministry of Trade and Industry, PRIVATE SECTOR DEVELOPMENT STRATEGY 2013-2017
7. Chamber of Commerce of Kosovo, Covid-19 and the impact on the economy, 2020.
8. Republic of Kosovo (2015). National strategy for the cultural world 2015-2025

The role of financial reporting reforms in addressing business climate in Albania

Dr. Evis Kumi

Departamenti Administrim Biznesit, Universiteti Metropolitan Tirana, email:
evis.kumi@yahoo.com

Abstract

The route to achieving sustainable economic growth reveals the serious issues that need to be addressed in order to enhance the business environment. The government is characterized by excessive debt, a reduction in revenue efficiency, and growing emigration as a result of the recent events in the nation and the area. In these circumstances, the focus is on the private sector as a whole and small medium firms specifically as the major engine of economic growth. In order to achieve sustainable economic growth and Albania's EU membership, ministers and top officials have implemented new accounting rules.

The educational system has to be strengthened, and the capability of the accounting profession needs to be increased. Improved financial reporting aids in lowering obstacles to corporate investment, particularly for small and medium-sized businesses, with the ultimate objective of boosting economic growth and competition.

In this article, we analyze additional measures that may be required to develop public oversight systems for quality control, necessary to ensure the reliable and practical implementation of accounting standards. We shall examine the aforementioned concerns in order to offer some small guidance on the larger difficulties affecting our economic reality.

Keywords: GDP, Financial reporting, Accounting, Fiscal Policy, Tax Revenues.

JEL Codes: M42, M48, E62 H21.

Introduction

Albania, like many developing countries, has long faced challenges in creating a favorable business climate that attracts investors and fosters economic growth. One key aspect of this challenge is the need for transparent and reliable financial reporting by businesses. Financial reporting reforms play a crucial role in addressing this challenge by improving the accuracy and comparability of financial information, reducing information asymmetry, and increasing investor confidence. In this paper, we will explore the role of financial reporting reforms in addressing the business climate in Albania.

The need for financial reporting reforms in Albania arises from the fact that businesses in the country have traditionally been characterized by poor financial reporting practices, including inadequate disclosure, lack of transparency, and non-compliance with accounting standards. This has resulted in low investor confidence, high cost of capital, and limited access to finance, which in turn has constrained economic growth and development.

This paper is organized as follows. In the first part we present an overview of the business climate in Albania, the institutional framework as well as its performance in the recent years. Next we address the issue of accounting and financial regulation for our country. Finally, we conclude the paper by summarizing the main findings.

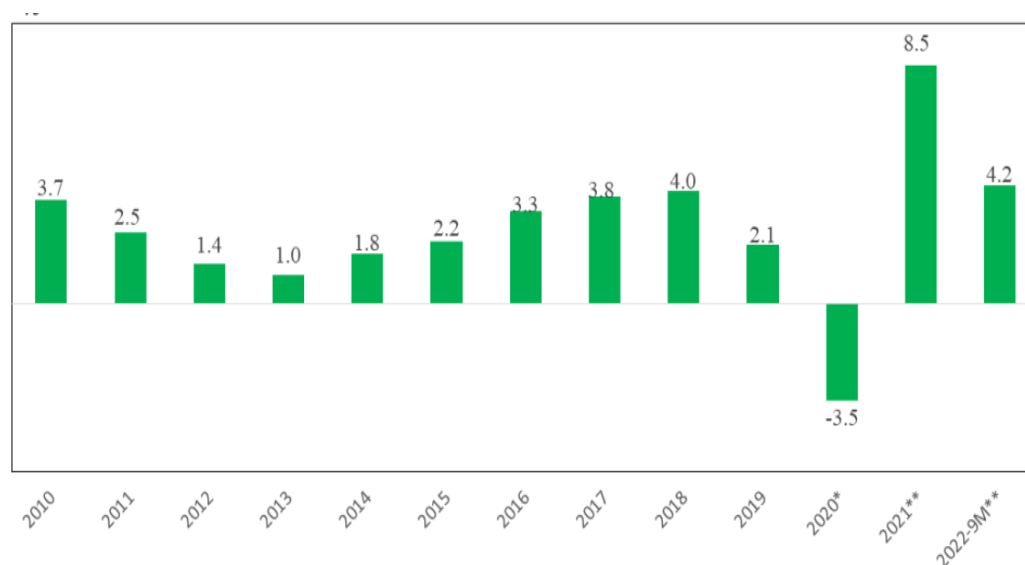
The business environment in Albania

Despite recent strong economic progress, Albania's business environment remains difficult because of problems including corruption and a lack of openness. This study looks at how financial reporting reforms might help Albania's businesses and address these problems. The research examines how financial reporting regulations have affected the standard and openness of financial data as well as Albania's overall business climate.

Although there were dual and concomitant shocks of the earthquake in November 2019 and the COVID epidemic, the Albanian economy has shown remarkable resilience. External financial support, including that provided by the IMF through the Rapid Financing Instrument, along with a prompt, thorough, and adaptable policy response to the health emergency have all helped to lessen the effects on the population and the economy and set the stage for a quick and effective recovery. The recession was far milder than both the employees and the majority of regional peers expected; the current recovery has become stronger and expanded outside the service sector.

The Albanian economy has continued to grow at an average of 4.2% during the first 9-months of 2022. Growth rates have nevertheless fluctuated between quarters. The economy expanded at a rate of 6.4% in 2022Q1 driven by both accelerating domestic and foreign demand. The rate of growth dropped to 2.6% in 2022, mainly due to private investment in the construction sector and public capital expenditures stalling in response to rapid international commodity price increases and elevated uncertainty. This drop turned out to be a blip and as uncertainty decreased and investment resumed the economic growth rate rebounded to 4.0%.

Chart 1. Real GDP annual growth rate during 2010-2022-Q3



Source: Instat

Over the past several years, considerable improvements have been made to Albania's business environment in an effort to enhance the investment climate and foster economic growth. The strategic position of Albania is one of its main business climate advantages. With access to the Adriatic and Ionian Seas and a strategic location in Southeast Europe, Albania has the ability to benefit from trade and investment possibilities with its regional neighbors. Albania has prospects for more foreign investment and access to EU markets due to its close proximity to and status as a candidate for EU membership.

Our country has made a number of reforms recently with the goal of enhancing the economic environment. These changes have included initiatives to decrease bureaucracy, expedite administrative procedures, and simplify business registration processes. Albania has also made strides in combating corruption and enhancing the rule of law, both of which are crucial for luring in outside investment and creating a welcoming business environment.

Our economy has also experienced strong growth, with an emphasis on industries like tourism, energy, and agriculture. The nation has worked to diversify its economy and lessen its reliance on established industries, which has raised investment in industries including agribusiness, renewable energy, and tourist infrastructure.

Despite these advantages, the business environment in Albania nonetheless has a number of problems. One of the biggest issues is the absence of infrastructure, especially in the transportation and energy sectors, which can affect how much it costs and how efficiently businesses operate. To sustain economic expansion and draw in more foreign investment, infrastructure investment has to be increased. The difficulty in getting company financing is another issue. For small and medium-sized firms (SMEs), which account for a sizeable share of Albania's economy, access to finance can be challenging. This may hamper innovation and competition, as well as the growth and expansion of businesses. Aside from that, despite recent improvements, our country still has problems with law and order and corruption. Institutions must be strengthened, transparency must be increased, and there must be an even playing field for enterprises.

A contemporary economy depends heavily on financial reporting, because it promotes accountability and openness in corporate operations. The accuracy of financial reporting affects economic development, investment, and company confidence significantly worldwide, including our region.

Financial reporting challenges in Albania

In recent years, Albania has made strides toward bringing its financial reporting requirements into compliance with global best practices. To address these challenges, our country has embarked on a series of financial reporting reforms over the past decade. These reforms have included the adoption of International Financial Reporting Standards (IFRS), the establishment of a national accounting standards board, and the strengthening of the regulatory framework for financial reporting. These reforms have been supported by the World Bank and other international organizations, which have provided technical assistance and capacity building to the Albanian government and private sector.

By streamlining business processes through e-government reforms and implementing extensive structural reforms to both improve pertinent legislation in a variety of sectors and lessen the fiscal burden on businesses, the government has taken some steps to improve the country's overall business climate. Additionally, the Government of Albania wants to assure the accuracy of

financial data given by corporate entities, including state-owned firms, as well as to improve the standard and confidence in corporate financial reporting.

Albania's financial reporting has significantly improved as a result of the implementation of IFRS. IFRS is a widely accepted collection of accounting standards that provide a uniform language for financial reporting, facilitating investor comparison of financial data between businesses and nations. By mandating businesses to present more thorough and transparent financial information, the adoption of IFRS has also helped to enhance the quality of financial reporting by limiting the room for inventive accounting techniques.

In order to improve financial reporting in Albania, a national accounting standards board has been established. In accordance with global best practices, the board is in charge of establishing accounting standards and making sure they are followed uniformly throughout the nation. Investors now find it simpler to evaluate the financial performance of organizations because of the improvements in the comparability of financial information.

The legal framework governing financial reporting has also been reinforced. The nation has passed new laws and rules requiring businesses to adhere to accounting principles and deliver accurate and timely financial reporting. In order to further increase the dependability and trustworthiness of financial information, the regulatory framework also includes steps to guarantee that financial reporting is audited by independent auditors.

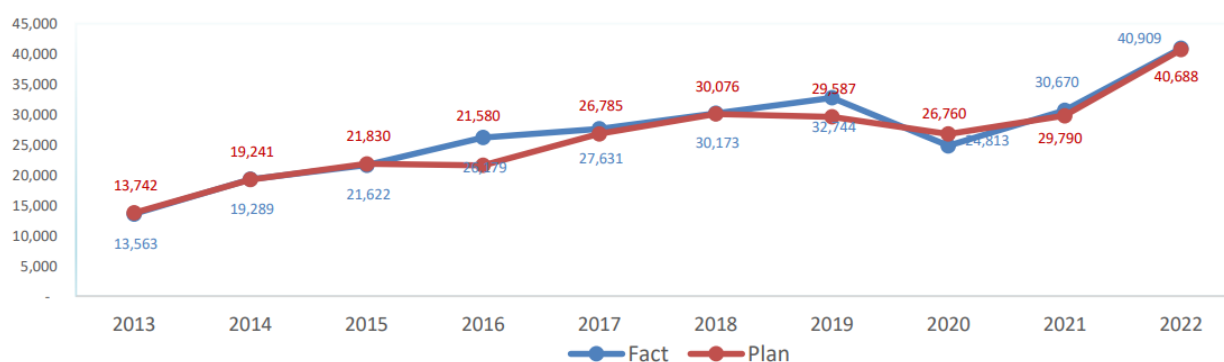
In order to improve the business climate in Albania, financial reporting changes are crucial. Financial reporting reforms minimize information asymmetry, boost investor trust, and enhance financial access through enhancing the quality, transparency, and comparability of financial information. The economic environment in Albania still has to be greatly improved, although financial reporting changes have set the groundwork for future development.

With the decision of the Council of Ministers No. 574, dated July 22, 2020 it was approved "Macroeconomic and Fiscal Framework for the period 2021 - 2023", updated with VKM no. 7 dated January 13, 2021, which approves the "Macroeconomic and Fiscal Framework for the period 2022- 2024". The Government of Albania has taken high stimulus, necessary and simultaneously unavoidable during 2020 in order to cushion the shocks negative (earthquake and especially the pandemic), fiscal policy for the medium term 2022-2024 will again reorient towards fiscal consolidation, while providing a level of public investments of an average of about 4.8 percent of GDP per year (only from central government). The fiscal reform program of the Albanian

government has several challenges, mainly related to the fragile history of fiscal and financial management in our country.

During 2020, the Albanian government was involved in a very important process in connection with the fiscal law, which will directly help the Tax Administration to get real-time and accurate data for all business transactions with the tax administration, but also all the information that circulates in business-to-business and business-to-government relationships. In 2021 the entire process of information through invoicing became electronic and this exerted even greater pressure towards access to real and non-real financial statements/fiscal ones that today we consider far from reality.

Graph 1. Progress of tax on profit over the years for a period of 11 months in billion ALL

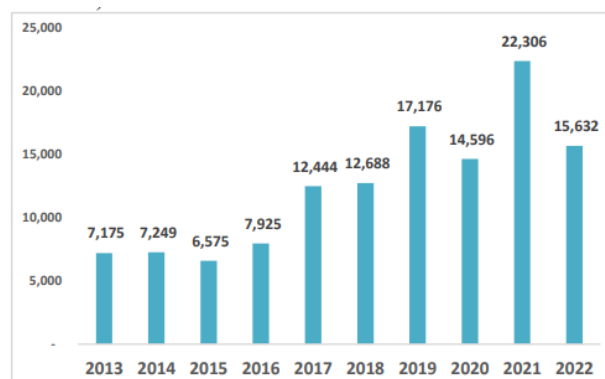
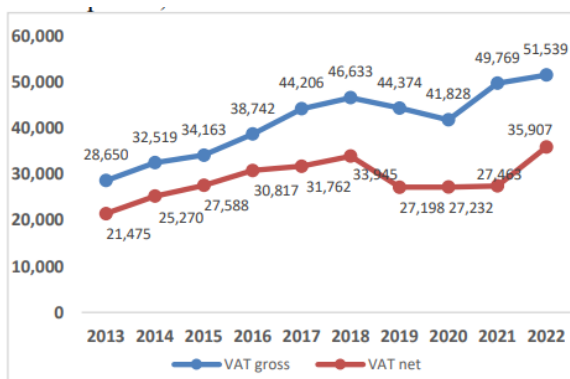


Source: Ministry of Finance and Economy (2022)

Income from profit tax is in the amount of ALL 40.9 billion with a 100.5% realization of the plan, marking an increase of 33.4% or ALL 10.2 billion more than the same period of the previous year. From the analysis of the profit tax by sectors, the trade sector has an increase of 57% compared to the 11th month of 2021, the service sector has an increase of 40% compared to the same period a year ago and the production sector has a 22% increase compared to last year.

Graph 2. Progress of VAT during the 11-month period, in billion ALL

Chart 3. Vat refunds for the period of 11-months period, in billion ALL



Source: Ministry of Finance and Economy (2022)

The net income from VAT is in the amount of ALL 35.9 billion, with a realization of 108.4% compared to the plan and 8.4 billion ALL or 30.7% more than the 11th month of 2021. In the period January-November 2022, the amount of VAT refunded is 15.6 billion ALL, 29.9% or ALL 6.7 billion less than the same period of 2021. Refunds for the 11th month of 2022 reached ALL 15.6 billion, ALL 1.3 billion or 7.6% less than the VAT refund plan for the 11th month 2022. The sectors with the largest contribution to VAT revenues, compared to the 11th month of 2021, are production, construction and services.

In this perspective, this increase comes as a result of increasing the efficiency of tax collection by the government, and as a result of economic recovery.

The fiscal reform supports the goals of the Ministry of Finance and Economy for fiscal recovery, as well as keeping the budget deficit under control and public debt. This program is based on the improvement of fiscal administration and minimizing informality in the economy, thus supporting the recovery economic, as well as increasing production and exports. It is important to emphasize that it is necessary to consolidate fiscal stability by encouraging simplicity, transparency, cost reduction for administration and avoidance of exclusive and favorable taxes.

The regulatory frame of fiscal system is based in the following:

- Law no. 9228, dated 29.04.2004 "On Accounting and Financial Statements";
- Law no. 10 091, dated 5.3.2009 "On the legal audit, the organization of the profession of the registered accounting expert and the approved accountant";
- National Action Plan (2009)
- Introduction and implementation of IFRS by large companies (with annual revenue of 1.25 billion ALL and more than 100 employees, financial institutions and companies listed).

- 14 SKKs are being implemented, (improved SKKs have been implemented since 2015, in compliance with the requirements of the directive and IFRS for SMEs);
- In addition, SKK 15 has been prepared for micro-units and a standard for NGOs.
- The Public Oversight Board was established (2009)
- Limits were set for legal audits (mandatory)

Reforms undertaken in 2016 and beyond:

- In April 2016, changes to the audit law were approved by the Albanian Parliament legal, where emphasis is placed on:

- a. Increasing and strengthening the independence and role of the Board (through its financing and increasing professionalism: The Board will provide its own resources funding, and at the same time will support from a very structure professional for performing quality controls).

- b. New definitions have been defined for economic entities of public interest, no practitioners, legal auditors, etc., in accordance with the directive.

- c. Quality controls, for units of public interest, are the responsibility of directly of BMP, while for other units even though it is delegated to the professional organization, the responsibility again belongs to the Board and can reclaim this right at any time.

The proficiency and professionalism of Albania's auditing employees are two more areas that need development. To guarantee the dependability and authenticity of financial accounts, high-quality audits are essential. To improve auditors' abilities, expertise, and independence, more funding is required for professional development, training, and monitoring.

Financial reporting should also include transparency and disclosure. To help consumers make educated decisions, companies should provide pertinent comments and disclosures in their financial statements that are both clear and complete. Albanian financial reporting regulations might be improved to compel more openness and disclosure, which would encourage better responsibility and confidence in the marketplace.

The comprehension and interpretation of financial accounts may also be improved by fostering financial literacy among firms, investors, and other stakeholders. Initiatives to promote financial literacy, including as training courses and informational campaigns, may help people understand the value of financial reporting and provide them with the information and expertise they need to properly assess financial statements.

Using technology more effectively can significantly help Albanian financial reporting. The use of digital tools and technology, such as data analytics, electronic reporting systems, and cloud-based accounting software, can improve the timeliness, accuracy, and efficiency of financial reporting operations. Promoting technology usage in financial reporting may simplify reporting requirements, lower mistake rates, and improve the accessibility of financial data.

The improvement of financial reporting in Albania can also greatly benefit from the use of technology. Financial reporting procedures may be made more accurate, timely, and effective by implementing digital tools and technology including data analytics, cloud-based accounting software, and electronic reporting systems. Encouraging technology usage in financial reporting may simplify reporting obligations, minimize mistakes, and improve the accessibility and usefulness of financial information.

Last but not least, enhancing financial reporting in Albania requires establishing a culture of openness and honesty in the corporate world. Companies should place a high priority on moral behavior, good corporate governance principles, and a dedication to openness in their financial reporting procedures. Campaigns for public awareness, educational initiatives, and financial incentives for good governance practices can all help with this.

Conclusion

In the final analysis, regulatory enforcement, auditor capacity training, openness and disclosure standards, financial literacy efforts, technology adoption, and the promotion of an ethical culture are all necessary components of a multifaceted strategy to improve financial reporting in Albania. Improving the accuracy and dependability of financial reporting may increase investor trust, make it easier to acquire funds, and advance Albania's economy as a whole. To establish reliable financial reporting procedures, it takes coordinated efforts from a number of stakeholders, including government agencies, regulatory organizations, firms, auditors, investors, and the general business community.

References

Bahiti R; Babasuli J, Shkurti R, “Impact of the latest financial crises on a bank-based financial system: Case of Albania”. Romanian Economic Journal, Volume XIV, No 39, March 2011.

Busuioc A., “Improving audit quality through audit oversight”, The World Bank, September 10, 2019.

Council of the European Union, “Economic reform program of Albania (2023-2025) Commission assessment”, Brussels, 19 April 2023. <https://data.consilium.europa.eu/doc/document/ST-8427-2023-INIT/en/pdf>

Davalos, M. E., Robayo M., Shehaj E., Gjika, A. “The Distributional Impact of the Fiscal System in Albania.” Policy Research Working Paper; No. 8370. World Bank, Washington, D.C., 2018. <http://hdl.handle.net/10986/29496> License: CC BY 3.0 IGO.”

Demi A, Uku S., Shahini Sh. “The impact of fiscal policies on Albanian economic growth: The case of value-added tax.” [Journal of Governance and Regulation](#), 10(4, special issue):311-325, November 2021

Fino D., “Reformat, drejtimi i duhur për në BE – Reformanë fushën e kontabilitetit, raportimi financiar dhe auditimit”. <https://kkk.gov.al/foto/uploads/File/1.%20konf%20qershor%2016/2.%20Dritan%20Fino.pdf>

Gjokutaj E., Albania: The impact of economic and fiscal policy in the agricultural sector. Uet Press. <https://uet.edu.al/economicus/wp-content/uploads/2021/12/economicus-20-7-27.pdf>

Shkurti R, Gjoni B, “Development of the Accounting Profession in Albania in the New Era of Market Economy”. Studies in Business and Economics Journal, Volume 5, Issue 3, December 2010.

Special Study, The EBRD’s Investment Climate Support Activities Case study: Albania. [www.ebrd.com > evaluation-report-albania](http://www.ebrd.com/evaluation-report-albania)

Foreign investors association of Albania. “Recommendations for improvement of the business climate in Albania, White Book, 2021-2025”.

<http://fiaalbania.al/wp-content/uploads/2021/10/WhiteBook202-2025.pdf>

The long shadow of informality

PhD. Entela Velaj

Department of Economics Science, Business Faculty, UAMD

PhD. Alba Ramallari

Department of Economics Science, Business Faculty, UAMD

MSc. Olta Fuçia

SASPAC ALBANIA

In periods of development, the term informal economy is common. What is more interesting is how it can be minimized not only in its size but also in the impacts it has in economy. Specifically, it has a negative impact on tax revenues and GDP, thus making economic development longer and more difficult to deal with economic situations during the review.

The instruments that affect and influence are many, as are the possibilities of its reduction. In fact, the biggest difficulty of informality is in identification. The period after identification is simply the time spent to avoid the problems caused and the possibility of not getting worse. For this, strong government policies are needed, which over time will turn into a consumer culture.

Key words: Informality, Growth, Recession, Government policies

JEL Classification: H21, H30, G18, E22, P10

1. Informality theory aspects

Informality in our country was noticed after the 1990s in the appearance of money evasion in order not to pay taxes and duties.

Informality covers a wide range of situations within and across countries, and it arises for a number of reasons. On the one hand, individuals and firms may choose to remain outside the formal economy to avoid taxes and social contributions or compliance with standards and licensing requirements. This relates to the common but misconceived view that informality is caused mainly by firms and individuals “cheating” to avoid paying taxes. On the other hand, individuals may rely on informal activities as a safety net: they may lack the education and skills for formal employment or be too poor to access public and financial services. A forthcoming book compiling recent research by IMF staff and academic researchers aims to shed new light on this topic by looking in more detail at measuring informality, analyzing its drivers and economic consequences, and discussing possible policy responses.

The livelihoods of the poor in emerging market and developing economies (EMDEs) often depend on informal economic activity. In these economies, informal-economy output on average accounts for about one-third of gross domestic product (GDP) and informal employment constitutes about 70 percent of total employment. In some economies informal employment accounts for more than 90 percent of total employment and informal output for as much as 62 percent of official GDP (World Bank 2019). Depending on country circumstances and worker characteristics, workers may choose informal employment for a wide range of reasons. Thus informal workers range from agricultural day laborers to self-employed firm owners with a few employees.

Some authors’ think that, informality is typically defined as market-based and legal production of goods and services that is hidden from public authorities for monetary, regulatory, or institutional reasons (Schneider, Buehn, and Montenegro 2010).

These are explained like, monetary reasons include the avoidance of taxes and social security contributions, regulatory reasons include the avoidance of government bureaucracy or regulatory burdens, and institutional reasons include corruption, related often to the poor quality of political institutions and weak rule of law.

These factors affect firms’ and workers’ decisions to participate in the formal sector (Perry et al. 2007; Ulyssea 2020). In this case, the informal economy involves activities that, if recorded, would contribute to GDP, and does not cover illegal activities or household production (Medina and Schneider 2018; Schneider, Buehn, and Montenegro 2010).

Some workers and firms are “excluded” from the modern economy or from state benefit systems because of burdensome entry regulations and lack of human capital (de Soto 1989; Loayza, Oviedo, and Servén 2006; Perry et al. 2007). This type of informality is frequently associated with low productivity and with poorly paid and low-skilled employment (La Porta and Shleifer 2014;

Loayza 2018). Other informal workers voluntarily “exit” the formal sector and choose informal activity for its flexibility, independence, and lower regulatory compliance burdens Blanchflower, Oswald, and Stutzer 2001; Falco and Haywood 2016; Günther and Launov 2012; Maloney 2004. Both “excluded” and “exiting” types of informality could coexist in an economy (Bosch and Maloney 2008, 2010; Lehmann and Pignatti 2007; Nordman, Rakotomanana, and Roubaud 2016).

2. Informality and its impact on the economy

Taxes are defined as obligations that must be poured into the budget depending on the benefit or not of a service from the government. As such they directly affect individuals and firms by having a normally expected impact on the choice between work and leisure. At the same time, it is taken for granted that income from employment taxes promotes commercial and productive activities in non-taxable sectors of the economy through fiscal evasion. In those countries where the tax system is well-regulated and the opportunities to avoid taxes are less, there is a pressure on business for fiscal evasion in order to realize their primary objective which is profit. The main factor that influences this phenomenon is the economic environment of the country in question, but at the same time the state has another goal that conflicts with that of the firms: How to get as much income as possible from taxes which are the main source of financial income of the budget?

Measuring this phenomenon is not always easy and turns into a challenge for the responsible institutions since not all the economic activities of the country are observed by the persons appointed to build the national balances (in Albania this is the task of INSTAT).

These activities include:

1-all illegal activities

2nd basement (nendheshme)

3-part of the informal sector

4-those provided by families for final consumption (household production)

5-and all those that escape registration as a result of the short comings of data collection programs.

All these activities, which are part of fiscal evasion, appear as;

- Avoidance of paying income taxes, VAT or other taxes.
- Avoiding the implementation of some legal standards such as minimum wage, maximum working hours, safety and health conditions at work, etc.
- Avoidance of paying social security contributions

- Avoiding procedures such as filling out statistical questionnaires or other administrative forms and using other methods (direct/indirect)

Fiscal evasion is any activity related to concealing tax obligations through false documents, false statements or information. It is a violation of the law and is characterized as a decision-making in the conditions of risk, where the taxpayer makes an assessment of the advantages he expects from his actions in safe and non-illegal activities in relation to the risk he may have from avoiding the tax obligation. Tax evasion is illegal and involves concealing income, while fiscal evasion involves avoiding taxes and duties through legal techniques. Factors of tax evasion and tax avoidance include the transition from the centralized economy to the market economy, the undiscovered scale of the black market, and inadequate economic and legal instruments. The main reason for tax evasion and avoidance is the non-use of sales and purchase documentation.

3. The effect of informality on GDP (Gross Domestic Product).

The impact that informality has on GDP is strange. In the case when it is attempted to hide, for example, the number of female workers, it is indeed hidden, but the activity they perform cannot be hidden. Perhaps their salary is not counted as an expense, but the product they create counts and increases GDP. It is up to him to realize the growth of GDP with less expense.

GDP, Gross Domestic Product, is the total value of goods, materials and services produced within the territory of a country during a certain period of time [GDP = consumption + investments + state expenditures + (exports - imports)].

On the other hand, real GDP reflects the total value of production by basing the calculations on constant figures for the prices of goods and services, i.e. fixed figures that reflect the prices that these goods and services had in the respective country during a certain year, which is called the 'base year'. The IMF points out that the base year for the data contained in this database is currently 1996. This is done to correct the effects of price fluctuations, and in this way it is possible to compare the real economic growth from year to year.

It should be borne in mind that these macroeconomic indicators, although they have their meaning in reflecting the economic situation of the country in general, also have limitations in reflecting the complete and real situation in terms of different layers of the population or different sectors of the economy. in Albania.

Factors that explain informality

Human nature is such that it tends to maximize utility and welfare depending on the available budget. If we refer to fiscal policies, we immediately focus on the informal economy and fiscal evasion as part, as these issues are the result of a good or bad design and implementation of these policies in the real economy.

We divide the factors that explain these into three main groups:

- ☐ Economic-social market
- ☐ Institutional
- ☐ "Societal" - includes traditions, culture and the relationship between individuals, society and the state.

We must emphasize that there is a division between the influence of these groups in the short and long term

A decrease in awareness towards the payment of taxes, a decrease in loyalty to public institutions as well as the continuous non-payment of utility bills have influenced the creation of an evasive economic environment which "promotes and accepts the existence of EI. Institutional factors determine the short-term developments of this sector, while historical factors related to culture and traditions have a long-term impact.

Free enterprises recapitalize the income "earned" from fiscal evasion by expanding even more their commercial or production activity (or the number of small and medium-sized businesses that aim to avoid taxes), increasing their competitiveness in this sector and influencing an unrecorded increase in the well-being of the population. The competitiveness of these firms through prices enables the absorption of a part of the profit (result of evasion).

Conclusions

Breaking the established rules constitutes a risk for the financial interests of the country and the high negative figures of the public debt constantly encourage the need of governments to design strategies, use instruments, cooperate among them and implement common policies to put down the erosion of public revenue. In order to distinguish the complex and dynamic character of fiscal evasion in the first place, it is required to examine this phenomenon and then take measures such as:

- ☐ Improving the management of tax and customs administration based on:

- o the realization of income with professionalism, integrity and honesty, with a standard that creates credibility among citizens, and credibility with international partners and the business community, local and foreign. Intensification of the fight against illegal transactions based on; deepening and

- o expanding the fight against money laundering and terrorist financing, improving national inter-institutional cooperation as well as with international partners. Risk analysis of taxpayers to identify the main sources of evasion

- o tax and its reduction; increase in voluntary collection of tax obligations; strengthening control and monitoring of registration, declaration and payment of obligations; simplification of payment

declaration procedures; and improvement in information gathering and analysis. Improving the assessment of the performance of the tax and customs administration,

- o based mainly on professional skills and the quality of service to taxpayers, with a particular focus on encouraging voluntary self-declaration of tax obligations. Strengthening of performance, control management and internal audit in

- o tax and customs administrations, to fight corruption. Strengthening the fight against fiscal evasion, corruption and smuggling, through

- o strengthening of administrative capacities and human resources

- the best possible fight against fiscal evasion would be the awareness of tax payers to pay the tax obligation, which means development, well-being, steps forward towards integration. It is also necessary to guarantee security, that the taxes paid by taxpayers will be used correctly and efficiently for the benefit of the public by the government and local government.

References

Schneider, Buehn, and Montenegro 2010, Size and Development of the Shadow Economies of 157 Countries Worldwide: Updated and New Measures from 1999 to 2013,
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2861026

Perry, G. E., W. F. Maloney, O. S. Arias, P. Fajnzylber, A. D. Mason, and J. Saavedra-Chanduvi. 2007. Informality: Exit and Exclusion. Washington, DC: World Bank

Ulysea, 2020, pp 525-546 Informality: Causes and Consequences for Development Annual Review of Economics Vol. 12

Medina, L. and Schneider, F. (2018) Shadow Economies around the World: What Did We Learn over the Last 20 Years? African Department, IMF Working Papers 18/17.

De Soto, H. (1989). The Other Path: The Invisible Revolution in the Third World. London: I.B. Tauris & Co.

Loayza, N.V., Oviedo, A.M. and Servén, L. (2006) The Impact of Regulation on Growth and Informality Cross-Country Evidence.

Rafael La Porta and Andrei Shleifer Informality and Development by. Published in volume 28, issue 3, pages 109-26 of Journal of Economic Perspectives, Summer 2014,

Blanchflower, Oswald, and Stutzer 2001 Well-Being Over Time in Britain and the USA, NBER PAPER

Falco and Haywood 2016 https://link.springer.com/chapter/10.1007/978-3-030-47937-4_2

Isabel Günther and Andrey Launov, Informal employment in developing countries, Journal of Development Economics, 2012, vol. 97, issue 1, 88-98

Bosch, Mariano and Maloney, William F., Cyclical Movements in Unemployment and Informality in Developing Countries (June 1, 2008). WORLD BANK

Lehmann and Pignatti (2007) the role of the informal sector in labor market adjustment in Ukraine is assessed, using the 2003 and 2004 waves of the ULMS

Nordman, Rakotomanana, and Roubaud 2016, Informal Versus Formal: A Panel Data Analysis of Earnings Gaps in Madagascar, IZA Discussion Paper No. 9970

Challenges and Benefits of Farm Accountancy Data Network (FADN) for Albanian Agricultural Sector

Prof. Assoc. Dr. Albana Jupe¹ Prof. Assoc. Dr. Skender Uku ¹PHD. Rovenia Troplini ²

1-Agricultural University of Tirana, Department of Finance/Accounting, albanajupe@ubt.edu.al

1-Agricultural University of Tirana, Department of Finance/Accounting, suku@ubt.edu.al

2-University “Aleksander Moisiu” Durrës, Department of Finance/Accounting,
rovenatroplini@uamd.edu.al

Agriculture plays a crucial role on Albanian economy and with an evident increase of the number of farms reported from the INSTAT highlight the potential for the development of this sector. At the same time this sector faces several challenges related to financing and although the government announces several financial support schemes, there is a lack on final impact of this support. The aim of this paper to introduce the farm accountancy data network (FADN) system which is compulsory for all EU Member States. FADN is used by the European Commission for the analysis and evaluation of economic policy relating to the agricultural sector comprising ‘commercial farms’ and results are published as statistics for both the EU and Member States. Almost all national governments use their results for similar public purposes but most also make them available for the provision of advice to farmers and benchmarking of their own performance. Albania as a candidate country has to be integrated in this system and from 2022 a scheme of FADN has been introduced. The benefits and challenges that Albania will face in implementation phase will be addressed in this study. Methodology will be based on a comparative approach of the region countries that have already embraced this system.

Key words: FADN, accountancy, EU policies, Agricultural sector

JEL Clasification: Q14, M41

1. Introduction

Agriculture remains among the main sector of economy accounting for a high contribution to the gross domestic production, an important impact in the level of employment and improvement of export import relations accounts. Apart from the significant role on economic structure, agriculture sector suffer from a very low level of financing support from the banking system counting for only 1.4% of credit portfolio in 2020 (Bank of Albania). The sector is characterized by a large number of small's farms. Based on INSTAT data, there were around 351,605 farms in country in 2013. From that date no update of information is provided on the number of farms that operate in Albania. According to this source Albanian farms utilize agricultural area of low than 1.9 ha. Moreover approximately 45% of the all farms lie in the category of 0-1 ha (as arable land) 41% of farms are 1.1-2 ha and only 14% of farms have a surface of more than 2 ha. Nowadays in Albania, agricultural entities accounts for 64,276 units according to data from INSTAT 2021, from which 1,354 entities should do accounting recording and report the financial statements. The remaining number of 62,992 entities, are farmers that are obliged to be registered and get the identification number facilitating them from tax burden as well being able to get aid from financial state schemes.

The agricultural sector is not just a commercial activity, but an important factor for the economic development of a country, emphasizing the fact that small and medium economic units in the agricultural sector have an important role in reducing poverty. Development challenges cannot be viewed separately from the development in the field of accounting information and financial reporting of this sector. It is important that economic entities involved in the agricultural sector understand well that the more they orient their activity towards foreign markets, the more they will need careful cost information and the use of a method of suitable for the evaluation of their biological assets, based on the features that influence the creation and development of agricultural or livestock assets. On the other side farm data on micro level are not available. The farmers do not keep farm accounting and no accurate calculation are conducted in the cases when the reporting of financial statements is provided. The farm records are considered important to provide valuable information which can indicate the profitability, support the decision-making process and facilitate the farm business planning. It is generally assumed that the introduction of accounting will improve the farm management and produce better farm performance (Luening, 1989). In this paper we emphasize the need for information of accounting on agricultural sector and introduce the farm accountancy data network (FADN) system which is compulsory for all EU Member States.

2. Agriculture and accounting

Even though agriculture continued to employ more than a third of the global population, accounting is far away compared to other sectors, the literature review reveals the “inexistence of accounting”. As Giraudeau quoted in his paper on global history of agricultural accounting “Is it possible, that the inhabitants of a great Continent (...) can carry on farming as a business, and yet never calculate profit by per centage on capital?” (Washington 1803, 141) Washington replied, writing about the American farmer: ‘Instead of calculating, he labors and enjoys’. For more agriculture has traditionally not received much attention from accounting researchers, practitioners and standard setters.

In the last ten years, concrete and important steps have been taken in Albania to adapt and harmonize the accounting regulatory framework with international accounting and financial reporting standards. Given the difficulties and costs to implement the full version of the international accounting standards, the state authorities decided to draft national accounting standards, also defining their scope. The criteria are defined in the law no. 9228, dated 29.04.2004 "On accounting and financial statements", and amended. Regarding the way of handling and presentation of biological assets, the national standard SKK no. 13, "Biological Assets", improved, has not undergone significant changes since the moment of its publication and entry into force in 2015. The only work in Albania related to the implementation of SKK 13 on the evaluation of biological assets implemented by the researcher, L Keri pointed out the many problems during the implementation of this standard. Various foreign authors, whose works are related to the implementation of IAS 41 in agriculture, emphasize this deficiency in accounting practices related to biological assets. Feleaga emphasizes the changes brought about by the implementation of IAS in agriculture and the improvements in the comparability of the financial statements of the units in the agricultural sector. (Feleaga, et.al 2012:415). In a summary of studies done in Turkey regarding the implementation of IAS 41 for the recognition and evaluation of biological activities, the author Duman has highlighted some of the problems and challenges encountered during the implementation of this standard. As a finding of this paper, it is worth emphasizing the fact that in Turkey the measurement of agricultural activities is done according to the cost model when reported to the tax authorities and with the fair value in the regulations of IAS 41 (Duman, et al. 2012:118). Athanasios investigated the differences between accounting practices in practice and accounting information in the agricultural sector in Greece and concluded that farms are mostly

small in size, family-run, have limited training in accounting and finance, have no accounting records related to with the established rights and obligations, operate only through the monetary system, and report only for the effect of taxes. On the other hand many researchers have stated the role of accounting in agricultural business. So the farmers who used a formal record system over time improved their ability to use the kind of information the system produced Garcia et al. (1983). As well the accounting functions would improve their management information systems Streeter (1990). The farmers often struggle in getting financial support in their daily activities. Agricultural lenders often demand more and better accounting information. For more given the government interference in many agricultural markets in many countries, policy makers also have a need for accounting information. On summary accounting is an important tool to the decision makers and as well necessary for management information systems.

3. Farm Accountancy Data Network (FADN) and accounting

The Farm Accountancy Data Network (FADN) is a sample survey that annually gathers information from 85,000 European farms. Its main aim is to provide data to the EU Commission used in the assessment of farm profitability and in the evaluation of Common Agricultural Policy (CAP) impacts. FADN results are also used and published nationally in almost all the Member States. Data are stored in an online database, available for institutional users under an agreement or a formal accession request. FADN collects financial, economic and structural data, including a profit-and-loss account, balance sheet and income statement on 85,000 farms on a yearly basis. Like other surveys, FADN can be considered as a public good, whose general benefit and utility depends also on its impact on users. One way to evaluate these benefits is the identification of users, the data used and their level of satisfaction. The first aim of this survey is to provide data to the EU Commission for the assessment of farm profitability and the evaluation of the Common Agricultural Policy (CAP) impacts. The enlargement to new Member States, the increasing supply of data and wider informative needs have made FADN worthwhile for purposes that go beyond those contemplated at the beginning.

FADN is regulated by the European Union laws but however each member state need its own national legislation. In general restrains on use of information relates to the assurance of confidentiality given to farmers by the regulation.

The main users of FADN database are the state institutions and in particular European Commission. The FADN database cover the demand for information from various public and private organizations such as ministries, universities and research and development institutes as well other interested institutes. The information gathered report on income and financial situation of various agricultural holdings. Furthering the recorded data are used to calculate the set of indicators for income and productivity, production cost and structure of farm's assets.

4. FADN, challenges and benefits for Albania

Albania as a state committed to enter the EU has to establish the FADN within the appropriate legislation. In accordance with the Council Regulation in force, each EU member states is obliged to submit accounting data from a relevant number of agricultural holdings to FADN. Funded by Food and Agricultural Organization, in 2022 a pilot FADN project started in Albania with a survey of 40 farms. The number will be expanded and several steps in institution and legal framework are to be taken place. FADN system has importance regarding the fulfillment of the conditions necessary for EU integration. Additionally FADN has importance as instrument of domestic agrarian policy, importance for individual agricultural producers and importance for scientific research in the agricultural sector. In our study we attempt to analyze the situation regarding the accounting information, rules, measure and valuation of biological assets.

What are the challenges of establishing the FADN?

First of all Albania, is dominated by small family farms, with an average size of 1,2 ha of available agriculturalland. The survey on FADN is based generally on commercial farms that mean farm who get income and manage cost. This requires reliable information. As mentioned in the earlier chapter only 1,354 entities are register and has to do the financial reporting. When it comes to actual reporting, these entities do report according to national accounting 13 on biological assets. The findings on the financial reporting of these entities reveals the problems encounter regarding the measurement and valuation of biological assets. The interviewed accountants states the lack of regulation and appropriate guidance regarding the valuation of biological assets. These reflects in lack of these assets in balance sheets treating them only as inventories. NAS13 requires that biological assets and agricultural produce should be measured at their fair value less estimated point-of-sale costs. The entities do not use the fair value and report each transaction in cost model. This is current situation on financial reporting of entities dealing with agriculture sector. FADN

on the other hand has several specifics regarding the recognition of assets, revenue, expenses and financial statement presentation. FADN uses market prices for the valuation of non-monetary assets. For example, livestock is valued at prices prevailing at the end of the accounting period. The valuation of land is based on the market price for non-rented land with similar characteristics regarding location, quality and use, from which any development costs are deducted. Another point is the valuation of inventories. FADN uses year-end prices for both livestock and inventories of agricultural produce. Differences are seen on the revenues valuation. Under FADN revenues derived from livestock and agricultural produce are computed as sales plus (minus) the increase (decrease) in value of inventories.

What are the benefits of establishing the FADN?

The main aim of establishing the FADN has been to use it as the main monitor instrument on evaluation of agricultural policies within the EU. Albania as a candidate country has to fulfill this obligation. FADN collects financial, economic and structural data including a profit and loss account, balance sheet and income statement. The data may be used in a broad stage from different stakeholders. So first benefit would be on better policy decisions based on accurate data that will lead to better public outputs. In addition better performance for the commercial farms, who can benefit benchmarking within the sector. Research and universities can address their needs for a range of data in several years and fields and let them develop policies and promote tools on how to improve the problems.

Conclusions

Agriculture remains an important sector of the economy in Albania and among the problem identified in the lack of financial resources for the entities. Financial abilities of agriculture entities will increase if economic and financial information will be provided accurately by accounting. In Albania, until now, accounting in agriculture is regulated by international accounting standards on agriculture 41 (IAS 41) and national accounting standard 13. There are many deficiencies and ambiguities in relation to their implementation in practice. In addition FADN is a practical tool on helping to implement the accounting rules. There are so many challenges in establishing the FADN to Albania mainly related to gaps existed in practice in valuation of biological assets. On the other the FADN is a tool that will allow not only in micro but as well in macro level to reach the required

sustainability. At that moment, we recommend that accountant and researcher to formulate guidelines on specific and general accounting issues.

References

Argiles, L. Slof, E, 2001. New opportunities for farm accounting, The European Accounting review 2001, 10:2, 361-383. Available on line: [\(PDF\) New opportunities for farm accounting \(researchgate.net\)](#)(accessed on May 2023).

Athanasios, V., Stergios, A. & Laskaridou, E.C. 2010. ‘The importance of information through accounting practice in agricultural sector – European data network’, Journal of social sciences, 6(2):221-228.

Delforge-Delbrouck, A. FADN Methodology A to Z; European Commission: Brussels, Belgium, 2020. [[Google Scholar](#)]

Duman, H., Özpeynirci, R. & İçerli, M. 2012. ‘Agricultural activities – TAS 41: Turkey example’, International journal of academic research in accounting, finance and management sciences, 2(3):118-131.

European Commission. Agriculture and Rural Development, Farm Accountancy Data Network at a Glance. EU, Brussels. Available online: https://agriculture.ec.europa.eu/data-and-analysis/farm-structures-and-economics/fadn_en (accessed on May 2023).

Luenig, R. A. (1989) ‘Farm records can improve profitability’, in United States Department of Agriculture (eds) Farm Management: How to Achieve your Farm Business Goals. Washington, DC: Government Printing, pp. 103–12.

Giraudeau, M. “The farm as an accounting laboratory” an essay on the history of accounting and agriculture. Accounting history review. Available on line: https://www.researchgate.net/publication/316328316_The_farm_as_an_accounting_laboratory_a_n_essay_on_the_history_of_accounting_and_agriculture(accessed on May 2023).

INSTAT, *Regjistratistikori ndërmarrjeveviti2015,Ndërmarrjeaktivesipasaktivitetitekonomik*, <https://www.instat.gov.al/media/10065/regjistrat-e-biznesit-2021.pdf>

“The role of marketing in football and sport”

Msc. Ada Gashi

Abstract

The marketing of sport in general and football in particular, has developed rapidly over the last two decades. The role and importance of marketing has been increasingly recognized by many sports, including football. As such, national associations, clubs, international governing bodies and many other organisations involved in football take the role of marketing very seriously. These organisations have specialist staff and departments dedicated to marketing football. The purpose of this paper is to provide an overview of this key area of management, specifically highlighting three main domains: sport marketing, brand and marketing communications, media rights. Football is not the only the world's most popular sport, but also probably its most globalized industry. It has managed to capitalize upon this marketing advantage and utilize its unique relationship with media in order to both cope with marketplace changes and challenges, and more importantly to succeed, often 'paving the way' for wider sport marketing management. Soit did not only achieve significant financial profits, but also it succeeded in gaining wide-ranging increased exposure, that has allowed to be broadcasted and promoted worldwide. Other insights include how clubs are using social media to grow their global reach, based on social media marketing strategy and their understanding of why and how stakeholders use social media.

Keywords: marketing, football management, brand, media

Sport Marketing

The marketing of sport in general and football in particular, has developed rapidly over the last two decades. The role and importance of marketing has been increasingly recognized by many sports, including football. As such, national associations, clubs, international governing bodies and many other organisations involved in football take the role of marketing very seriously. Football is not only the world's most popular sport, but also probably its most globalized industry.²⁴

Sport marketing has several other distinctive features that distinguish it from the marketing of other products, notably²⁵:

Sport is product-led: that is what happens on the field of play is the most important part because it is where the contests take place. While the needs of customers must always play an important role in any form of marketing, in sport what happens in a game is what gives the sport product its strength.

Sport customers are simultaneously producers and consumers. Not only do customers want to attend games, watch sport on TV and talk about it with their friends, they also help to create the sport product. For example a stadium without an excited crowd does not make for an exciting contest. Customers are instrumental in helping to create the tension, excitement and atmosphere at a sporting contest.

Sport marketers operate within a set of parameters that are outside their control. In many industries, if a product is unattractive or unsuccessful, then an organization can change it. In sport this is difficult, for instance in football having bigger goals or fewer players on the pitch might enhance the spectacle, but an individual national association would find this difficult to implement without the permission of the international governing bodies.

Sport employs different performance measures to other industries. In most other industries profit is the ultimate measure of success. However a team's final position in a league or performance in a cup competition is often a more important measure of success, especially among fans. This dual set of performance measures can prove to be a major challenge for sport marketers.

Sport has a symbiotic relationship with the media, which is very important to sport as it provides opportunities to market and promote the sport product. Understanding how relations with the media help and hinder marketing is therefore an important challenge for sport marketers.

There are so many different competitions and product alternatives competing for your attention, it is difficult for sport marketers to make their products stand out from the crowd.

Branding and Marketing Communication Mix²⁶

²⁴Chadwick, S. (2017) Football Marketing and Sponsorship, University of Salford, Manchester, UK

²⁵Desbordes, M., & Chadwick, S. (2007) Marketing and football; An international perspective

²⁶Boyle, R. & Haynes, R. (2012) Sport, the media and strategic communications management

Branding is therefore a very important activity for sport marketers because it helps to differentiate an organization's products from those of rivals. It creates a point of differentiation and individuality provides a stimulus and motive for people to buy or consume the product, helps customers to trust the product and therefore eases their decision to choose that product rather than another product. This means consumers are more likely to remain loyal to a brand, engaging in repeat purchase decisions, which means that the organization delivering a branded product has a strategic and competitive advantage over its rivals. Given the importance of branding, how to create and build a brand is a vital consideration for sport marketers. One of the most important outcomes of the successful building of a brand is that it leads to the generation of brand equity which is all the benefits that a product can achieve with its brand name compared to what would happen if the same product did not have its brand name. Brand equity²⁷ enables organisations to boost their brands in the eyes of consumers, and promoting loyalty among customers. Moving through the marketing process, having addressed the needs of the market and the demands of customers, having developed products that address these needs and demands, and having created and built a brand identity for these products, the next step for the sport marketer is to communicate the existence of its branded products to the market place. **Marketing communication mix**²⁸ is a combination of techniques through which prospective and actual consumers are made aware of the existence of branded product offerings. There are several elements like, **notably sponsorship, sales promotion, direct marketing, PR and advertising**. (Figure 1)



First of all it is important that sport marketers have a clear sense of who their target market is. Secondly, they need to know what are the product benefits features that they want to accentuate? Third the sport marketer needs to decide how best to convey the message. Fourth establishing a budget is imperative. (Figure 2)

²⁷ Griggs, I. (2016). The big brand challenge, PRWeek

²⁸ Hopwood, M., Kitchin, P. & Skinner, J. (2010). Sport Public Relations and Communication



Communication²⁹ is that glue that holds an organization and its stakeholders together. Managing the communication flow is challenging. National associations interact with their stakeholders through numerous channels:

Inside-outside (from national association to its external stakeholders), events, press conferences and publications;

Outside-inside (from external stakeholders to the national association) football programmes on television and reports by third parties;

Two-way, personal contact, email, interactive website and forums, and social media.



Football PR³⁰

PR is aimed at having an impact on targeted stakeholders cognition, emotions and behaviour related to the organization and its actions. Considering these dimensions, three kinds of objective can be identified: informative, emotional, and behavioural.

Informative: To increase awareness if the national association or one of its programmes;

To enhance the national association's image by reinforcing existing partnerships or by integrating others, develop the national association's perceived quality.

Emotional: Developing an emotional bond with the national association, creating an attachment to the national association and its mission.

²⁹ Pedersen, P.M., Miloch, K.S. & Laucella, P.C (2007). Strategic Sport Communication

³⁰ Knight, M. & Cook, C. (2013) Social Media for Journalists

Behavioural: Get involved in a program, contact the national association for specific information, promote the national association and its programmes.

Key objectives of Football PR

To raise awareness- audiences need to know you exist, inform- audiences need to be told what you are doing and why you need to create understanding and acceptance, build trust- relationships only work if they are based on trust, goodwill and mutually beneficial relationships are also key.

To give people a reason to support their teams- football is nothing without supporters, also create fan buy-in- particularly important during times of crisis and change.

Developing a Media Strategy in the Digital Age

The new media available to football organization represents a challenge and an opportunity to harness a new mode of communication and take a more direct and participative approach to building relationships³¹.

- Integrate the social media strategy into the current web strategy and ensure that the primary website and other associated websites are linked in order to support implementation;
- Understand the relationship between social media and traditional media and how to reinforce and leverage it;
- Implement the plan and monitor performance, ensuring that there is full commitment to implementation
- Create a goal in the short and medium term that acts as a definition of success.
- Review the implementation based on feedback and the reactions of key audiences;
- Find out who your audience thinks is most influential;

A marketing strategy of the Football Association of Albania³²

For all the Albanian National Team fans FSHF offers the opportunity of buying a membership package on their official website Basic Membership which is free, Silver Membership, and Gold Membership with an affordable price including:

Basic Membership

Registration in the FSHF database.

Receiving email notifications and regular newsletters on news about the National Team, Albanian football, offers in the official store, etc.

Silver Membership

Registration in the FSHF database.

Receiving e-mail notifications and regular newsletters on news about the National Team, Albanian football, offers in the official store, etc.

Device with personal Barcode Silver membership.

2 tickets secured for official qualifying matches valid European Qualifiers 2024.

2 tickets secured for friendly matches.

1 ticket provided for official and friendly matches outside Albanian territory, in the Fans area.

³¹Nicholson, M. (2007), Sport and the Media Managing, Oxford

³²www.fshf.org.al

Preferential pricing by taking advantage of a 10% discount in the official FSHF store on selected items.

Gold Membership

Registration in the FSHF database

Receiving e-mail notifications and regular newsletters on news about the National Team, Albanian football, offers in the official store, etc.

Device with personal Barcode Gold membership.

Free benefit of an official National Team jersey, personalized with name and/or number.

2 tickets secured for official qualifying matches valid European Qualifiers 2024.

2 secured VipGold tickets for friendly matches.

1 guaranteed Cat1 ticket for official and friendly matches outside Albanian territory.

Exclusive access to training sessions of the National Team, having the opportunity to get to know the players.

Preferential pricing by taking advantage of a 10% discount in the official FSHF store on selected items.

Possibility of access to a planned visit to the FSHF museum.

Possibility of having a tour inside the stadium a few days before the match.

This marketing strategy resulted very effective, it reached a lot of new members and increased the sales in the official store of the National Team in FSHF.

Conclusion

Overall bringing more people into the game is the primary mission of the Football Association of Albania (FSHF), which is striving to improve local infrastructure with plans to lay 100 pitches all over the country, in association with local clubs and municipal authorities.

Progress remains positive; there were 12,455 children – from the youngest youth groups to Under-18 – playing for FSHF-registered teams in the 2019/20 season, and more like 17,500 more recently. Coaching standards are also improving, the FSHF now boasting well over 2,000 UEFA-licensed coaches all over Albania³³.

The association directly finances all the nation's top-league women's teams, paying players and coaching staff, travel fees, and is providing support for women's football at youth level too, as well as supplying free equipment to teams all over Albania. In a matter of two years, the number of girls registered with FSHF-backed teams has risen from 800 to nearly 2,000, with a target to bring that number to 4,000 by 2025, where the marketing role is an important key strategy to achieve their objective and goals.

Communication strategy³⁴ remains a crucial aspect in the running of a national association. The media and media operations are of course also central to communication remit and require dedicated and specialized attention focus at all times. A clear strategic vision of what the various media new platforms will be used for is necessary, as in understanding of the constantly changing media marketplace, technological change means that a broad yet flexible strategy is required. The current dominant player in the market may not be so important in few years time. The Football Associations have developed creative ways to keep up with new trends while using new channel to communicate effectively and efficiently without missing opportunities to enhance reputation and recognition. Marketing is at the heart of everything that happens in football; whether it is the format of the competition, what consumers want from football, how media rights are sold to TV companies or what forms of merchandise are created, good marketing underpins all the decisions made. The essence of marketing in a national association is to match and reconcile the demands of marketplace with the resources and skills of the organization³⁵.

³³<https://www.uefa.com/insideuefa/national-associations/alb/>

³⁴Chadwick, S. (2017) Football Marketing and Sponsorship, University of Salford, Manchester, UK

³⁵ UEFA (2016) National Association Guide to Marketing. Nyon, Switzerland

References:

1. Chadwick,S. (2017) Football Marketing and Sponsorship, University of Salford, Manchester,UK
2. Desbordes,M, &Chadwick,S. (2007) Marketing and football; An international prespective
3. Boyle, R. & Haynes, R. (2012) Sport, the media and strategic communications management
4. Griggs, I. (2016). The big brand challenge, PRWeek
5. Hopwood,M., Kitchin,P.&Skinner,J. (2010). Sport Public Relations and Communication
6. Pedersen, P.M., Miloch,K.S.&Laucella,P.C (2007). Strategic Sport Communication
7. Knight,M.&Cook,C. (2013) Social Media for Journalists
8. Nicholson,M. (2007), Sport and the Media Managing, Oxford
9. UEFA (2016) National Association Guide to Marketing. Nyon, Switzerland
10. www.fshf.org.al
11. <https://www.uefa.com/insideuefa/national-associations/alb/>

Emigration and its impact on the country's sustainable development

Klodian Muço

Assoc. Prof. Klodian Muço,

Catholic University “Our Lady of Good Council”, Research Centre on Economics of Transition
Countries, k.muco@unizkm.al

Silvana Gashi

Dr. Silvana Gashi, “Aleksander Moisiu” University, Business Faculty, silvanagashi@uamd.edu.al

Abstract

The departure of young people for employment and for a better future has increased significantly in recent decades in Albania. In the last two years, a new wave of emigration of young Albanians to England has been noticed, just like in the 90s. If in the past mainly the unemployed or unqualified people left, now the new graduates and established professionals leave the country. The first effects that can be noticed in the country is a significant lack of specialized human capital, a reduction in births, the reduction of the number of students in the country's peripheral schools, thus reducing the quality of education and the aging of the population. On the other hand, remittances and salaries have an upward trend, increasing the well-being of Albanians living in the country.

Based on these facts, this study will make a general analysis of endogenous and exogenous factors or certain policies that stimulate emigration, as well as the effects of emigration in the short and medium term in the Albanian economy. The final objective of the study is to make a balance of Albania's costs and benefits from emigration. The methodology used in this paper will be that of reviewing the existing literature on the factors that stimulate immigration and the effects that immigration has on the economy of a country, as well as descriptive statistical analysis to show through historical series and projections on the effects in question. , having as a final objective, the demonstration that the economic and social policy of a country can make an important contribution in keeping young people in the country to have a long-term economic growth that leads the country towards a sustainable development.

Key words: Albania, Emigration, Development, Transition Countries

JEL Classification: E24, F63, J15

1. Introduction

During the last three decades, Albania has undergone a significant population change. Referring to INSTAT data (2023), the Albanian population has decreased from 3.2 million in 1989 to less than 2.8 million in 2022. This population reduction has also generated an "aging" of the population as mostly young people and professionals leave, while the elderly or retirees remain. Today, local businesses consider the massive emigration of young Albanians as the biggest challenge for their activity in the future, as consumption tends to decrease, qualified human resources are leaving and they encounter difficulties in finding young people, thus causing a decrease of productivity and increased costs, without neglecting the problems of the pension scheme that is heading towards collapse. (Velaj, 2022; Ramallari, Velaj, 2023; Muco, 2022; Muco, Merko and Kulicaslan, 2021). Referring to the economic literature, the main factors that lead individuals to emigrate are mainly the salary differences between the countries from which they leave and the host countries of immigrants (Kazlauskienė and Rinkevičius, 2006; Daugeliene, 2007). So economic theories see emigration as a natural consequence of the unequal flow of capital in the world.

Massey et al. (1993) considers emigration as a consequence of the family's decision-making to guarantee a good family income in order to minimize the risks of poverty.

Stark (2006) considers emigration as a consequence of inequality and of the Gini index that leads individuals to emigrate a while later

Referring to the data of the World Bank (2023), it results that during the recent years, Albania has had an increase in inequality and a deterioration of the Gini index. This deterioration of the Gini index has been in progress since 2012.

Furthermore, referring to the studies of Gedeshi and King (2018) and King and Gedeshi (2020), factors of emigration are also considered the uncertainty for the future, health, and food security as well as qualitative education for their children (Muço, 2022).

Akerlof and Shiller (2010) point out also the level of unemployment and animal spirit for immigration as a factor in emigration.

Ne vijim, bazuar ne analizen e literatures ekzistuese dhe ne te dhenat e Institutit Statistikor Shqiptar ne kete punim do te analizohen arsyet e emigracionit dhe pasojat e

As follows, based on the analysis of the existing literature and the data of the Albanian Statistical Institute, this paper will analyze the reasons for emigration and its consequences in the pension system, in the increase of wages and the quality of learning and teaching as a consequence of productivity in the future.

The Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

The results of this study show that emigration is positively influenced by inequality and criminality in a country, as well as by the low level of wages and the wage difference between the host country and the country of origin. Emigration displays negative effects on the pension system and on the quality of education as well. Likewise, emigration has positive effects on increasing the volume of remittances. The results achieved in this study are coherent with the studies of (Gedeshi and King, 2018; King and Gedeshi, 2020; Muço, Merko and Kilicaslan, 2021; Stark, 2006; Badzaghua, and Gondaauri, 2021).

This paper is organized as follows: after this brief introduction, there is a review of the literature on the correlation between emigration and its impact on the country's sustainable development, after that there is a description of data and statistical analysis. In the end, there are some conclusions.

1. Literature review

One of the main issues of Albania today is the new wave of mass emigration, especially of young people, which reemerged predominantly after the pandemic (Muço, 2022; Merko et al., 2021; Avdulaj, Muco and Kristiqi, 2021; Muca, 2022) risking their lives as in wartime, crossing the strait between France and England with inflatable boats. .

If we were to classify the emigration of the country into three different "migratory waves", after the first migratory wave of the years of transformation in the political-social system of the 90s and that of the civil war of 1997 (Mehillaj 2010), the migratory wave of the recent years is considered the third wave of mass emigration of Albanians, after the one in the 90s when the political system changes occurred, in 1997 during the civil war, and more recently after the pandemic.

Referring to the study of Leonard (2012), the increase in inequality in a country leads to stress and a bleak future for the citizens of a certain country, thus making people see emigration as the only solution (Merko et al., 2018). Hence, inequality makes a country's democracy increasingly fragile and drives people to emigration. If we have a look at the Gini index in the last decade, there has been a worsening trend (in 2012 it was 29, while in 2019 it was 30.1 reaching 29.4 in 2020).

Emigration is often closely related to crime (Abrego et al., 2017; Melossi, 2015). The increase in criminality in a certain country generates an increase in the desire to emigrate from that country. In recent years, Albania has experienced a significant increase in criminality and the criminal economy. This is probably one of the main factors why apartment prices in the capital (Tirana) have increased by at least 50% only in the last two years (Bank of Albania, 2023). Meanwhile,

there has also been an increase in supply by almost 4 million square meters of new buildings while the population in Tirana has only increased by 15 thousand people in the last 2 years (Instat, 2023). Other studies show that low wages generate poverty, poverty often turns into inequality (Munger, 2002; Mincy, 1990) and the latter leads to emigration.

Referring to Eurostat data (2020), Albania is considered the country with the lowest average wage in the region (443 euros).

Based on a study by Blackburn et al., (2017), inequality is also related to crime, thus generating crime. The latter in the future gives rise to even more inequality and poverty. In a way, this separates the rich and the poor from the social point of view, where the rich and the poor live (Jaupaj, A., Muço, K., 2021). This phenomenon is best observed in Tirana, where the rich live in safe and fenced residential areas, while the poor live in high crime areas.

The gap between the rich and the poor is also seen in the education system, where poor students go to low-performing schools, where children are at risk of exposure to crime, where they also have lower employment opportunities (Wilson, 1987).

Children of the rich socialize with other rich children and attend **expensive** and prestigious schools and therefore have better employment opportunities. All these factors drive many of poor people to see emigration as the only possibility for their children's future. Moreover, if young people do not go to good schools or do not receive a good education, this causes a discrepancy between the theoretical aspect and what the labor market requires, and these young people will have low productivity, thus consequently low wages which stimulate emigration (Merko et al., 2018). So, it is inequality and poverty that generates emigration.

Poverty also produces corruption (Muco and Balliu, 2018; Apergis et al., 2010; Ariely and Uslaner, 2016). Corruption generates inequality and misuse of public funds that could go to education and yet again this is a vicious circle that generates inequality crime (Clementini and Valentini, 2018) and emigration.

We should also not forget the fact that corruption worsens the redistribution of income (Chong and Gradstein, 2007). This, in turn, will lead to a decrease in competition and an increase in inequality. Other studies show that emigration also occurs for family reasons (Choi et al, 2000).

Other factors that lead to the emigration of people are also psychological, cultural and social-economic factors (Massey et al, 1993; Stark, 2006; Hazans, 2003; Krisciunas & Greblikaite, 2007, Daugeliene &, Marcinkeviciene, 2009).

Pursuant to Kritz et al., (1992) emigration is also associated with the analysis of interpersonal relationships, so family members who live abroad have the tendency to urge their closest family members to emigrate. So emigration generates emigration in itself. Referring to the study of Akerlof and Shiller (2010), one of the reasons for emigration is the fact that human psychology drives the economy and causes economic problems that cannot be solved efficiently

by the market. According to the authors in question, problems such as involuntary unemployment have a great impact on emigration.

Salary also plays a role as important as cultural factors in emigration. So, a low salary that does not provide enough savings to buy a house within 20 years encourages young people to emigrate (Muco, 2022).

2. Statistical analysis on emigration to Albania

Referring to the data of INSTAT (2020), the Albanian diaspora is estimated at 1,684,135 individuals who live outside the territory of Albania, where 884,719 individuals are men and 799,416 are women. During 2019, we see an increase in the diaspora by about 2.6%. Men in the diaspora had an increase of about 2.6%, while women increased by 2.7%.

Table 1 Diaspora in figures

Age Group	Male	Female	Total
0-4	44800	40019	84819
5-9	60366	51387	111753
9-14	64382	55002	119384
15-19	59689	50083	109772
20-24	67194	54763	121957
25-29	76080	68332	144412
30-34	86217	88497	174714
35-39	88703	86680	175383
40-44	84799	78971	163770
45-49	74845	65170	140015
50-54	58579	48733	107312
55-59	45226	37828	83094
60-64	31953	25457	57410
65-69	17533	13975	31508
70-74	8054	6480	14534
75-79	57000	9862	15562
80-84	3471	4539	8010
85+	7088	13638	20726
Gjithsej	884719	799416	1684135

Source : Instat, 2020

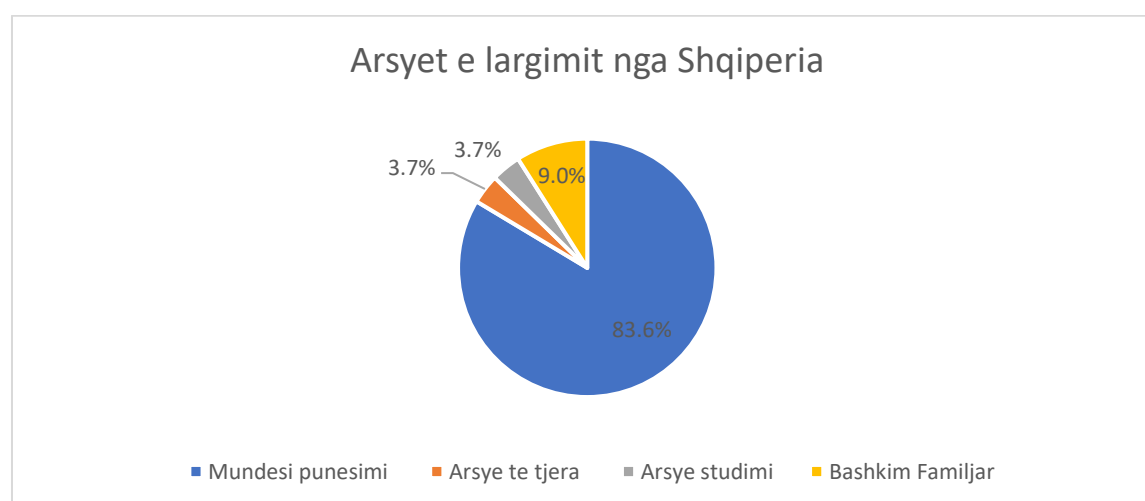
The data in the above tables shows that a young Albanian population lives in emigration. The age group (0-14 years old) is about 19%; the age group (15-64 years old) comprises the main part, with about 76% and the one over 65 years old, approximately 5%.

Table 2 Distribution of Albanian immigrants according to main destinations, 1995 - 2019

Year	1995	2000	2005	2010	2019
Italy	31.9%	33.3%	37.4%	39.3%	39.4%
Greece	45.9%	48.6%	43.8%	41.5	35.3%
USA	4.5%	4.8%	5.7%	6.4%	8.2%
Germany	1.7%	1.4%	1.4%	1.4%	4.2%
Canada	0.7%	0.8%	1%	1.2%	1.4%
UK	0.2%	0.3%	0.3%	0.5%	0.9%
Belgium	0.4%	0.3%	0.3%	0.5%	0.9%
Other countries	14.8%	10.7%	9.7%	9%	9.7

Source: UN, 2020

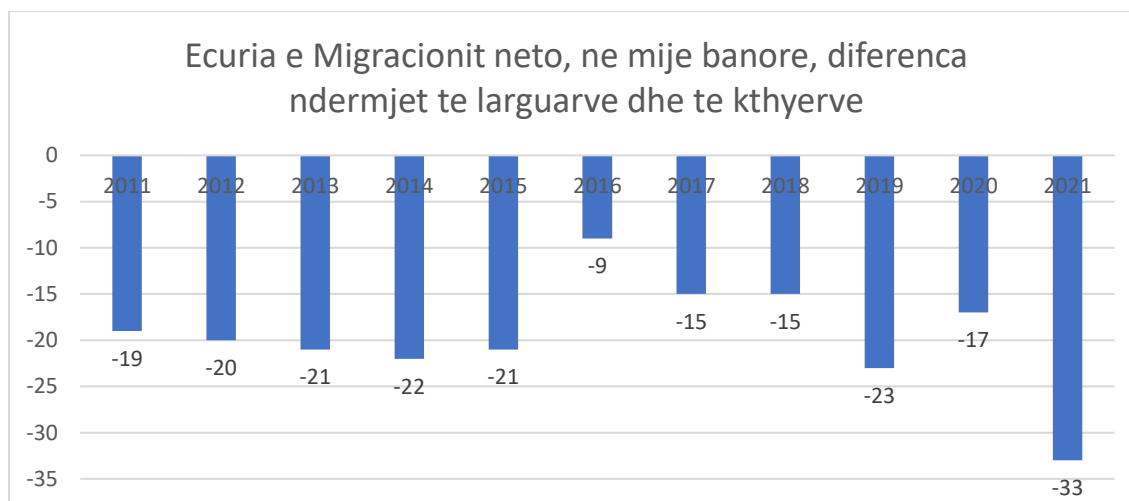
Referring to the table above, it is noted that the number of immigrants in Italy, Greece and the USA has increased intensively during the five consecutive years 1990 - 1994 and 1995 - 1999, which constitute the period of mass emigration of Albanians. After the year 2000, the growth rate of the number of Albanian immigrants in Greece drops rapidly and the emigration is mainly concentrated in Germany and England, which experienced a rapid growth in the period 2010-2019.

Graph 1 Reasons for leaving Albania

Source: Survey of Labor Force, 2019

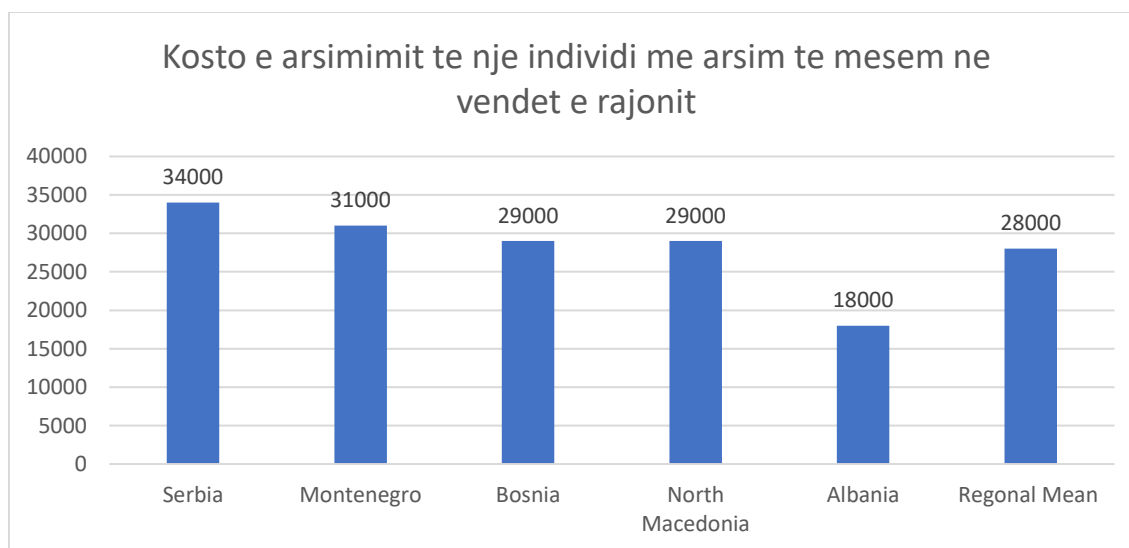
Albanian emigration has been emigration dominated by economic driving factors. Economic reasons have been and continue to be the ones that push the majority of Albanians to leave the country. According to the Labor Force survey, 2019, the main reason for leaving Albania is "Employment Opportunity" with 83.6% as well as "Family Reunification".

Graph 2 Progress of net emigration, in thousands of inhabitants, the difference between those who leave and those who return



Source: INSTAT, 2023

Grafiku 3 The cost of education of an individual with secondary education in the countries of the region



Source : INSTAT, 2023

Referring to graph no. 2, it is clearly noticed that the trend of emigration is increasing in Albania, worsening the balance of net migration from year to year. The year with the least negative balance for net migration in Albania was 2015.

Referring to graph 3, it is noticed that emigration has a cost in the formation of people, which, although in Albania it is the lowest in relation to the countries of the region and it is still considerable if we compare it with the GDP per capita of the country, 6500 dollars (World Bank, 2021)).

3. Conclusion

Nowadays it is common for people to relocate to other countries in order to develop their skills as best as possible, thus this mobility can be considered a global phenomenon.

The issue of emigration or, more precisely, the resettlement of young people, arises when many more people leave a country than return. In this case, we are dealing with the loss of the so-called "human capital".

If this phenomenon continues for decades, as it is happening in Albania, it has effects on the capacity of innovation, on the reduction of the country's productivity and indirectly on the increase of the salary in a "forced" way that generates costs for enterprises, as well as in a series of negative externalities that will be presented below. These side effects have a complex economic cost. It is relatively very difficult to give a value to emigration, as it is a loss of potential knowledge; it damages future growth prospects; it damages the education system, the pension system, the quality of the sanitary system, etc.

Based on the data of Albania, it results that the emigration of people has caused a decrease in the consumption as well as in the import of cereals according to experts in the sector. This mass migration of people causes hundreds of millions of euros damage from the loss of investment in the formation of human capital (doctors or engineers). After finishing school in a poor country like Albania, they go to a rich country like Germany (the loss is estimated to be around 4 billion dollars investment in human capital only in the last decade).

The mass emigration of more than 700 thousand people who have left since 2010 has caused a forced and frequent increase in wages and a decrease in productivity, making the country less competitive in international markets.

The pension system is also stagnant, referring to the data of the Ministry of Finance (2023). For 2022 the balance of pensions deteriorated by 4 billion lek, while the ratio of pension contributors to beneficiaries went from 1 to 1.4 which was in 2019 to 1.17 in end of 2022.

As a conclusion, we can say that emigration, when committed on a large scale, brings more costs than the benefits that come from remittances. When emigration increases continuously, it can turn into a serious problem for the country's economy, damaging both private business and public finances.

4. References

- Abrego, L., Coleman, M., Martínez, D. E., Menjivar, C., & Slack, J. (2017). Making immigrants into criminals: Legal processes of criminalization in the post-IIRIRA era. *Journal on Migration and Human Security*, 5(3), 694-715.
- Akerlof, G. A., & Shiller, R. J. (2010). *Animal spirits: How human psychology drives the economy, and why it matters for global capitalism*. Princeton university press.
- Apergis N., Dincer O.C. e Payne J.E. (2010), "The Relationship between Corruption and Income Inequality in U.S. States: Evidence from a Panel Cointegration and Error Correction Model", *Public Choice*, 145 (1), pp. 125-135.
- Ariely G. e Uslaner E.M. (2016), "Corruption, Fairness, and Inequality", *International Political Science Review*, 38 (3), pp. 349-362.
- Avdulaj, J., Muço, K., & Kristiqi, D. (2021). The role of migration in unemployment reduction in Albania. *Review of Management & Economic Engineering*, 20(1).
- Blackburn K., Neanidis K.C., e Rana M P. (2017), "A Theory of Organized Crime, Corruption and Economic Growth", *Economic Theory Bulletin*, 5 (2), pp. 227-245.
- Choi, J. G., Woods, R. H., & Murrmann, S. K. (2000). International labor markets and the migration of labor forces as an alternative solution for labor shortages in the hospitality industry. *International Journal of Contemporary Hospitality Management*, 12(1), 61-67.
- Chong A. e Gradstein M. (2007), "Inequality and Informality", *Journal of Public Economics*, 91 (1-2), pp. 159- 179.
- Clementi, F., & Valentini, E. (2018). Economia irregolare, criminalità e disuguaglianza dei redditi: un circolo vizioso? *Moneta e Credito*, 71(284), 283.
- Daugeliene, R., & Marcinkeviciene, R. (2009). Brain circulation: theoretical considerations. *Engineering economics*, 63(3).
- Gëdeshi, I., & King, R. (2018). *New trends in potential migration from Albania*. Friedrich-Ebert-Stiftung Office Tirana.
- Jaupaj, A., Muço, K. (2021). Assessment on effects of particulate air pollution in health economic costs of Balkan countries; 1ST International Conference "Shaping the future: digital economy and recent technology trends, Tirana, Albania, 23 April 2021, ISBN: 978-9928-4680-0-0, 39-44.
- King, R., & Gëdeshi, I. (2020). New trends in potential migration from Albania: the migration transition postponed?. *Migration and Development*, 9(2), 131-151.
- Kriščiūnas, K., & Greblikaitė, J. (2007). Entrepreneurship in sustainable development: SMEs Innovativeness in Lithuania. *Engineering economics*, 54(4).
- Kritz, M. M. (1992). LL Lim, and H. Zlotnik, eds. *International Migration Systems: A Global*.
- Leonardi, L. (2012). Disuguaglianze, redistribuzione ed equità nel modello sociale europeo. *Quaderni di Sociologia*, (59), 81-100.
- Massey, D. S., Arango, J., Hugo, G., Kouaouci, A., Pellegrino, A., & Taylor, J. E. (1993). Theories of international migration: A review and appraisal. *Population and development review*, 431-466.
- Melossi, D. (2015). *Crime, punishment and migration*. Sage.
- Merko, F., Muco, K., Lika, D., & Merko, f. (2018). Emigration and its effects in Economic Growth of Western Balkan Countries. International Marmara Science and Social Sciences Congress, IMASCON 2018 November 23-25, 2018, Proceedings Book, ISBN: 978-605-245-598-2, 62-68, Kocaeli/Turkey
- Merko, F., Prendi, L., Trumçi, F., Gucaj, A., & Merko, F. Unemployment and economic development (Albanian case). In *Book of Proceedings 17th ASECU Conference "Post-COVID19 in SEE and Black Sea Region—Responses towards SDGs"* (p. 151).

- Mincy, R. B. (1990). Raising the minimum wage: effects on family poverty. *Monthly Labor Review*, 113(7), 18- 25.
- Muca, D. (2022). Decision-Making and Destination Selection Among Albanian Emigrants: Mixed-method research of undocumented Albanians-The case of the United Kingdom.
- Muco, K. (2022). Fatura e emigracionit, sa i kushton Shqipërisë ikja e të rinjve, *Revista monitor*, 07/11/2022. Source at: <https://www.monitor.al/fatura-e-emigracionit-sa-i-kushton-shqiperise-ikja-e-te-rinjve/>.
- Muço, K., & Balliu, G. (2018). Crescita economica e corruzione: quale impatto nei paesi balcanici?(Growth and corruption: What impact in the Balkan countries?). *Moneta e Credito*, 71(284), 297-309.
- Muço, K., Merko, F., & Kılıçaslan, İ. The impact of inequality and crime on emigration in Albania. In *International Marmara Social Sciences Congress (Autumn 2021)* (p. 206).
- Munger, F. (Ed.). (2002). *Laboring below the line: The new ethnography of poverty, low-wage work, and survival in the global economy*. Russell Sage Foundation.
- Ramallari, A., & Velaj, E.(2023). The Impact of Education in Economy. The Case of Albania. *Review of Economics and Finance*, 21, 336-342.
- Stark, O. (2006). Inequality and migration: A behavioral link. *Economics Letters*, 91(1), 146-152.
- Velaj, E. (2022, May). The lack of labor force in Albania and the factors affecting it. In *Book of Proceedings*.
- Wilson J. (1987), *The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy*, Chicago: University of Chicago Press

“Profit Management or Profit Manipulation, which of them does more Damage to the Financial Reporting of the Economic Unit”

Phd(c). Elfrida Taraku

Lecturer at University " Aleksandër Moisiu", Durrës
Business Faculty,
Finance- Accounting Department
itaraku@yahoo.com

Prof. Dr. Shkëlqim Fortuzi

Dean of the Faculty of Business
University " Aleksandër Moisiu", Durrës
shkelqimfortuzi@yahoo.com

ABSTRACT

In today's business, risk plays a critical role. In almost every business decision, managers and executives are required to balance risk and return.

Effective management of business risk is essential to business success. In the banking system, risk management takes on a special importance, where regulators are responsible for protection against banking system failures.

Risk management in the banking sector is defined as "the logical development and implementation of a plan for dealing with possible losses". The main risks affecting the bank are: operational risk, liquidity risk, credit risk, market risk, interest rate risk.

Banks are the driving engine of financial development and these intermediary financial institutions are an instrument for smoothing the frictions between economic agents and the optimal distribution of resources in the economy. Banks can also serve as an important instrument for money laundering.

Keywords: Banking system, risk management, financial fraud, auditing.

JEL Classifications: G32, G38, M42, M48

INTRODUCTION

1.1 Background of the problem

The banking system in Albania is the core of the financial system. Therefore, its proper regulation and operation are very important issues in the framework of the stability of the financial system. Banks are complex financial institutions that operate in a constantly changing business environment and deal with high levels of risk, while dealing with fraudulent activities on a regular basis. To address these problems, banks engage in various internal audit techniques, such as the implementation of control and prevention tools, the use of anti-fraud methods and data mining. Internal audit can play a major role in risk assurance and fraud management of banks by ensuring the smooth and uninterrupted functioning of banks.

1.1.1 Banking system in Albania

The financial system is said and accepted to be the lubricant of the market economy. This system provides the means of payment in the economy and affects its real activity, through the realization of financial intermediation and the transmission of monetary policy. But, in developing countries, one of which is Albania, the banking system is often equivalent to the financial system. The financial system has an irreplaceable role in economic activity. This system performs two main functions:

- It enables the creation of means of payment in the economy. Any real movement in the economy: labor, land, goods and services, have a monetary counterpart. In the absence of this counterparty, the exchange would be commodity for commodity. But, you have to find someone who is willing to make the exchange, that is, in some way, have opposite needs to you². The exchange of goods against a monetary counterpart, which can then be freely exchanged for any kind of goods, greatly facilitates exchanges. These types of exchanges are a distinctive feature of any developed society
- The financial system realizes the process of financial intermediation: the channeling of savings (usually of families) into loans and investments (usually of firms).³⁶

1.1.2 The research problem and why this issue is being studied

- Why should banks be well managed?
- Is the banking system in Albania well managed to achieve maximum functioning throughout the year of financial activity?
- Can we have some evidence, analysis of concrete examples of counters in Albania?
- Does risk management affect the performance of the bank?
- How much do financial manipulations affect the customer's reliability?
- How has the pandemic affected the realization of banks' profits?

³⁶www.bankofalbania.org

- Should banking policies be improved, so that there is more efficiency in the financial activity?
- Internal audit, its importance in the good functioning of the bank?

The purpose of this paper is to identify the risks encountered in banks or financial frauds and the application of protective mechanisms to avoid them.

1.1.3 The history of banks in Albania

Despite the first efforts for currency, payments and banks date back to the beginning of the 19th century, in fact, it was only from the end of this century and the beginning of the 20th century that the first banking institutions began their activity with the opening of the branches of the Agrarian (Agricultural) Bank. Turkish and the Ottoman National (Imperial) Bank. At the beginning of the 20th century, ideas appeared for the creation of a bank in Albania, where, in addition to the ideas of our revivalists, the first projects also appeared. Of course, with the declaration of Independence of Albania, the interest of not only Albanians, but also foreigners in the establishment of banking institutions increased a lot. The most serious efforts were made by the government headed by Ismail Qemali, with a concessionary project for foreigners that resulted in the establishment of the first bank in Albania, albeit short-lived.

Of particular interest is the project to create the National Bank of Albania, a project that began in 1922, when the Albanian government turned to the League of Nations for the assessment of opportunities for foreign investment in Albania, with the conclusions of the report proposing the creation of a bank, with the sending of foreign experts for the establishment of the bank and ending with the relevant agreement and the beginning of the operation of this bank in 1925. Of special interest are the facts about the activity of this bank until 1944.

But, after Independence, until 1944, several other banking institutions also operated in Albania. Many of these institutions were controlled only by foreign capital, others by both foreign and domestic capital.³⁷

During the period from 1944 to 1991, the most important bank in the country was the Albanian State Bank. It was a state bank (central bank), but also a commercial bank. Initially, this bank had the monopoly of lending and payments in Albania, but gradually in accordance with the stages of economic development, this monopoly was removed and some of its activities were transferred to other banks, such as Banka Bujqësore. The deposit of free savings by the population was a monopoly function of the Institute of Savings and Insurance. While the Agricultural Bank enjoyed the monopoly of lending to enterprises and agricultural cooperatives. The connections between these banking institutions were very strong and conditional. Population deposits in the Institute of Savings and Insurance Banks were used by the Albanian State Bank and the Agricultural Bank for

³⁷<https://aab.al/>

Nga Prof Assoc Dr Orfea Dhuci

Marrënga libri “Vështrim historik i bankave në Shqipëri”, botimi Shoqatës Shqiptare të Bankave, Nëntor 2012

lending to their customers. The Institute of Savings and Insurance Banks did not lend to the economy, while the other two banks did not collect deposits from the population.

The banking sector in Albania after 1991 is distinguished by a gradual but significant entry of banks with foreign capital from various European countries and other countries, starting with banks that entered the Albanian market through various agreements, with banks that were introduced through a clean licensing process and with banks that were created with Albanian private capital.

Based on the facts of this period, the performance of the banking system can be grouped in relation to three moments: a) the creation of genuine commercial banks; b) the development of banks after the collapse of pyramid firms and c) the development of banks after the start of the process of privatization of state banks.

1.1.4 Credit Risk Management during the Impact of Covid-19 in Albania

The COVID-19 pandemic is having a major impact on the global economy. Banks continue to be the most important financial institutions in the country, and in fact they are attributed to both economic "booms" and potential financial crises. In Albania, the banking sector is one of the most important, being the main lending sector for the economy.

This study deals with a current and very sensitive topic, that of bad credit. The growth rate of non-performing loans to total loans is worrying, as it clearly shows the payment difficulties of businesses and individuals and increases the overall risk of the system. Support is needed for differentiated financial services for the prevention and control of the pandemic, with increased lending support. While financial institutions have faced difficulties over the years for a variety of reasons, the main cause of banks.

Problems continue to be directly related to poor standards for borrowers, collateral, lack of attention to economic changes, circumstances or other reasons, which can lead to deterioration of the credit situation in a bank.

The banking sector is in good financial condition to face the Covid- pandemic 19. The capital adequacy ratio and the liquidity ratio were at levels significantly above regulatory requirements. The measures taken in the field of monetary policy aimed at reducing the cost of borrowing and continuous financing of the economy with bank loans. Fulfillment of these conditions are in accordance with the objective of BH for price stability in the medium and long term. The continuation of positive credit has played an important role in lowering the NPL ratio despite the crisis. However, the crisis has not completely passed without consequences and under normal conditions the reduction of the ratio of problem loans would be higher (BSH, 2021).³⁸

2. The impact of Covid-19 on the Albanian economy and banking system

³⁸<https://www.researchgate.net/>

OIS UKU, S HALILAJ - 3rd INTERNATIONAL CONFERENCE "Credit Risk Management during the Impact of Covid-19 in Albania

The banking system in Albania is facing the impact of Covid-19, as actions must be adapted to new regulatory changes and guidelines. The Bank of Albania guided commercial banks operating in Albania in some guiding practices for a coordinated approach to this process. They include the transparency of internal procedures and their clear distribution to all functions and units of the bank; the use of electronic means of communication for deferring loan installments from customers; instructions for some criteria for evaluation, customer requirements according to the type of customer; the calculation of interest, fines and installments for the deferred term and the recommendation for the gradual documentation of agreements signed with customers to avoid legal and operational risks and the instruction that through a special code, economic entities identify approved loans with deferred installments, to monitor and report their internal affairs, also for reporting purposes to the Bank of Albania.

Another general measure by the Bank of Albania was the administration of banks' debt securities found in value, for these papers issued during 2020. The measure issued for a fund of 11 billion lek as a guarantee for businesses to borrow from banks for liquidity needs, the Bank of Albania responded by lowering the rate, the interest base 0.5% reaching the lowest historical level. (Bank of Albania, 2020)³⁹

2.1 Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations on time when they become overdue or from the inability to do so at a sustainable cost. An important element of liquidity risk management is the Bank's funding strategy, which aims to avoid any significant gap between the maturity profile of assets and liabilities and to diversify debt issuance programs, funding markets and the investor base. The Bank also ensures that it maintains a liquidity buffer consisting of highly rated liquid securities whose market value and liquidity would be maintained during adverse market conditions.⁴⁰

2.2 Banks and the Pandemic, the challenges of today and the future

There are two categories of "preparation".

- The first is the aspects of business continuity, where all banks in this sector passed the test. They have taken all the necessary measures to provide continuous service, minimizing the risk of illness. The whole sector followed the protocol issues from the Ministry of Health. In addition, banks are promoting the increased use of the digital channel, to reduce human interaction and mitigate the risk of getting the virus.

³⁹<https://deliverypdf.ssrn.com>

K Kuqja - Focus on Customer Service Channels (June 19, 2020), 2020 - papers.ssrn.com "Impact of Covid-19 in Albania HOW WILL BANKS CHANGE THE WAY THEY OPERATE NOW?"

⁴⁰<https://coebank.org/>

- The second is financial readiness, seen perfectly with low liquidity risk, during the pandemic. Albania has a systematic advantage, due to its low loan-to-deposit ratio and banks, in general, are well-capitalized.⁴¹

2.3 Banking system, high profits, during Covid-19

The banking sector recorded the highest historical profit during 2021. According to preliminary data published by the Albanian Banks Association, the joint profit of commercial banks with International Financial Reporting Standards (IFRS) reached ALL 19 billion, the highest recorded sometimes.

Out of twelve active commercial banks, eleven ended the financial year with a profit. The increase in the profits of the banking sector reflects a generally positive performance of the activity, characterized by an expansion of assets and especially of the loan portfolio and a further improvement of the quality of assets.

The net loan portfolio (always with IFRS standards) reached almost ALL 648 billion, with an annual growth of 12%. While the ratio of non-performing loans (estimated according to Bank of Albania standards) at the end of last year fell to 5.65%, the lowest level in the last thirteen years.

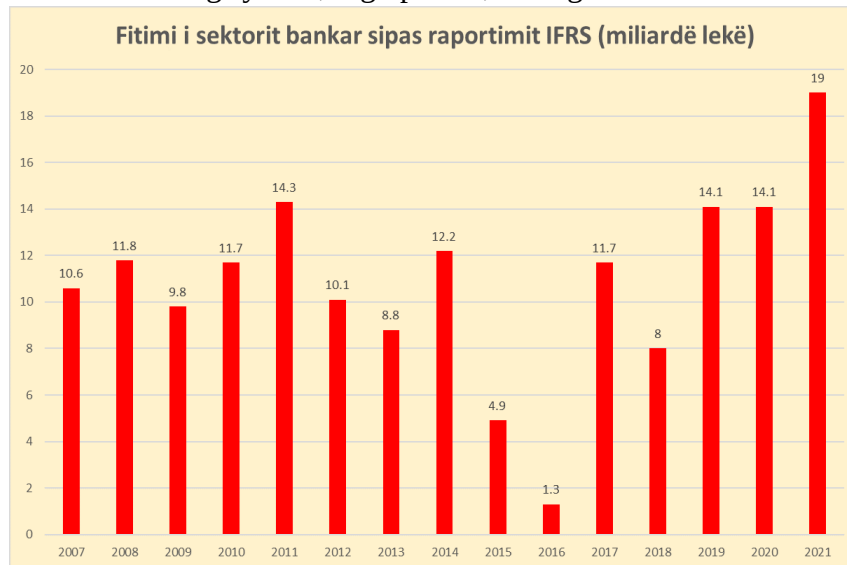
In absolute value, the bank with the highest value of profits remains Banka Kombëtare Tregtare (BKT), for a total value of almost 7.9 billion lek, an increase of 27% compared to a year ago. Raiffeisen Bank follows with a net profit in the amount of ALL 3.4 billion, 132% more compared to a year ago.

Other banks that have secured a profit according to the limit of one billion lek are OTP Albania, with 1.9 billion lek (with an annual increase of 26%), followed by the American Investment Bank with 1.45 billion lek (with an annual increase of 14%) and Credins Bank with ALL 1.2 billion (with annual growth of 8%). Other banks have reported lower results, but for most of them in growth compared to last year.

The improvement in performance is also reflected in the profitability indicators of the banking sector. The average return on equity for 2021 reached 11.32%, up from 8.63% a year earlier, but slightly lower than 2019's pre-pandemic level of 12.03%.

⁴¹<https://aab.al> › 2021/01 Bankingudhepandemia - Shoqata Shqiptare e Bankave

Table 1 Banking system, high profits, during Covid-19



Source: Albanian Association of Banks

Although in absolute value the profits are the highest historically, in relative terms the returns are at average levels. The crisis and the new regulatory requirements of the Bank of Albania, related to macroprudential supplements, have caused the capitalization of banks to increase. This makes it increasingly difficult to secure high returns on capital, but some individual banks nevertheless have significantly better returns than the system average.

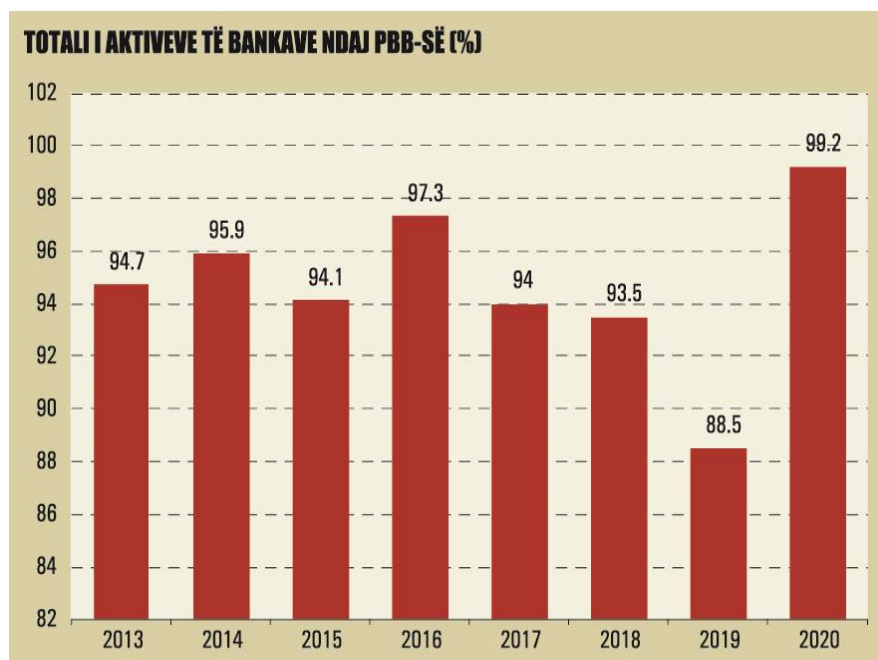
For the past year, the bank with the highest return on capital was, for the third consecutive year, OTP Albania, with 20.3%, followed by Fibank Albania with 16.93%, BKT with 16.85%, Union Bank with 15.74%, American Investment Bank (ABI Bank) with 14.7% and Raiffeisen Bank with 12.49%. Other banks have reported positive returns in the single digits⁴².

In recent years, a group of medium-sized banks are showing an increasing performance and profitability. The process of consolidation of the banking sector seems to have influenced the increase in efficiency and profitability of some of the banks, an element that can make these banks more competitive in the long term.

The lowest profitability for 2021 was reported by Alpha Bank, with a return of 0.97%. The modest results were the main reason that pushed the Greek group to put the Albanian bank up for sale. The only bank with a loss for the past year is the United Bank of Albania (UBA), with a negative return on capital at the level of 3.9%.

⁴²<https://www.monitor.al/2021>

Table 2 Banking system, high profits, during Covid-19

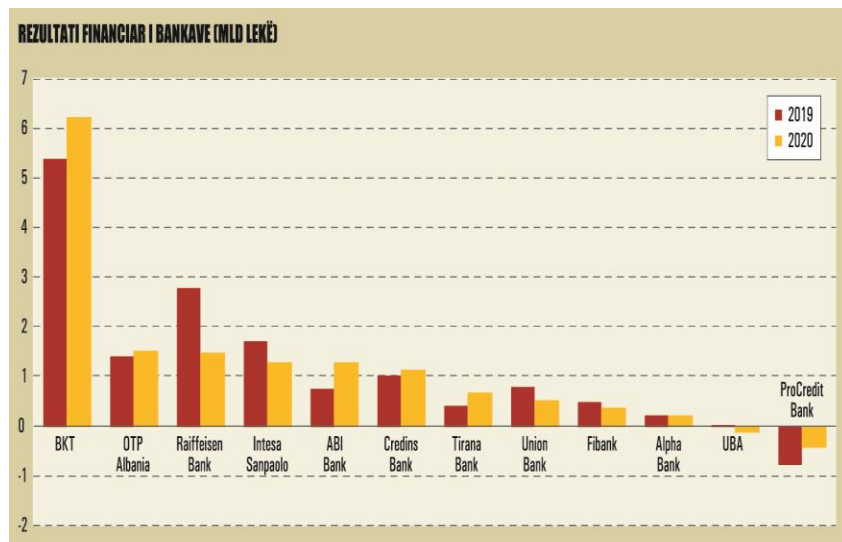


Source: Albanian Association of Banks, INSTAT

Based on the main financial indicators, according to the International Financial Reporting Standards, published by the Albanian Banking Association, the banking system grew by approximately 7% the previous year. At the end of 2020, banking sector assets reached 99.2% of GDP (based on INSTAT quarterly estimates), significantly increasing from the level of 88.5% of the previous year. This is the result of a year of positive growth, while the economy suffered its strongest contraction in 23 years.

The net loan portfolio recorded the fastest growth since 2014 and reached a value of around 36.1% of GDP, from 32.9% a year earlier. The profit of the banking sector, in absolute value, was almost at the same value as last year and close to the highest levels of the last decade.

Table 2 Banking system, high profits, during Covid-19



Source: Albanian Association of Banks

Just like last year, ten of the banks reported profits, while only two, Procredit Bank and the United Bank of Albania, closed the year with a loss. Seven banks recorded an improved financial result compared to the previous year, while five of them suffered a decline.

The bank with the highest profit, also for 2020, was BKT, in the amount of 6.2 billion ALL, followed by OTP bank, with 1.52 billion ALL, and Raiffeisen, with 1.49 billion ALL. Compared to a year ago, the bank with the highest increase in profits was ABI Bank, with almost 70%, followed by Tirana Bank, with 67% and BKT, with 16%.

It is worth saying that in recent years there is a tendency of a better distribution of the profit of the sector among different banks. For the first time, the number of banks that achieved a profit higher than 1 billion ALL reached six, representing half of the sector's banks. If profits, above this limit, have historically been the "monopoly" of large banks, with at least 10% market share, in recent years, profits of this order are reaching even some medium-sized banks, such as OTP or ABI Bank.

2.4 Banking sector

Banks can serve as an important instrument for money laundering. "The cleaning of dirty money, in most cases, is carried out by banks, and an important fact is that it is precisely the largest banks of the states that carry out this cleaning, such as Citibank in USA etc. The process of money laundering, through the banking system, is carried out in the following main forms:

- ☐ Passing or transferring money from the bank of one country to a bank of another country for the purpose of disguising and investing in different businesses;
- ☐ Entering exchange and transfer relations with banks known as "banking havens" or in "fiscal havens" countries

□ Cooperation with the employees of these banks, which is not carried out individually, but with the order and encouragement of the top managers of these banks⁴³.

2.1.1 Ponzi scheme

A Ponzi scheme is a fraudulent investment management service, directed and controlled by a central operator ("portfolio manager"), who will pay promised profits to older investors using the capital of new investors who join the scheme.

Ponzi schemes are named after Charles Ponzi, who in the early 1920s offered investors a choice between a 50% return on a 45-day investment and a 100% return on a 90-day investment due to an arbitrage in the price of international response coupons. claiming that high profits were the result of his unique understanding of the international postal reply coupon system (Branscum, 2002)

A Ponzi scheme is always illegal. The operation does not actually generate any income and the funds collected will not be invested, even though it may seem legitimate and profitable. The Ponzi scheme will only ask investors to invest in something that will generate extraordinarily high returns due to its unique "amazing" investment skills and strategies, which are usually obscure.

The "portfolio manager" does not provide much detailed information about investment strategies, claiming to do so to "protect" the business. The promoter will take the money from the investors with the promise of taking care of the rest and getting paid at a later time. The scheme periodically "reports" to investors how much they are making on their "investment" when in fact there is no real return. In order not to have too many simultaneous withdrawals from investors, Ponzi schemes encourage them to stay in the game as the only way to make more money while trying at the same time to attract new funds, hiding the fraud so time as possible. If the payout to investors is moderate, the scheme may "survive" for a few years, but eventually it will collapse. The Ponzi scheme will deteriorate when: 1) the central operator receives the remaining invested money and operates; 2) new investors cannot be found easily, which means that there is no more cash; 3) a large number of investors begin to withdraw their initial invested capital and interest earned (Yang, 2014)

A hypothetical example of how a basic Ponzi scheme works

The Ponzi promoter raises \$1,000,000 in funding and promises a 20% annual return (very attractive in the current yield environment). At the end of the year, the central operator must pay the investor \$1,200,000, so the promoter must find another investor before the end of the year, with the same return promise, but requiring an initial capital of \$1,200,000 from the new investor. If the investor agrees to the proposed terms and enters the scheme, the operator receives the money and pays the first investor (Jory & Perry, n.d.).

According to Taylor (2012), a scheme can usually last for a maximum of ten years, even if none of the investors claim the funds back. And since there is no point in taking the risk of going to jail without getting rich, the promoter tries to find as many investors as possible and pockets some of

⁴³Mêçalla, Naim "Pastrimiiparave" (2013)

the money for himself, in the form of a fee or by stealing it. Ponzi schemes have been run by hundreds of promoters around the world and have usually come to an unpleasant end. One of the most recognizable and infamous Ponzi schemes in American history is that "made up" by Bernard Madoff with an estimated cost of the scheme of 65 billion dollars and involving about 8,000 investors. In the case of Mad off, things started to go wrong as investors demanded a total of \$7 billion in returns, while Madoff only had \$200 - \$300 million to give (Yang, 2014)

2.1.2 Pyramid scheme

A pyramid scheme is a business model (not necessarily an investment) that involves promising investors or participants primarily to recruit other people into the scheme. A pyramid scheme is not necessarily a fraudulent or illegal investment, although it is often associated with fraudulent investment schemes that offer extraordinary returns that are impossible to achieve with any possible investment opportunity. Basically, new investors/participants pay money to the founder or other participants who joined the scheme at an earlier stage than the members currently involved. As Clark and McGrath (n.d.) state that the pyramid scheme offers members the opportunity to make money themselves by offering an incentive in the form of a large investment opportunity, such as the right to sell a particular item or the right to buy a franchise and recruit more people in exponential growth. Each member pays a "commission" to the person who recruited them for the opportunity given to sell the product or become part of the franchise, and the funds collected by the members are shared with those at the highest levels of the pyramid structure. It is clearly a fund transfer to former members of the scheme and neither the real asset exists nor the real profit is generated.

A hypothetical example of how a pyramid scheme works

The pyramid scheme follows a geometric progression. Each person in the scheme must recruit two other people under them, who each pay \$100, each of the last members must recruit two other people who pay \$100, to cover the initial "investment". All four members must find eight new participants and so on. But this cannot continue indefinitely as the number of people in the world is limited and the last generation will lose all the money. The scheme is inherently fraudulent because at its starting point its liabilities exceed its assets and the scheme will collapse in due course, faster than a Ponzi scheme (Taylor, 2012)

A real-life example of a pyramid scheme is the case of Wealth Pools International, for which the SEC obtained an asset freeze in December 2007. Wealth Pools purported to be a marketing company selling DVDs in English and Spanish through a global network of affiliates of sales. The new participants bought a number of DVDs which they would then try to sell for a profit. However, participants benefited by recruiting new sales associates, rather than selling DVDs. The scheme affected 70,000 people in 64 countries and cost participants \$132 million in 2007 alone (US Insurance and Exchange Commission, 2007).

2.1.3 The case of Albania

Ponzi and pyramid schemes became "de rigueur" in many former communist countries as they embraced capitalism. According to Christopher Jarvis (1999): "The purpose of Albania's pyramid scheme was unprecedented; at its peak, the nominal liability amounted to almost half of the country's GDP. Many Albanians, about two-thirds of the population, invested in them." While some authors refer to the Albanian scheme as a Ponzi scheme (Bezemer, 2006, pg. 18, Trumbore, n.d.) and some others refer to it as a pyramid scheme (Jarvis, 1999, Taylor, 2012), we have noticed that the scheme financial fraud in Albania has some similarities with both the Ponzi scheme and the Pyramid scheme. Why Ponzi scheme? Because the companies offered a) an extremely high rate of return in a short period of time; b) most of them have not really invested the funds collected from people; c) they were run by a central promoter who kept the "investment strategies" in the dark. Why the Pyramids? a) Initially, not all companies in Albania were illegal and fraudulent; b) some of the companies have made some real investments in the country, mainly their focus is on the field of real estate; c) the promoter hired people to interact with the participants; d) given that at the initial point, the liabilities exceeded the assets. Based on the information provided above, the fraudulent schemes in Albania appear to be a combination of Ponzi and Pyramid schemes and we would refer to the Albanian scheme as the "Ponpyra" scheme⁴⁴.

3. Internal Audit and Banks

The general definition of Internal Audit is given by the Institute of Internal Auditors (IIA) as:

"An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal audit activity helps the organization meet its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes."

Internal Audit in banks in particular is a department, independent from the management line, whose main responsibility is to review the quality and effectiveness of controls within banks, to manage and mitigate risk and to protect assets.

According to the Basel Committee on Banking Supervision (BCBS), an effective audit function independently and objectively assesses the quality and effectiveness of a bank's internal control, risk management and governance processes, which assist senior management and the Board of Directors in protecting their organization and its reputation. The principles of the Committee for the Advancement of Corporate Governance require modern banks to have an internal audit function with sufficient authority, status, independence, resources and access to the board of directors. As a result, independent, efficient and qualified internal auditors are vital. In addition, banking supervisory authorities must be satisfied of the effectiveness of the bank's internal audit function by effectively requiring policies and practices to be followed and that management takes appropriate corrective action in response to internal control weaknesses identified by internal

⁴⁴<http://dx.doi.org/10.4236/ojbm.2017.51018>

Thanasi, E. and Riotto, J. (2017) *The Spectacular Rise and Disastrous Collapse of a Financial Scheme: The Case of Albania*. *Open Journal of Business and Management*, 5, 194-207

auditors. An effective internal audit function provides vital assurance to a bank, its board of directors and senior management (and bank supervisors) as to the quality of the bank's internal control system. By doing so, the function helps reduce the risk of loss and damage to the bank's reputation⁴⁵.

3.1 Bank fraud

Fraud on the other hand is an aspect of corruption and occurs in organizations where governance structures are weak. Fraud encompasses a wide range of illegal practices and illegal acts that involve intentional deception or misrepresentation. The Association of Certified Examiners in the US defines fraud as "the use of one's occupation for personal enrichment through the intentional misuse or misappropriation of organizational resources and assets." However, from the point of view of the financial industry and specifically the banking sector, fraud remains a major problem, especially in these troubled days, driven mainly by the recent financial crisis.

Therefore, bank fraud is defined as the intentional use of misrepresentation in order to fraudulently obtain money, assets, or other property owned or held by a financial institution. Furthermore, in criminal law, bank fraud is an intentional fraud committed for personal gain or to harm a financial institution. It differs from simple bank robbery or theft because the perpetrator usually commits fraud stealthily, hoping it wouldn't be noticed until he had enough time to move. It usually also requires some kind of technical expertise. For reasons like this, bank fraud is one of the crimes referred to as white collar crime. As fraud can be committed by any employee within an organization or by those from outside, it is important to have an effective fraud management program in place to protect the organization's assets and reputation. While senior management and the board of directors are ultimately responsible for a fraud management program, internal audit can be a key player in helping to address bank fraud. By providing an assessment of the potential for fraud to occur, internal auditing can show an organization how well it has prepared for and is managing these fraud risks. In today's automated world, many business processes are increasingly dependent on the use of technology.

This allows people who commit fraud to exploit weaknesses in security, controls or oversight in business applications to commit their crimes. However, technology can also be a major factor in combating fraud. Internal audit should see technology as an indispensable part of their tools that can help prevent and detect fraud. Using technology to implement continuous fraud prevention programs help protect organizations from the risk of fraud and reduce the time it takes to detect fraudulent activity. This helps to catch it faster and reduce the impact it can have on organizations.

3.1.1 Causes of bank fraud

⁴⁵GF Al Matarneh - *International Research Journal of Finance and 2011* - academia.edu.al

The effects of fraud generally lead to a reduction in assets and an increase in liabilities of any type of company. Especially in banks, this can result in the loss of potential customers or a crisis of trust and confidence in banks from the public and in the long run ends up in another failed banking situation. An analysis of the cases broadly highlights the following main elements responsible for committing bank fraud.

- a. Active involvement of staff - both supervisors and clerks whether independent of external elements or in agreement with foreigners;
- b. Failure on the part of the bank's staff to follow up accurately has been determined directions and instructions;
- c. External elements that perpetuate fraud in banks with forgeries or manipulation of cheques, drafts and other instruments;
- d. There has been growing agreement among businesses, senior bank executives, civil servants and politicians in power to defraud banks, taking bent rules, flouted regulations and blown bank rates.

3.1.2 Types of bank fraud

After clarifying the term and determinants of the main bank fraud. The question that arises is what are the biggest threats facing the banking system in our country today. Fraud can generally be classified as internal or external. Internal fraud occurs when employees identify an opportunity to commit the act of fraud. An external fraud is committed when third parties (outsiders) such as customers and suppliers defraud institutions.

Regarding bank fraud, there are four main types, as identified by the literature:

- a. Card fraud (debit and credit)
- b. Check for fraud
- c. Electronic fraud
- d. Identity theft
- e. Loan/mortgage fraud

a. Card fraud (debit and credit)

Credit and debit card fraud is a crime where a credit or debit card can be duplicated to use the credit balance to obtain a certain financial advantage. Creation and/or alteration occurs when the information contained in the magnetic strip of a credit/debit card is reproduced using the latest technologies. This type of fraud is known as 'skimming' and can occur during a legitimate business transaction. A frequent type of this crime is "ATM skimming" which occurs when an ATM is compromised by a skimming device, a card reader that can be disguised to look like a part of the machine. The card reader stores the user's card number and pin code, which is then replicated to a counterfeit copy for theft. Credit or debit card fraud can also occur when a card is lost or stolen and used by a third party to purchase goods with those cards or to remove cash from the cards.

b. Check for fraud

Check fraud is the use of a bank check to obtain financial gain by:

- change of check (payee/amount) without authority

- stealing legitimate checks and then altering them
- using fake invoices to obtain legitimate checks
- duplication or forgery of checks
- depositing a check for payment knowing there are insufficient funds in the account to cover the deposited check
- depositing a check into an unauthorized third party account

c. Electronic fraud

Electronic crimes are very serious and involve the use of information technology for illegal reasons. These crimes either use computers or attack computers. There are many different types of scams, and they all attack in a slightly different way. The most common are:

- Fishing
- Viruses and Trojans
- Spyware and Adware
- Downloading of papers
- Labor and employment fraud
- Phishing over the phone
- SMS phishing
- Other mobile scams

d. Identity theft

Identity theft is where personal information is taken to obtain some type of financing or other benefits, leaving the owner of that identity often heavily indebted to one negative credit history and in some cases with legal implications.

This type of information can be obtained in many ways:

- Theft, including stealing mail from your home mailbox
- Going through your trash cans
- Telephone, fax and mail scams
- Internet.

ANALYSIS OF RESULTS AND FINDINGS

Based on the research questions, we have reached a result through questionnaires that risk management methods in Albanian banks are adequate to eliminate risks banking problems that may appear in systems, personnel, errors, fraud and risks other banking.

Based on the results achieved, we have the answer and as a conclusion we have seen that the elimination of risks affects the profitability and liquidity of banks.

The risk management processes and methods that banks use are specified methods and have a very high level of risk management. In terms of the achieved results, we have the option to agree with 60%, which shows that in order to have a proper management, they must use new methods that

affect the bank's profitability. The completely agree option has 36%, which indicates that banks should have a professional staff and use a risk management strategy.

The process of risk management in banks should be handled in a certain way by a professional staff, such as the internal audit. From the results achieved, we have the option agree with 52%, which shows that banks should have a specified sector of risk management.

From the research question, we have seen that profitability in banks represents the ability to cover production costs with income to reach a final profit. In conclusion, we reached the results with the option agree with 50%, with inadequate risk management has a negative impact on the bank's profitability and liquidity.

Why are risk mitigation methods adequate?

Because of the ways, processes and techniques or methods that banks use, they have a very positive impact, for eliminating the risks that the bank constantly faces. From the above results we have concluded that banks use methods and techniques to manage the process

risk management. Banks every time evaluate the staff or personnel of the bank, to know at what level they are reaching and to have an appropriate liquidity in terms of risk. Step by step, the bank must do self-assessments, stress tests on bank employees, in order to achieve proper profitability and liquidity. In order to maintain its reputation, the bank must have different processes to manage risk.

Knowing that the methods used by the banking systems must be adequate for the management of banking risks, to present their adequate elimination, which through them make the evaluations of the internal auditors or the self-evaluations of internal control, which can lead to the final point of risk management.

Every banking institution faces many different risks, such as: during the implementation of the bank's financial statements, during the payments of customer transactions, during the use of different systems, etc., which can be assessed the level of liquidity and the bank's reputation.

Based on the risk analysis, the areas and processes that carry the greatest risk, the identification and assessment of the risks present in the institutions being audited are determined.

The Supreme Audit Institutions perform risk analysis during the selection of audit priorities and areas. But Audit Risk is a function of the risk of material errors and the risk of detection. The Audit Risk Model serves as an important tool in the audit planning process.

4. Conclusions:

Including techniques to analyze bank risks, liquidity risk management, benefits from operational risk and market risk management, all of these we have come to the conclusion that banking institutions are more concerned about credit risk. Banking institutions must be careful, step by step, from the influence of the interrelationship of the interest rate and the risk of foreign exchange and liquidity. They can also affect the reduction of internal errors, which can affect net income.

5. Recommendations:

According to MKR, we have a process that is mainly applied in the six phases of operational risk management, such as:

Identified risks - which constantly threaten the bank from factors of the external environment and the internal environment.

- Risk assessment - which determines the probability and severity as a result of risks that can negatively affect the growth of certain objectives.
- Analyzing the risk control measures - to reduce, mitigate and eliminate the risk. From this, the four techniques should be used, which are: tolerance, training, transfer and termination (termination).
- Making decisions - control - the decision-maker must be identified, to make the appropriate control of the four techniques.
- Implementation of risk control - the implementation of controls should be done to provide the necessary time, materials and personnel.
- And finally, the supervision and review phase - it is about the re-evaluation of all the phases, which ensures their effectiveness. However, the implementation of these stages always remains a great challenge for any framework in risk management.

Risk management in banking institutions is related to risks and opportunities that affect the creation of values or their preservation. This management approach must have a number of balanced elements, which interact with each other, to have an effective risk management.

REFERENCES

For a resource from the Internet

References

- www.bankofalbania.org
 - <https://aab.al/> By Prof Assoc Dr Orfea Dhuci Taken from the book "Historical overview of banks in Albania", published by the Albanian Association of Banks, November 2012
 - <https://byjus.com/>
 - <https://www.toppr.com/>
 - <https://www.techtarget.com/> By Linda Tucci, Industry Editor -- CIO/IT Strategy "What is risk management and Why is it important?"
 - <https://scholar.google.com/> A Beja - European Journal of Multidisciplinary Studies, 2016 - revistia.com "Operational Risk Management and the Case of Albania"
 - <https://www.investopedia.com/terms/c/creditrisk.asp>
 - S Ndoka, M Islami - European Journal of Sustainable Development, 2016 - ojs.ecsdev.org, The Impact of Credit Risk Management in the Profitability of Albanian Commercial Banks During the Period 2005-2015
 - <https://www.researchgate.net/> OIS UKU, S HALILAJ - 3rd INTERNATIONAL CONFERENCE "Credit Risk Management during the Impact of Covid-19 in Albania"
 - <https://deliverypdf.ssrn.com> K Kuqja - Focus on Customer Service Channels (June 19, 2020), 2020 - papers.ssrn.com "Impact of Covid-19 in Albania HOW WILL BANKS CHANGE THE WAY THEY OPERATE NOW?"
 - <https://coebank.org/>
 - <https://aab.al/> > 2021/01
 - Banking and the pandemic - Albanian Association of Banks
 - <https://www.monitor.al/2021> (Albanian Association of Banks)
 - INSTANT
 - <http://dx.doi.org/10.4236/ojbm.2017.51018> Thanasi, E. and Riotto, J. (2017) The Spectacular Rise and Disastrous Collapse of a Financial Scheme: The Case of Albania. Open Journal of Business and Management, 5, 194-207
 - <https://www.richtmann.org/journal/index.php/mjss/article/view/6909/6613> D. Sufaj · 2015
 - GF Al Matarneh - International Research Journal of Finance 2011 - academia.edu.al
 - Vousinas, Georgios, The Critical Role of Internal Audit in Addressing Bank Fraud: A Conceptual Framework and Critical Review of the Literature with Future Extensions (July 18, 2015).
 - ZOTO, I KRUIJA, E XHAKONI - ECONOMICUS NO. 13/Autumn 2015 - scholar.archive.org, Banking panic and its impact on the liquidity of the banking system
- For a resource from the book Meçalla, Naim "Money laundering" (2013)

Classification of tourism destinations in Albanian's territory

Najada Firza

Università degli Studi di Bari "Aldo Moro", Italy, e-mail: najada.firza@uniba.it

Università Cattolica "Nostra Signora del Buon Consiglio", Albania, e-mail: n.firza@unizkm.al

Anisa Bakiu

Università Cattolica "Nostra Signora del Buon Consiglio", Albania,

e-mail: a.bakiu8491@stud.unizkm.al

Dante Mazzitelli

Università degli Studi di Bari "Aldo Moro", Italy, e-mail: dante.mazzitelli@uniba.al

Abstract

The continuous monitor of the territory and its local reality identifies the system of sustainable destinations in tourism.

In this work, we aim to create a general overview of territorial tourist destinations in Albania, based on the specific characteristics of the territories. We therefore propose similarity group classifications of 61 municipalities in the country using data on the development of industries and services in Albania.

The methodology used to subdivide the municipalities into clusters is Fuzzy c-medoid. This algorithm subdivides the objects of a dataset into c (or k) clusters, where an object can belong to several groups at the same time, associating a degree of probability.

In the current literature there is a gap in the adoption of such methodologies to create geospatial classifications on the territorial's data of Albania.

After the analysis has been completed, the results obtained are used to interpret the various factors that may have influenced the territory characteristics in the tourist destinations.

Key words: Fuzzy c-medoid, Fuzzy k-medoid, Cluster analysis, Tourism sustainability, Tourism destinations.

JEL classification: C18, Z3, Z32

1. Introduction

Tourism can be defined as the activity of visitors undertaking a trip to a main destination outside of their usual place of residence, for less than one year, for any primary purpose, including business, leisure or other personal purposes. The visitor should not be employed by a resident entity in the visited country. [1]

The tourism industry is one of the most prominent success stories in modern times, with its development starting massively in the 1960s and growing rapidly for at least the following 30 years, given the number of people traveling abroad and the revenues generated. In 1992, the industry achieved to be the largest industry with the highest employment rate in the world. Moreover, this industry has proven to be elastic and easily recoverable during economic crises, and continues to demonstrate this resilience despite uncertainties about the future, as well as global pandemics. [2]

In Albanian context, the tourism sector is one of the most important pillars of economic development, as evidenced by its contribution to the country's GDP. Specifically, the sector contributes approximately 8,5% of Albania's GDP, equivalent to around 1,12 billion dollars. Furthermore, the tourism industry accounts for approximately 11% of all economic activities in Albania. [3]

The contribution that this industry can make affects several aspects of sustainable development, for example: it creates new job opportunities, reducing unemployment, generates commercial opportunities to support tourism activities by recognizing market needs, and creates capacities that promote and preserve the environment and cultural diversity of a country. [4]

Regarding job opportunities, 7,7% of the labor force in Albania is employed in this sector, with projection showing an increase by 1,1% until 2028. Similarly, in the investment sector, which currently accounts for 7,5%, with an anticipated rise of approximately 0,7%. [3]

During the year 2021, nearly 5,7 million foreign visitors visited Albania. Each employee working in activities directly related to tourism (NACE Rev.2 2-digit 55, 56, 77, 79) provided service to around 106 visitors. [4]

As could be expected, the majority of visitors come from Europe, aided by the close geographical proximity. However, there is also an increased interest observed from visitors from the United States and China, providing an additional boost to historical and cultural tourism. [3]

As mentioned above, in 2021 the entry of foreign visitors in Albania was around 5,7 million, a figure 2,1 times higher than the previous year. Additionally, during this year, the entry of nationals from the European region has increased by 97,7% compared to the previous year. [4]

Foreign nationals who enter Albania primarily come from these states: [5]

Table 1. Comparison of visitors February 2022 and February 2023.

COUNTRY	FEBRUARY 2022	FEBRUARY 2023	DIFFERENCE IN %
Kosovo	65.097	121,617	87%
North Macedonia	27.765	32,516	17%
Greece	23.191	31,889	38%
Italy	22.927	33,622	47%
England	6.100	7,807	28%
Montenegro	22.927	34,341	50%
Poland	620	961	55%
U.S.A	3.079	4,746	54%
Spain	774	1,053	36%
Germany	3.486	4,547	30%
Switzerland	1.426	1,728	21%
Total	200.997	309,325	53,9%

Source: Ministria e Turizmit dhe Mjedisit. (2023). Buletini i Turizmit, Raportimi Mujor, Shkurt 2023

The data from entrance routes also demonstrate a continuous increase in visitors, specifically with air routes, which make up 13.4% of the total, with the number having increased by 2,8 times. The number of visitors arriving by sea, which accounts for the lowest percentage at 3,6%, has increased by 3,2 times. The majority of the entrances are occupied by land routes, at 82,9%, with a 2-fold increase from 4,7 million.[4]

Taking into consideration the latest data of February 2023, while avoiding for a moment the comparison with the data from 2020, which was a pandemic year, however, compared to February 2022, the entries of Albanian and foreign citizens into Albanian territory resulted in a 51.5% overall increase. During this month, air routes increased by 58%, visitors arriving by sea increased by 7%, and land travel, which remains the preferred mode for foreign and Albanian visitors, increased by 52%. [5]

Given the increasing trend in revenue from this sector, it is highly important to identify and market, the abundant territorial (and not only) characteristics, in city and municipal levels, in order to create new tourist attractions or strengthen existing ones.

The three main types of tourism developed in Albania are coastal, nature, and thematic tourism. Let's list them more in details.

Coastal tourism includes activities that take place at or near the sea. The seasonal nature of this type of tourism means that accommodation structures have a higher concentration of revenue in the summer months and face difficulties in other months of the year.

According to data published by INSTAT, we can see that the highest concentrations of travels for the year 2021 based on the month of departure were recorded in the months of August (18.6%), July (12.1%), June (11.7%), and December (10.1%). [4]

On a second place we have nature tourism which thanks to the diversity of the country's terrain offers numerous opportunities for rural, mountain, ecotourism, and visits to protected areas with endemic species.

This type of tourism has experienced a 63% decrease compared to last year, particularly among visitors in the areas of Korca, Kukes, and Berat. [5]

At last, Albania welcomes thematic tourism which includes agritourism, cultural tourism, and health tourism driven mostly by the competitive prices.

In 2021, the number of Albanian and foreign visitors who visited museums, castles, and other monuments was approximately 424,000 people, which represents a 2,2-fold increase, but on the other hand for business purposes, revenues accounted a decreasing by 13.1% compared to 2020. [4]

2. Materials and methods

In this study, we have considered detailed data for 61 municipalities of Albania. These data were downloaded from INSTAT and include indicators related to social, demographic, and economic fields. The indicators are summarized in the table below:

Table 2. Indicators used grouped by field for 61 municipality of Albania.

FIELD	INDICATORS
Demographic	Population, Births, Deaths, Urban & Rural population
Social	Social services: Senior citizens, Children, People in need, Woman; Administrative units, Net population in increase, Net internal migration, Average monthly wage/employment, Of building permits issued for new buildings, Student-Teacher ratio in compulsory school (9 years)

Gross value added by type of activities	Producers of goods, Agriculture, forestry and fishing, Industry, Construction, Producers of services, Trade, Transport and storages, Accommodation and food service activities, Information and communication, Other Services.

Source: Our elaboration, data obtained from INSTAT.

The compilation of these indicators at the municipal level enables us to take a deeper look, and conduct a more comprehensive analysis to better investigate the needs and resources that these cities have to offer. After that, this information can be used by policymakers to develop appropriate policies for sustainable tourism development (as we evaluate its 3 main areas), and increase the level of well-being in the respective city, as well as by investors to undertake informed strategies in order to generate higher revenue, and produce economic growth.

Before proceeding with the analysis of this database, we aimed to provide an overview of the relief of Albania in order to understand the distribution of the relief, the variation in slope and elevation across different areas, and to illustrate the underlying geography of the Albanian landscape. By relief, we understand the physical features of a surface of the land, referring to its altitude.

Relief has an impact directly on climate conditions, soil composition, and our aim is to verify whether its influence extends to the indicators that we have considered, and also to use it in order to explain later the results of our cluster classifications.

The selection of a relief map was based on the clarity and precision it has in presenting the diversity of a terrain.

For the processing of this map, we chose Quantum GIS (QGIS), which is a powerful software to elaborate and visualize with high resolution spatial data in details. [7] The data used to process the map was obtained from GEBCO_2023, Gridded Bathymetry Data web, which its current database contains a global terrain model, including both oceans and land, and providing elevation data in meters with a 15 arc-second grid interval.

We selected the Albanian Region and downloaded the data in GeoTIFF format, in order to be able to import and elaborate it in QGIS.

To illustrate the borders of Albania and its 61 municipalities on the map, we used a database containing information about the shapes polygons of the municipalities divisions from the OCHA Field Information Services Section (FISS).

After that, we proceed to implement the statistical methodology of fuzzy c-medoid in order to divide the territory into groups based on the initial database containing information for social, demographic and economic fields.

The number of clusters should be given to the algorithm in order to perform the calculations and divide the objects.

Concerning this, we decided to use the R silhouette coefficient as cluster validation technic.

The Silhouette Index finds the optimal clustering number by measuring the difference between the average distance within the cluster and the minimum distance between the clusters. In equation in defined as:

$$\bar{S} = \frac{1}{n} \sum_{i=1}^n \left(\frac{b(i) - a(i)}{\max\{a(i), b(i)\}} \right)$$

where a(i) represents the average distance of sample i to other samples in the cluster, b(i) represents the minimum distance of the sample from the sample i to the other clusters. [11].

Three values for the number of clusters which are valid practically in our case, are from 2 to 4 clusters, in which additional groupings beyond 4 clusters, in Albanian territory would not be meaningful.

Table 3. The R coefficient for 2, 3 or 4 groups.

	$k = 2$	$k = 3$	$k = 4$
R_sil value	0,753	0,727	0,614

Source:

Our

elaboration

According to the observation table, the most suitable number is the division into 2 clusters, as it shows the highest value.

Now that we have this information, we can proceed on the fuzzy analysis.

Cluster analysis is an unsupervised technique used in many fields, in which we divide a dataset X into c clusters. Traditionally, a data point belonged to only one group (cluster) where its similarity was the highest. However, a data point in dataset X is not equally similar as all the other points in the cluster, and this hard clustering method avoids bringing into light individual characteristics of objects into the group. [8]

The first concept introduced to study the similarity that a data point shares with each cluster was presented in 1965 by Zadeh (1965). The function that represented this concept was called the "membership function", and the "membership degree values" ranged from 0 to 1. [9]

Each cluster has a representative point called a medoid point, which acts as the cluster's centroid. During the clustering process, all points are tested to find the one that will give as a result the smallest value, indicating the lowest dissimilarity (highest similarity) with the other points in the group. [6]

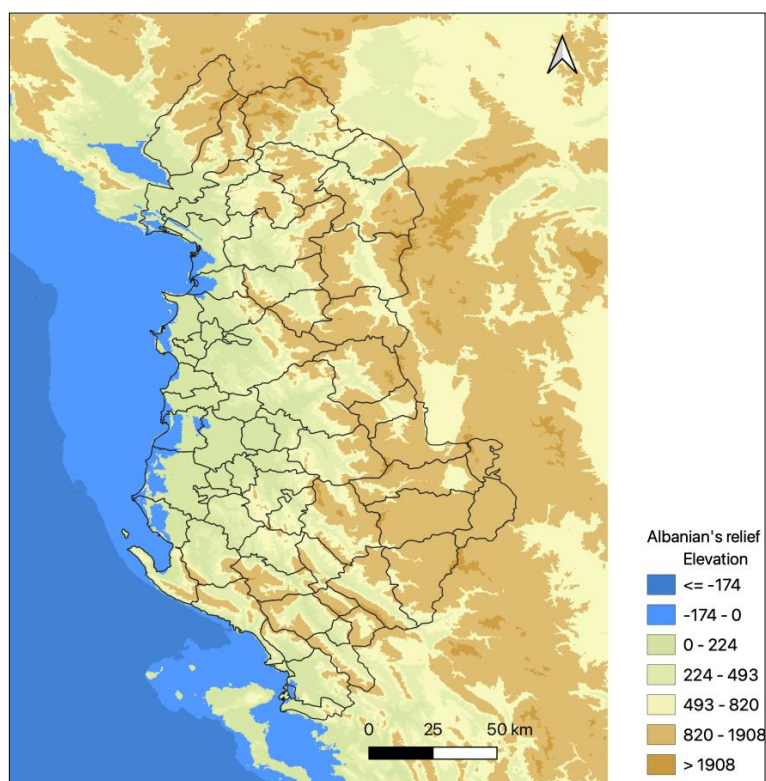
The fact that the central point of the cluster is an existing object, rather than a calculated point outside of the constituent elements, it brings an important advantage in using this method in geographic analysis, like in our case, as it enables us to understand which city is representative of the group. Using this information as a guidance, it provides possibility to interpret better the results, or it may give other type of information.

After studying the R documentation code for "fclust" [10] which is the package that implements fuzzy cluster analysis, we used the IDE of R language, RStudio, to perform the analysis.

3. Results and discussion

The first output map is the Albanian relief map, in where we divided the altitude of Albania (see legend below), starting with the levels under 0 m, which corresponds to seas in our case⁴⁶.

Figure 4. Albanian relief map



Source: Our elaboration made with QGIS 3.26.3

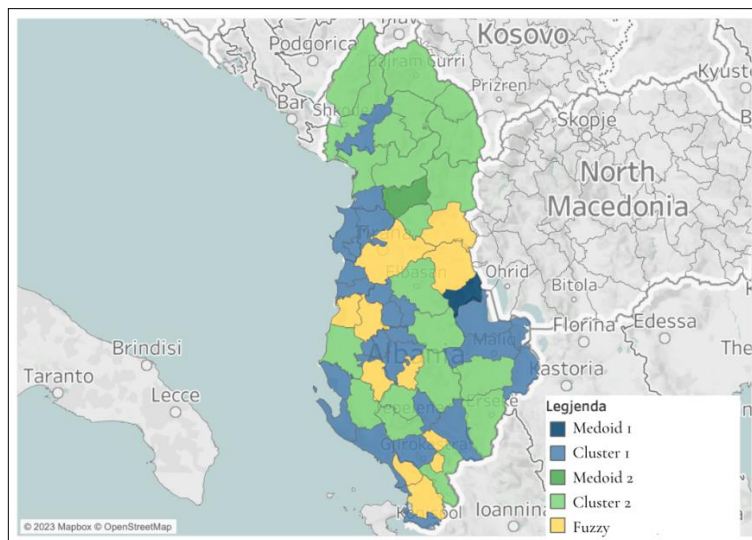
⁴⁶Lake of Ohrid is not depicted in blue color on the map due to its high altitude of over 600 meters above sea level, which exceeds the limit of the relief map presentation that only indicates the elevation of the relief.

This map accurately represents the country's diverse landscape, and as the legend indicates we customized three levels of green which represents fields, the main one is "The western lowland of Albania" along the Adriatic coast, and with brown we indicate the mountain relief.

In the north of Drin River, are worth highlighting the Albanian Alps, which stand out for the great contrast between high mountains and deep valleys. The Central Mountain Region is not as compact as the northern one, but divided into several mountain massifs, such as: VarguiKorabi, Lura Mountains. Meanwhile, The Southern Highlands reach as far as the Ionian Sea in the south and are broken up into several mountain ranges and river valleys.

Now, below we present our comprehensive output from the fuzzy analysis.

Figure 5. Output map of the fuzzy groups.

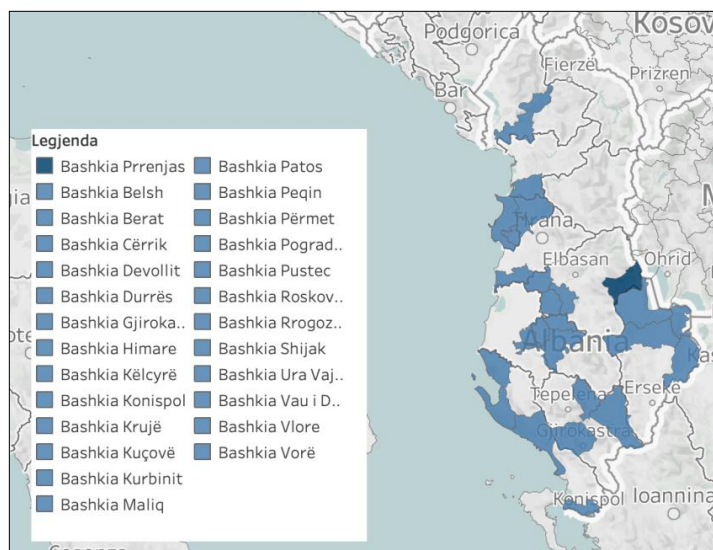


Source: Our elaboration made with Tableau Desktop v.2023.1.0

As we can see, the first group is in blue with medoid in dark blue, and it corresponds to the municipality of Prrenjas, and the second group is in green with medoid municipality of Mat. And there are some shadow municipalities in yellow which are the fuzzies.

Let's present now this output in details:

Figure 6. Map of the first cluster



Source: Our elaboration made with Tableau Desktop v.2023.1.0

The results indicate a division where the first group, gathers municipalities which are strong points of tourist attractions. In this cluster, it is difficult to define only one type of tourism, as we find beautifully intertwined various types of tourism.

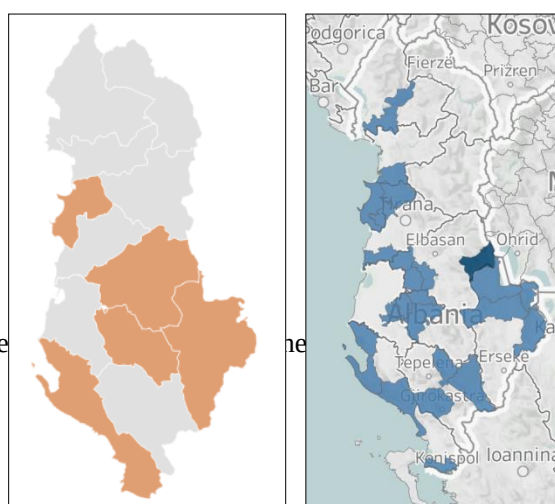
For "balneal" tourism this group has components such as Durrës, Vlora, Himara, etc. For cultural tourism it has Gjirokastra, Berat, and for natural tourism: e.g., Pogradec, VauDejës.

Based in the database from the data of INSTAT, for the indicators about Gross value added by type of activities, in the type "Producer of goods" the mean of the group is 816,9, for the indicators about "Agriculture, forestry and fishing" the mean of the group is 693,1 and for "Industry" the mean is 90,2. About the "Construction" we find a mean of 49,6.

In the demographic field, the mean of the group for births is 372, for deaths is nearly 300, and the mean for urban population is 68% and for rural 32%.

In the social field, there are considered many indicators, but we will mention the mean of "Natural population increase" which is 80,1 and of "Net internal migration" which is -21,5.

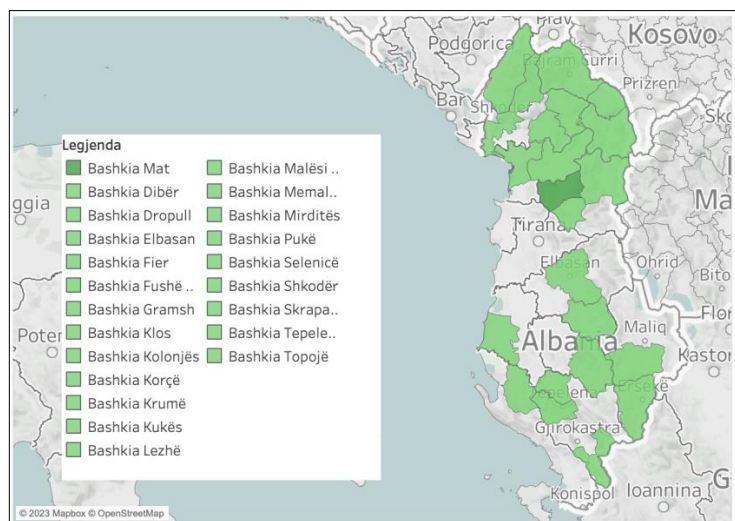
Figure 7. A comparison with our initial study of 2021.



Source: [12] the map on the

In the previous work of Firza N., (2021). *Sustainable Tourism: Destination Management*, the study started off with data about 12 geographic district results. In the current work we have continued with more detailed analyzes, however the results show similar division of territories. [12]

Figure 8. Map of the second cluster



Source: Our elaboration made with Tableau Desktop v.2023.1.0

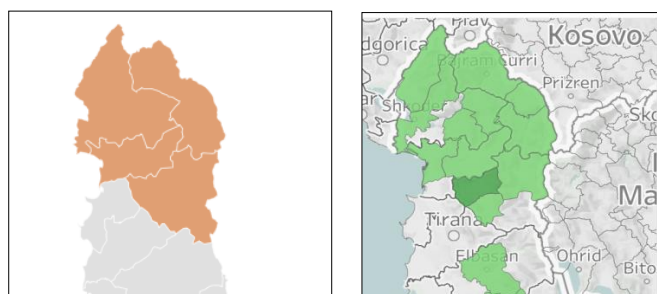
This is the map of the second cluster, and as we also find from it, related to the altitude of the sea, the second group is characterized by the municipalities of the north and those of the south which have an altitude of more than 800 m. Municipalities are based on agriculture and the tourism which derives is experiential tourism which is based on nature trails.

Based in our database, for the indicators about Gross value added by type of activities, for "Producer of goods" the mean of the group is 1098,7. For the indicators about "Agriculture, forestry and fishing" the mean of the group is 903,7 and for "Industry" the mean is 135,2. About the "Construction" we find a mean of 59,8. All these indicators are higher than the first group.

In the demographic field, the mean of the group for births is 380, for deaths is nearly 328, and the mean for urban population is 34% and for rural 66%. The values here are again higher, but we notice a prevalence of rural population over urban one.

In the social field, as we mentioned before, "Natural population increase" has a mean of 50,6 and of "Net internal migration" is -196,5.

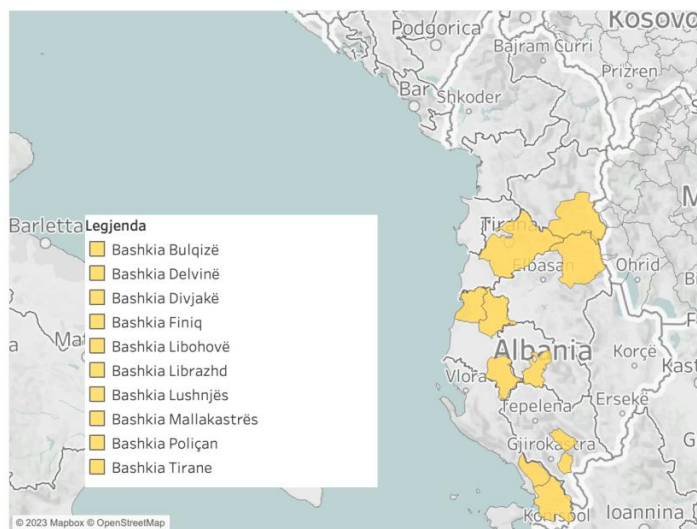
Figure 9. A comparison with our initial study of 2021



Source: [12] the map on the left, this study map on the right.

On this part we make another comparison with our initial study [12], which confirms the north part, but there are added more cities located in the south, as we considered detailed data from all 61 municipalities.

Figure 10. Map of the fuzzy cluster

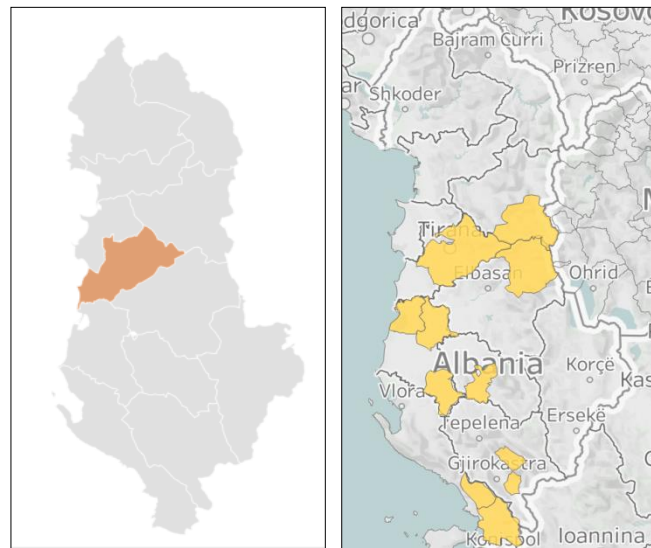


Source: Our elaboration made with Tableau Desktop v.2023.1.0

The municipalities that exhibit a membership degree of nearly 50% ($\pm 5\%$) in both clusters, are outliers. For example, Tirana is one of them, as its indicators have a higher concentration than the first and the second group, therefore it cannot belong to either the first or second one, and takes part on the fuzzy group.

The endeavor to draw a comparison between the mean of this group and those of others is futile, as the participating municipalities are dissimilar from one another, with their only shared attribute being an exclusion from both the first and second cluster.

Figure 11. A comparison with our initial study of 2021



Source: [12] the map on the left, this study map on the right

Comparing with the precedent analysis, it can be confirmed that Tirana emerges as an outlier in both scenarios.

4.

Conclusions

We started with a database containing demographic, social and industry indicators in Albania, however we arrived at a division of municipalities based mainly on the characteristics of the relief.

Therefore, the analyses emphasize the importance of what the land offers for the development of every other sector, including tourism.

The analysis highlights 2 groups with very well-defined characteristics, the first one based on the most developed types of tourism in Albania, seaside, natural, cultural, and the other based on experiential tourism. Both groups need long-term sustainability strategies.

The fuzzy cluster highlights in a fuzzy shadow group all those territories that need a specific tourism strategy.

5. References

[1] Instat. (2020). Turizmi ne shifra ne Shqiperi 2020. Instat.

- [2] Theobald, W. F. (Ed.). (2012). Global tourism. Routledge.
- [3] Ministria e Turizmit dhe Mjedisit. (2019). Strategjia Kombëtare Për Zhvillimin E Qëndrueshëm Të Turizmit 2019 – 2023 [National strategy for sustainable tourism development 2019-2023]. Ministry of Tourism and Environment.
- [4] Instat. (2021). Turizmi ne shifra ne Shqiperi 2021. Instat.
- [5] Ministria e Turizmit dhe Mjedisit. (2023, February). Buletini i Turizmit, Raportimi Mujor, Shkurt 2023 [Tourism Bulletin, Monthly Report, February 2023]. Ministry of Tourism and Environment.
- [6] Nguyen, A. C., Ngo, T. L., Mai, D. S., & Pham, T. L. (2021). A hybrid fuzzy C-medoids clustering using the whale optimization algorithm. Section on Information and Communication Technology, 10(1).<https://doi.org/10.56651/lqdtu.jst.v10.n01.287.ict>
- [7] Tzvetkov, J. (2018). Relief visualization techniques using free and open-source GIS tools. Polish Cartographical Review, 50(2), 61-71. <https://doi.org/10.2478/pcr-2018-0004>
- [8] Bezdek, J. C. (1981). FCM: The fuzzy c-means clustering algorithm. Computers & Geosciences, 10(2-3), 191-203. [https://doi.org/10.1016/0098-3004\(84\)90020-7](https://doi.org/10.1016/0098-3004(84)90020-7)
- [9] Zadeh, L.A. (1965). Fuzzy sets. Information and Control, 8(3), 338-353.[https://doi.org/10.1016/S0019-9958\(65\)90241-X](https://doi.org/10.1016/S0019-9958(65)90241-X)
- [10] Ferraro, M. B., Giordani, P., & Serafini, A. (2019). fclust: An R Package for Fuzzy Clustering. The R Journal, 11(1), ISSN 2073-4859.
- [11] Xu Wang and Yusheng Xu 2019 IOP Conf. Ser.: Mater. Sci. Eng. 569 052024
- [12] Firza N., (2021). Sustainable Tourism: Destination Management. In: Proceedings Book of 5th UNICART Interdisciplinary International Conference of Tourism: Food, Sustainability, Nutrition and Tourism, ISBN: 978-2-931089-17-0

Analysis of leasing and factoring in the financing of SMEs in Albania

Phd. Ingrid Konomi

Department of Finance, Faculty of Economics, University of Tirana

Abstract

The large number of SMEs and the positive result of non-banking financial institutions makes this market very attractive, promoting financing in the economy and promoting the development of SMEs in particular. The characteristics of SMEs such as: few opportunities for qualified workers, management by the partner(s) themselves, low collateral, lack of financial and operational knowledge, etc., makes the banking system see their lending as an increased risk in the loan portfolio. It is necessary for these subjects to be financed in an alternative way. Leasing (financial rent) and factoring are two alternative financings that have shown a high level of growth in Albania, but the share they occupy against GDP and total lending from the Banking System is very small despite the great opportunities to grow.

This paper shows the importance of financial leasing and factoring in the assets of non-banking financial institutions, GDP and the profit of the banking system in total. No less importance has been given to the factors that determine the behavior of financial leasing and factoring, as alternative financing sources.

Key words: Financial leasing, Factoring, Non-banking financial institutions, Small and medium enterprises

JEL classification: G11, G21, G31, G32

1. Introduction

Financial leasing and factoring are two innovative and easily accessible forms for SMEs. Their goal is to finance with a contract, adapting the characteristics of SMEs to the need for financing and keeping the risk of bad debt at acceptable rates.

The fact that small business is characterized by a simple and small form of activity, few opportunities for qualified workers, management by the partner(s) themselves, low collateral, lack of financial and operational knowledge, etc., makes the Banking System sees lending to SMEs as an added risk in the loan portfolio. To compensate for the increased risk, banks increase the cost of lending loans and increase the criteria that SMEs must meet. These restrictions limit access to bank loans, affecting the fragility of SMEs.

This natural behavior on the part of the Banking System contradicts the importance of SMEs in the Economy. With the representation of about 98.8% of businesses in Albania, this form has a significant contribution to GDP, VAT and employment. For these reasons and not only, financing alternatives and access facilities are needed to support the further development of SMEs in particular and the economy in general.

The purpose of this paper is to analyze the development of factoring and financial leasing in the Albanian market. To identify the problems associated with these forms of financing in Albania

and by means of a regression to explain which factors better explain the performance of factoring and financial leasing.

2. Literature review

Leasing (financial lease) is an external form of financing that enables SMEs to rent vehicles, production lines, machinery, etc., to enable increased production and better quality services, making them more competitive inside and outside the country.

Leasing separates legal ownership of an asset from economic use. The focus is on generating income from the use of the asset, unlike a bank loan where the focus is on return and collateral. The lessee is able to generate sufficient cash flows to pay the lease using the leased asset.

The biggest advantage of the financial lease, compared to the bank lease, is that it allows borrowers with small credit possibilities to have the opportunity to use the asset even in cases where they do not meet the conditions for a bank loan (Berger and Udell, 2005). The goal is financing without additional collateral since the asset itself serves as such.

Another advantage of the financial lease is the lower cost compared to the bank loan.

According to the results of the study in Oxford Economics (2011), SMEs have several reasons to choose leasing, the main one being the price consideration. Subjects taken in the study find financial leasing less expensive than other forms. Even in Albania, the interest rate of the financial lease is relatively lower than the bank loan.

Financial leasing is associated with a disadvantage because it requires a portion of the financing, about 10%, to be prepaid by the tenant. Despite the fact that in Albania the finance lease is mostly used to finance low-value vehicles, the fact that 10 % of the asset has to be paid in advance can be a big obstacle in the leasing of expensive equipment by SMEs.

Factoring is another form of external financing easily accessible by SMEs. It consists of selling customer credit (Accounts Receivable) to a factor at a small discount, in exchange for the value of the invoices. When the customer pays the full value of the invoice to the factor, the latter returns the difference between the total value of the invoice and the financed amount plus the service commission back to the entity. It is a good way of financing for SMEs that have instability in cash flow, are affected by tax expenses and have a great need for financing to continue operational processes and improve service quality.

So the factoring contract limits loans to consumers who are not taxable persons. Another disadvantage is the selection of the best loans (the most reliable customers) by undergoing risk tests. In Albania, the most used type of factoring is factoring without guarantee.

On the other hand, factoring is associated with many advantages that make this form of financing attractive. Businesses, especially small and medium-sized ones (SMEs), have the opportunity to secure funds through factoring to increase liquidity, pay tax obligations and salaries, to benefit from supplier discounts, etc.

What is most important for SMEs in relation to factoring, is related to the reduction of the cost of entities for managing customer account credits. The factor undertakes to manage credit collection and provide reports related to customer accounts to facilitate operational activity and reduce administrative costs.

From this point of view, factoring can be a very important form of financing in countries with unconsolidated laws, underdeveloped banking system and poorly managed entities. The positive side of factoring in this business environment lies in the fact that the accounts of the contract customers are moved from the entity with the inability to effectively manage them, becoming the property and duty of the factor to manage them effectively.

3. Development of factoring and financial leasing in Albania

Financial leasing and factoring in Albania is a new industry. Financial leasing began to be used at the beginning of the century and was accompanied by a growing number of companies offering this service. Today there are 10 leasing companies and the market is again attractive considering the large number of SMEs. This form of financing has seen a rapid growth after the financial crisis of 2008, occupying a share from 20 percent to 35 percent of the loan portfolio of non-banking financial institutions. The result shows that there is an inverse relationship between the increase in the use of financial leasing as a financing alternative versus the decrease in bank lending and the expansion of credit terms.

Non-banking financial entities are characterized by the orientation of the financial lease portfolio towards the sectors of "Trade, repair of automobiles and household items and less towards the equipment and production lines necessary to increase investments in improving and increasing the production of SMEs.

The portfolio of non-banking financial entities is oriented towards financing in the local currency, but in particular the financing of the financial lease is oriented towards foreign currency. This orientation of financial rent can be associated with the increase of exchange rate risk for SMEs that may perform little or no transactions in foreign currency.

Meanwhile, factoring was offered for the first time in 2010 and was accompanied by little growth. As a new alternative that it is, it needs to be promoted to SMEs to encourage increased knowledge and familiarization with factoring.

The sales of entities are generally directly related to their performance. In a recession situation we will have a decrease in sales and therefore a decrease in customer loans. Factoring is also closely related to the subject's performance, since the product of the factoring contract is the customer's loan. The year 2013 was preceded by the recession and its impact was felt in the weight factoring took in the portfolio of non-banking entities. However, this factor alone cannot explain the performance of factoring.

A problem for the development of factoring in Albania is the degree of informality. Cash payments and non-issue of invoices do not justify credit to customers, reducing the possibilities of using factoring and benefiting from the advantages it offers. In order to minimize this problem, an action has been taken against informality and an effort is made to promote the implementation of tax procedures by SMEs.

4. Methodology

The purpose of this paper is to make an analysis of the development of factoring and financial leasing in the Albanian region. To identify which factors best explain the performance of factoring and financial leasing.

In this paper, we will use the analysis of the construction of linear or logarithmic regression models in the assessment of the relationship of some independent variables of a macroeconomic nature with the dependent variable of factoring/financial leasing assets. So the analysis will start with finding the statistically significant relationships of the models:

$$y = b_0 + b_1*x_1 + b_2*x_2 + ... + b_n*x_n + \varepsilon$$

In this form of the linear model we noted:

y = dependent variable (in this paper we have two dependent variables, factoring assets and financial lease).

x_i = independent variable for $i = 1, 2, \dots, n$ and each of them is a vector with time values with three-month periodicity, (the number of elements of each vector is 28 observations for the financial lease, from 2013 - 2021 and 20 surveys for factoring, from 2015 - 2021).

b_i = parameters of the model, or coefficients of independent variables in the model, for $i = 1, 2, \dots, n$ (in our regression analysis the change of the dependent variable Δy is explained in relation to these coefficients b_i , under the conditions "ceteris paribus").

ε = is called the residual of the regression, or the error term, it is the only variable that is not predicted and it must be stochastic.

Hypotheses for financial lease

As we have discussed in the sections above, in Albania there is a tendency for financial leasing to be used mostly to finance the purchase of vehicles. While the very demand to buy vehicles directly depends on their price. An important aspect is the cost of vehicle maintenance. A higher cost of maintenance service will encourage entities to buy new vehicles and sell old ones. But on the other hand, the cost of maintenance will be an important factor in the decision to buy a device or vehicle or to rent.

H_1 : We expect to find a positive relationship between finance lease and vehicle price, but an inverse relationship with maintenance cost.

On the other hand, investment in vehicles, equipment and technology lines depends on the potential of the business to increase activity and the economic environment. Investment in fixed assets is a good indicator of business potential.

H_2 : We expect to have a positive relationship between the development of financial rent in Albania and Investment in fixed assets for the private sector in particular.

The financial lease is seen as a substitute alternative to the bank loan. A deterioration of the banking system's credit indicators is a positive signal for financial rent. A from the indicators that have been in the center of attention since 2013 are bad loans. As a result of their deterioration, banks reduced lending drastically, blocking the gears of the economy.

H_3 : We expect a fair relationship between financial rent and the Non Performing Loans indicator for the entire banking system.

Hypotheses for factoring

Factoring relies on the sale of customer credit by entities to a factor. An increase in customer credit in the economy would create more favorable conditions for the development of this form of financing.

H_1 : We expect SMEs to have more buyers and large volume of customer loans when the economy is healthy and growing, so factoring should have a positive relationship with percentage GDP growth, a measure of welfare development. (GDP per capita) and credit available to private entities.

Factoring, unlike financial leasing, is not clearly seen by SMEs as a direct substitute for a bank loan. This is due to the short time in the market of this form of financing.

H₂: Based on the above argument, we can hypothesize that the performance of factoring depends indirectly on the non-performing loans of Non banking financial institutions and the impact of non-performing loans on the entire banking system is insignificant.

5. Statistical analysis and conclusions

To answer the above hypotheses, we built two models to test the relationship that exists between factoring/financial leasing and independent variables.

Tab1. Independent variables included in the model

Variables	Model (1) Faktoring	Variables	Model (2) Leasing
Privat sector lending (% of GDP)	√	Purchase of asset for transport	√
GDP Growth in %	√	Transport service	√
GDP per capita	√	Non performing loans (% on total assets)	√
Non Performing Loans/ Excess of gross credit	√	Real GDP of Albania	√
		Gross fixed capital formation, the private sector (% of GDP)	√

The statistical analysis based on the variables of table 1 aims to evaluate the "bi" parameter of the multiple regression:

$$Y = b_0 + b_1X_1 + b_2X_2 + \dots + b_i X_i$$

According to the statistical analysis, it turned out that the financial lease has a strong positive relationship with the purchase prices of means of transport and problem loans. As the literature suggests, an increase in the price of equipment and vehicles will need more financing to provide them. Unable to find financing, entities turn to alternative forms of financing to secure equipment at a lower cost. On the other hand, a deterioration of the bank loan indicators will be an advantage of the financial lease as a substitute for the bank loan. The increase in bad loans, had an impact significantly reducing lending to the economy by the banking system. Meanwhile, the financial lease was developing at a fast pace.

It turned out that the financial lease has a strong negative relationship with the service towards personal means of transport. The connection is logical considering that any maintenance service burdens the tenant. An increase in maintenance costs will encourage entities to purchase equipment and avoid finance lease costs. (H₁ and H₃ are accepted).

The relationship between financial rent and GDP and gross fixed capital formation turned out to be outside of expectations. This can be explained by referring to the literature. GDP is a macroeconomic indicator that extends its influence to many other parameters of the economy.

According to the literature (Klapper, 2006) GDP explains the performance of financial rent in developed countries where this form of financing is consolidated. The case of Albania belongs to a developing economic environment where the financial rental market has been around for a while. As such, the market is influenced more by subjective indicators of entities than by macroeconomic indicators. The same reasoning applies to Gross Fixed Capital Formation, private sector. We add here that this indicator does not only summarize investments in equipment or vehicles, it is very broad. (H_2 is not accepted).

While factoring turned out to have a significant positive relationship with GDP per capita and a significant negative relationship with non-performing loans for Non banking financial institutions. The increase in GDP indicates the increase in well-being which encourages individuals to spend more, which translates directly into the increase in the activity of SMEs. The increase in activity is associated with a high turnover of goods and the need of entities for timely supplies. Factoring is the right solution to turn increased customer loans into cash and increase the development potential of SMEs.

On the other hand, the factor agrees to enter into a contract only after the customer's credits have passed the risk tests. The more risky the loans are (the higher the problem loan for Non banking financial institutions), the more crediting through factoring will decrease. (H_2 is accepted).

Regardless of the level of indicators such as: GDP growth in percentage and lending to the private sector, factoring shows a strong upward trend that is characteristic of a new market. These indicators were statistically not significant. (H_1 is not accepted).

The level of financial rent and factoring can be explained by the coefficient β_i for each variable by increasing or decreasing it.

References

- Berger, A. and Udell, G. (2005). A More Complete Conceptual Framework for Financing of Small and Medium Enterprises. World Bank Policy Research Working Paper No. 3795. December 2005.
- European Investment Fund. (2012). The importance of leasing for NVM finance.
- Dougherty, C. (2007). Introduction to econometrics.
- Jorgji, E. et al. (2008). Leasing in Albania, a great opportunity for small and medium enterprises: World Bank.
- Ludwig, A. Schmidt, K. (2010). Gauss–Markov loss prediction in a linear model.
- OECD. (2017). Financing NVMs and Entrepreneurs 2017.
- World Bank. (2014). Small and Medium Enterprises - the Engine of an Economy: *Sound Financial Reporting*

The Role of Consumer Preferences in Promoting Sustainable Agriculture Development

Flora Merko

Corresponding author Assoc. Prof., Aleksander Moisiu University, Business Faculty, Economics Department, Durres, Albania, floramerko@uamd.edu.al, ORCID: <https://orcid.org/0000-0002-5135-1818>.

Anisa Balla

Ph.D. Candidate, Logos University College, Faculty of Economics, Management Department, Tirana, Albania, anisa.balla@yahoo.com

Emira Spahaj

Ph.D., Logos University College, Faculty of Economics, Management Department, Tirana, Albania emiraspahaj@gmail.com

Abstract

In this article, we analyze the role of consumer preferences for bio agricultural products in sustainable development. Eliminating hunger, achieving food security, improving nutrition, and promoting sustainable agriculture is part of objective no.2 of SDG 2030. The 21st century has been characterized by challenges, such as high competition between firms, increased production and use of natural resources, technological improvement, and increased consumer awareness of food safety. Consumers faced with these challenges are increasingly tending to personalize their choice by turning to healthy products. On the other hand, companies, in order to survive the competition, are spending significant capital to improve the quality of their food products. However, cases are not unknown when the bio product fails to survive the market competition in the face of similar products that are well-known and approved by the consumer. The analysis of consumer preferences is essential for producers of healthy agricultural products, traders, and consumers. This paper aims to analyze consumer preferences in the selection of these products, focusing on the case of Albania. The methodology used is the analysis of the data obtained from the people interviewed through a questionnaire, from which we will try to answer the questions about how specific attributes of some food products affect the consumer's decision to buy them; to what extent do consumer preferences change with reference to attributes for bio food products, and how socio-demographic characteristics influence their selection. This paper will serve as an orientation for production firms in their dilemma in the face of a global crisis that started with the Covid-19 pandemic and was followed by the war in Ukraine, to invest considerable capital in innovation or to build new marketing strategies to survive the economic difficulties they are suffering.

Keywords: Bio-products, Sustainability development, Consumer preferences, Crisis.

JEL classification: D12, I11, I15

1. Introduction

Consumer preferences and purchasing behavior plays an essential role in supporting sustainable development and environmental protection (Dinu et al., 2012). Consuming and consumer education have multiple implications at the microeconomic and macroeconomic levels, as educated consumers take more care of their health and manage a budget better. A healthy consumer has high work productivity and quality of life. The consumer education level determines qualitative transformations in the economy by prioritizing environmental protection concerns regarding consumption and waste recycling, which lead to sustainable development. Considering consumption as the “final act” of economic interests, it becomes a central concern when discussing organic products. The mentioned products have a direct impact on sustainable development. In the economic field, they increase resource efficiency management through waste reduction, reuse, recycling, and ecological design. Energy consumption reduction is encouraged while using local, renewable resources decreases the water footprint. Social and cultural ideals stimulate traditional varieties, reintroduce authentic recipes and technologies, encourage social responsibility in consumption, and develop the need for innovation in agro-food products and European Eco-label products and services.

Organic food consumption in global markets has increased during the last years because of its direct impact on consumer health, lifestyle, and social convenience, as well as on the environment and sustainable development. But, compared to the European level, the consumption of organic food products is relatively low in Albania. Albania has a total area of 28,750 square kilometers, of which 24% is agricultural, 36% forest, and 15% pasture or other types of land. According to Eurostat data, only 2.9% of Albanian total arable land is covered entirely or under conversion areas—less than 20% of that reported by Spain, the leader in the organic farming domain. Agriculture is an essential sector of the Albanian economy. It contributed around 21% to the national GDP in 2019. In 2020, imports of agricultural products were slightly more than \$1 billion, the same as in the previous year. Exports have continued to rise, reaching about \$365 million in 2022, a 10% increase from 2019. Despite a mild climate, fertile land, and abundant water resources, the agriculture sector remains underdeveloped due to fragmented land, small plot sizes, and limited mechanization. The limited use of fertilizers and pesticides offers opportunities for investments in organic agriculture.

Looking at the development of organic farming in Albania, as experienced in Europe, there was, and often still is, close contact with organizations outside the agricultural sector, highlighting its character as a social movement in opposition to traditional agrarian institutions. Consequently, with international donors' assistance, Albania's organic movement has developed its private services (extension, market development support, information, training, inspection, and certification) and quality assurance systems with personal standards defining organic agriculture. The history of organic agriculture in Albania is related to the foundation of the Organic Agriculture Association (OAA) in 1997, which, one year later, became a member of IFOAM. Since the beginning of its foundation, OAA has started to promote organic movement and products through participation in consumer fairs organized in the country. Beginning in 2001, this Association started the implementation of some projects on sustainable agriculture with the financial support of international donors (Swiss Development Cooperation and Avalon). The main activities were related to organic plant production and protection techniques, focusing on vegetables, fruit trees, olive trees, and vineyards.

Organic livestock production was another central support area, especially in regions with a vocation for livestock breeding. Besides, several marketing initiatives have been undertaken in these years to create a demand for organic products. In this context, the existence of a shop in the center of Tirana and market stalls in the main agro-food markets has helped promote organic products and raise consumer awareness. Considering the small scale of Albanian farms and the time-consuming process of converting farmers into

organic production, the organically managed area is small, and only a few hundred hectares are organic. Most of the organic space is certified by Alb-Inspekt and OAA at the national level, and in a few cases, by international certification bodies. In the vigil of its tenth anniversary, the organic movement counts about 50 organic farms, most of them certified according to organic standards. To a certain extent, organic farms in Albania locate throughout the whole country. They are placed primarily in areas with developed agriculture (lowlands of Durrës, Tirana, Vlora, Fier, Kavaja, Lushnja) but also remote highland areas with a vocation for crops (Korça, Skrapar, Pogradec, Krujë). The most significant number of farms are placed near the capital (Tirana and Durrës), considered the biggest market for organic products, that produce the primary organic commodities are medicinal plants, olive oil, fruits and grapes, vegetables, and milk. Smaller quantities of other organic products, such as eggs, cheese, honey, wine, and meat, are also being produced on these farms.

Albania's organic farming has continuously benefited from activities by donors or agencies like Oxfam, GTZ, SNV, FAO, etc. Focused on sustainable agriculture, fair trade, small-holder groups, and promoting typical products, these donors/agencies have found interest in organic production practices/values. Thus, organic farming has entered the agenda of prominent donors operating in Albania, helping increase the awareness and sympathy of political stakeholders. This paper investigates the perception and attitudes of organic food consumers from Albania. It will serve as an orientation for production firms in their dilemma in the face of a global crisis that started with the Covid-19 pandemic and was followed by the war in Ukraine to invest considerable capital in innovation or to build new marketing strategies to survive the economic difficulties they are suffering.

The paper proceeds as follows: Section 2 will discuss the literature review about consumer preferences and sustainable agricultural development. In the next section, we will present the sustainable agricultural development in Albania, focusing on the historical development of this sector. Sections 4 and 5 will show the methodology used in this paper and the results generated from the questionnaire that define the main characteristics of consumer preferences towards Albanian bio-agro products. Lastly, section 6 gives the conclusions and main findings of this paper.

2. Literature review: Consumer preferences and sustainable agricultural development

Previous studies have contributed to bringing many motivations that stand behind consumers' organic food buying behavior. Many studies indicate that health consciousness, consumer knowledge, perception of the price, availability of bio agro-food, and socio-demographic factors represent the main reasons for purchasing organic food. Healthy consumption behavior and an environmentally friendly attitude can contribute to sustainable economic development, social progress, and a better quality of life. Sustainable economic development involves, in addition to economic growth, a series of quantitative, structural, and quantitative transformations that meet current food needs without compromising those of future generations.

Nowadays, consumers are more informed about the food they are eating and have become more aware of the link between food and health. Moreover, organic food consumers have a sustainable diet, being less overweight than non-consumers. Health issues are part of the numerous trends which have recently appeared in the food market and have a personal and social value. Several studies show that health factors significantly influence consumers' willingness to buy organic foods (Grossman, 1972; Schifferstein, 1998; Makatouni, 2002; Michaelidou, 2008; Kim, 2011). One significant factor influencing consumers could be the deterioration of their health (Grossman, 1972); thus, consumers see consumer purchases as an investment in good health. Bourn and Prescott (2002) found that organic foods have a competitive advantage over conventional foods due to organic foods' nutritive attributes. However, in a study conducted by Fotopoulos and Krystallis (2002), the taste was another reason why consumers buy organic foods.

Sapp (1991) argued that knowledge involves a cognitive learning process. Consumer purchase intentions differ based on the consumers' levels of expertise (Chiou JS, 1998). Researchers cannot separate consumers' decision to purchase organic products from their knowledge and understanding of organic foods (Gotschi, 2010; Saleki, 2012). Recent research on consumer awareness and knowledge about organic foods found that consumer awareness worldwide is low relative to Europe's awareness level. This elevated awareness about organic food due to its market, which is well-developed compared to the rest (Compagnoni, 2000; Demeritt, 2002)

Organic foods are priced higher than conventional foods. Aertsens et al. (2009) and Hughner et al. (2007) confirmed that price is a significant barrier to organic food choice. Padel and Midmore (2005) and O'Doherty et al. (2011) indicate that high prices will likely impede future demand development; thus, price is crucial in organic food marketing. The research confirmed that consumers switch products due to high prices and that higher costs hurt the chances of buying organic foods (D'Souza, 2006; Gan et al, 2008). However, Radman (2005) concluded that some consumers have a positive attitude toward organic foods and are willing to pay a higher price.

Availability is one factor that encourages the purchase of organic foods (Davies et al., 1995). Makatouni (2002) reiterated that organic foods' availability could be a barrier to consuming the same. In a study by Tarkiainen and Sundqvist (2005), the authors showed that the easy availability of organic foods positively affected their purchase behavior. In a survey by Young et al. (2010), consumers prefer readily available products. Therefore, they do not want to spend time searching for organic products.

Many factors influence consumer behavior, referring to many studies. For example, Voon et al. (2011) found that sociodemographic factors influence buying behavior. One significant factor is gender. For instance, Lockie et al. (2004) confirm that women are more likely to have positive attitudes than men toward organic foods. Similarly, Stobbelaar et al. (2007) found that adolescent girls favor organic products more favorably than boys.

Research has found that age also influences the purchase of organic foods. For example, Misra et al. (1991) show that older individuals may be willing to buy organic foods for health-related reasons. However, Cranfield and Magnusson (2003) found that younger consumers are more likely to pay over 6% higher premiums to ensure that food products are pesticide-free. In addition, Rimal et al. (2005) found that older individuals are less likely to buy organic foods than younger individuals. In contrast, Van Doorn and Verhoef (2011) found that younger people and women consider organic foods more essential and include them in their purchases.

In consumers' demographic characteristics, income is another factor considered crucial for influencing the purchase of organic food. In the Loureiro et al. (2001) study, higher-income households prefer to buy organic products more than low-income households. Likewise, Voon et al. 's (2011) research found that household income positively relates to organic food purchases. Further, women aged 30–45, with children and a higher disposable income, include organic foods in their purchases (Dettmann, 2007).

Research by Cunningham (2002) and O'Donovan and McCarthy (2002) found a positive relationship between organic foods and education consumption, sustaining Dettmann and Dimitri's (2007) work. According to their study, individuals with a higher education level are more likely to purchase organic foods than those with a lower education level, as sustained in later research from Aryal et al. (2009). They showed that education is another factor that might influence the purchase of organic products.

Other factors, however, have a higher significance for acquisition decisions. Usually, consumers evaluate simultaneous product aspects such as usefulness, availability, cost, and nutritional and sensory attributes. Final decisions depend on each individual's reference system. Raising awareness of various environmental protection and health aspects may influence classic purchasing tendencies Grankvist et al. (2007).

3. The sustainable agricultural development in Albania

Agriculture is very important for the Albanian economy regarding value-added and employability, as it provides the income basis for almost half of the population (Instat, 2022). The Albanian agriculture sector's importance in employability has steadily declined over the last two decades, accounting for around 41% in 2020 (Instat, 2021). Nevertheless, the sector plays a much more significant role in the Albanian economy, with about one-third of GDP coming from agricultural production. But, despite a mild climate, fertile land, and abundant water resources, the agriculture sector still needs to be developed due to fragmented land, small plot sizes, and limited mechanization. Also, the social constraints negatively affecting the development of agriculture in Albania are the high rate of emigration and immigration, the lack of interest of people to deal with farming, the lack of financial and social incentives, etc. The process of the privatization of agricultural land, after the fall of Communism with State control and subsidies shrinking dramatically, led to the rapid break-up of 550 state and collective farms, and the privatization of 94% of farmland by 1994, and over 470'000 privately owned farms by 1996 for a total of 560'000 ha. As a result, agriculture resulted in small-scale farms and large segments of fragmented land, with a current average farm size of 1.3 ha (and even smaller farms of 0.8 ha in mountainous areas). Therefore, the agriculture sector witnessed a shift in production patterns to a demand-driven model, with steep declines in industrial field crops (rice, cotton, wheat, tobacco) balanced by increased livestock and associated forage crop production (Kullaj, 2014).

Agro-processing (olive oil, flour milling) and horticulture (olives, grapevine, and fruit production) have also witnessed dynamic growth, more rapidly than the agriculture sector (Instat, 2000). Some causes of this resource reallocation between sub-sectors are the effects of trade liberalization, investment, changes at the institutional and infrastructure level, and rising domestic demand for food products. Such rises and falls in the production of particular agricultural sub-sectors also reflect Albania's comparative advantages in climate, geography, and labor costs. However, agriculture and agro-processing continue to face significant challenges to achieve regional standards, particularly in institutional capacity, technology, skills and know-how, access to resources, and quality of inputs and outputs. Albanian Government, supported through donor funding, responded by starting the building of wholesale markets and slaughtering houses in the primary production areas of the country. Also, liberalization of foreign trade was one of the first measures taken during the post-Communist period, contributing to rapid recovery in trade volume and a current account deficit as domestic demand continued to outpace domestic production. The Stabilisation and Association Agreement, concluded in 2006, also provided an impetus for agricultural reform and sector modernization by upgrading the regulatory, institutional, and legal framework necessary for enhancing the competitiveness of agricultural products. With the restructuring of the sector, certain niche products compete successfully with imports and even successful export products. Thus, the challenge for policy-makers is to maintain the role of agriculture as a significant contributor to economic growth through target support and cultivation within the limits of WTO requirements, generate substantial returns, and encourage other farmers and producers to switch to these competitive crops (Kullaj, 2014).

Although, the productive capacity of Albania's agriculture sector manages to meet about one third of domestic demand for food (World Bank, 2022). During the last 5 years, the number of organic operators has increased by 39 %. Organic farming is promoted on the basis of the multiple benefits it provides; healthier food, improved farmed environment and a contribution to the rural economy.

4. The methodology

Primary data were collected using an online questionnaire formulated using prior studies and literature research results. The questionnaire (See Annex) contains questions about organic product purchase behavior, with responses measured on a Likert scale and questions about respondents' demographic information. The first respondents helped pass the survey to their friends and family members. This paper's snowball sampling method helped generate as many responses as possible during January-March 2023. Respondents participated in the study via email, social media, and direct messages. The email to potential participants indicated they voluntarily agreed to join by clicking the survey link. A total of 90 responses were collected. Further, anonymously, we analyzed the data.

5. Main findings from the study

The 90 respondents that participated in this survey were mostly females (78%), aged between 35 and 54. The results for the educational level, occupation, and monthly income level show that most respondents were post-graduated (52%), Full-time workers (72%), with a monthly income level (60 001-90 000 ALL) of about 36% of responders (Figure 1 presents the sociodemographic data of the respondents to the questionnaire)

Table 1: Sociodemographic characteristics of the respondents to the questionnaire

Features	Characteristics	Number	Share
Gender	Male	20	22%
	Female	70	78%
Age	18-34	29	32%
	34-54	39	43%
	over 55	22	24%
Educational level	High School	10	11%
	Under Graduate	7	8%
	Graduate	25	28%
	Post Graduate	47	52%
Occupation	Student	8	9%
	Full-time worker	65	72%
	Part-time worker	3	3%
	Self-employed	5	6%
	Retired	6	7%
	Unemployed	2	2%
Monthly income level	Under 34 000 All	7	8%
	34 001-60 000 All	23	26%
	60 001 -90 000 All	32	36%
	Over 90 000 All	27	30%

The participants answered: "How familiar are they with the notion of "bio agricultural" products? About 56% of the participants answered, "I am very familiar," and 43 % answered, "Not very familiar." Of all the responders, only 84% of them answered "Very important" in correlation with the question: "How important is it for you that bio agricultural product (for example, fruits and vegetables) that you consume are organic/bio?"

To measure the frequency and to define the place where the responders usually buy bio agro-products, we asked them: "How often did you purchase bio agricultural products in the past six months? And "Where do you usually buy bio agricultural products?". As presented in Figure 2, most of the responders (33%) answered "about once per week," and 25% answered "monthly." While most of the responders (45%) chose to buy regularly at local markets, and only 36% of them responded they regularly buy at bio food markets (Figure 3).

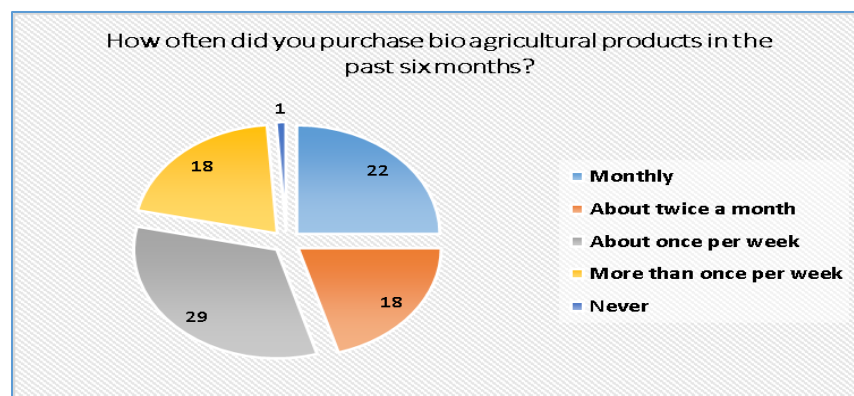


Figure 2:The frequency that consumers usually buy bio agro-products

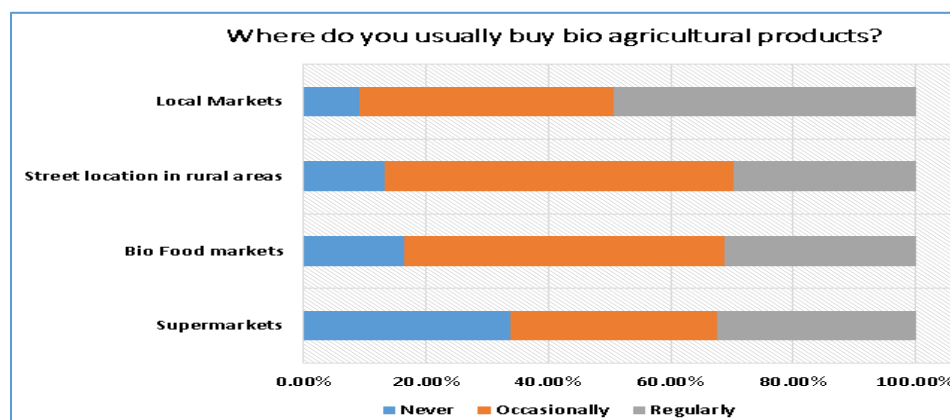


Figure 3:The place where consumers usually buy bio agro-products

The most important aspects that influence consumer preferences, as presented in Figure 4, to buy the bio agro-products were: “Bringing benefits for health,” “Pesticides are not used in the production process,” and “Are more nutritious.”

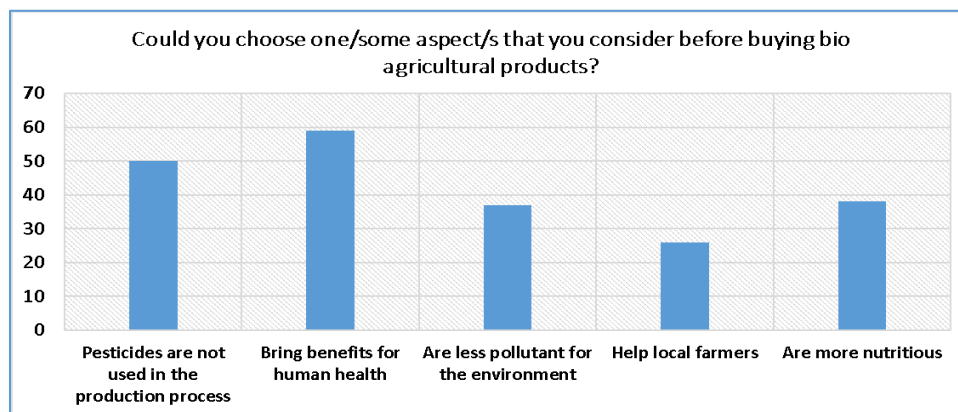


Figure 4:Important aspects that affect preferences to consume bio agro-products

The most important aspects that influence the consumer preferences not to buy bio agro-products were: “Their prices are generally more expensive”, “I don’t think they meet all food safety standards,” “Are not in sale near where I live,” “I am not informed about sustainable products.” The two most important aspects

that affect consumer decision to buy a bio agro-product were Health (79 responders) and Safety control (34 responders).

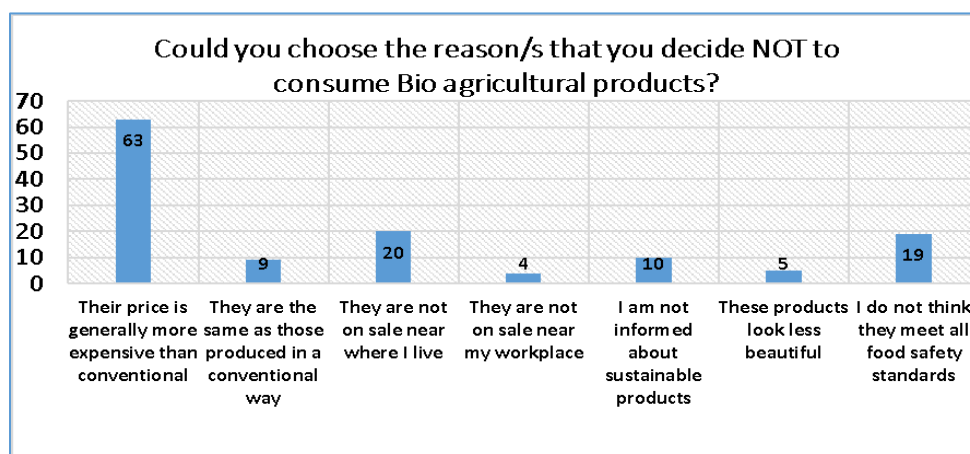


Figure 5: Important aspects that affect preferences NOT to consume bio agro-products

Referring to the perception of the participants about the question: “Do you think that people that consume bio agricultural products are investing in themselves to be healthier?”, 90% of responders said “Yes.” While the majority of responders to this question responded “Yes,” in correlation with the last question: “Do you think that farms that produce bio-agricultural products will have a positive impact on sustainable development in the future?”

6. Conclusions

As a result of the study, it is evident that most of the responders were females (78%), aged between 35-54 years old, post-graduated (52%), Full-time workers (72%), and with a monthly income level (60 001-90 000 ALL) about 36% of responders. The results taken in this paper are essential information for the producers to create the profile of consumers who prefer to buy bio agro-products. To increase the consumption of these products, they need to frequently do market research and identify the potential consumers to target the marketing campaign to those consumers.

Only 56% of responders were familiar with "bio agricultural" products, while 44% were unfamiliar. The challenge for the sector is to increase the educational campaigns for consumers with low information about these products. Another challenge for this sector is to increase the accessibility of consumers to bio agro-products, as almost 70% of them responded to having none or one market where to buy these products. Because of the strong correlation found in different studies for accessibility and the intention to purchase bio agro-products, the producers and traders need to increase their presence near potential consumers.

Concluding, based on the analysis of this paper, multiple factors influence consumer preferences that positively affect sustainable agricultural development. Agriculture will continue to be a significant contributor to the Albanian economy, so future studies and exploration are needed to define better the behavior modification techniques that interested actors can implement and be helpful for the producers and traders operating in this sector.

References

- Dinu V.; Savoiu, G.G.; Tachiciu, L (2012). Eco-Labeling and Consumers' Education framework. In Proceedings of the 18th IGWT Symposium, Technology and Innovation for a Sustainable Future: A Commodity Science Perspective, Roma, Italy, 24–28 September 2012.
- Grossman M. (1972), The Demand for Health: A Theoretical and Empirical Investigation. Columbia University Press, NEW YORK. <https://doi.org/10.7312/gros17900>
- Schifferstein HNJ, Oude Ophuis PAM. (1998), Health-related determinants of organic food consumption in the Netherlands. *Food Qual Prefer.* 9: 119–133.
- Makatouni A. (2002), What motivates consumers to buy organic food in the UK? Results from a qualitative study. *Br Food J.* 104(3–5): 345–352.
- Michaelidou N, Hasan LM. (2008), The role of health consciousness, food safety concern, and ethical identity on attitudes and intentions toward organic food. *Int J Consum Stud.* 32(2): 163–170.
- Kim HY, Chung JE. (2011), Consumer purchase intention for organic personal care products. *J Consum Mark.*; 28(1): 40–47.
- Bourn D, Prescott J. (2002), A comparison of the nutritional value, sensory qualities, and food safety of organically and conventionally produced foods. *Crit Rev Food Sci Nutr*; 42(1): 1–34. pmid:11833635
- Fotopoulos C, Athanasios K. (2002), Organic product avoidance. *Br Food J.*; 104, (3/4/5), 233–260.
- Sapp SG. (1991), Impact of nutritional knowledge within an expanded rational expectations model of beef consumption. *J Nutr Educ Behav.*; 23(5), 214–222.
- Chiou JS. (1998), The effects of attitude, subjective norm, and perceived behavioral control on consumers' purchase intentions: The moderating effects of product knowledge and attention to social comparison information. *Proceedings of the National Science Council*; 9(2): 298–308.
- Gotschi E, Vogel S, Lindenthal T, Larcher M. (2010), The role of knowledge, social norms, and attitudes toward organic products and shopping behavior: Survey results from high school students in Vienna. *J Environ Educ.*; 41(2): 88–100.
- Saleki ZS, Seyedsaleki SM, Rahimi MR. (2012), Organic food purchasing behavior in Iran. *International Journal of Business & Social Science*.3(13): 278–285.
- Compagnoni A, Pinton R, Zanoli R. Organic farming in Italy. In S. Graf & H. Willer (eds.), (2000) *Organic agriculture in Europe: Current status and future prospects of organic farming in twenty-five European countries*. SÖL, Germany: Bad Durkheim.
- Demeritt L., (2002), All things organic: A look at the organic consumer. Bellevue, WA: The Hartman Group.
- Hughner R, McDonagh P, Prothero A, Shultz J, Stanton J. (2007), Who are organic food consumers? A compilation and review of why people purchase organic food. *Journal of Consumer Behavior.*; 6(2/3): 94–110.
- Aertsens J, Verbeke W, Mondelaers K, Huylenbroeck G. (2009), Personal determinants of organic food consumption: A review. *Br Food J.*; 111(10): 1140–1167.
- Padel S, Midmore P. (2005), The development of the European market for organic products: Insights from a Delphi study. *Br Food J.*; 107(8): 626–646.
- O'Doherty J, Sigrid Denver K, Zanoli R. (2011), Actual and potential development of consumer demand on the organic food market in Europe. *Wageningen Journal of Life Sciences.*; 58(3–4): 79–84.
- D'Souza C, Taghian M, Lamb P. (2006), An empirical study on the influence of environmental labels on consumers. *Corporate Communications: An International Journal.* 2006; 11(2): 162–173.
- Gan C, Wee HY, Ozanne L, Kao TH. (2008), Consumers' purchasing behavior toward green products in New Zealand. *Innovative Marketing.*; 4(1): 93–102.
- Radman M. (2005), Consumer consumption and perception of organic products in Croatia. *Br Food J.* 2005; 107(4): 263–273.
- Davies A, Titterton A, Cochrane C. (1995), Who buys organic food? A profile of the purchasers of organic food in Northern Ireland. *Br Food J.*; 97(10): 17–23.
- Makatouni A. (2002), What motivates consumers to buy organic food in the UK? Results from a qualitative study. *Br Food J.* 2002; 104(3–5): 345–352.
- Tarkiainen A, Sundqvist S. (2005), Subjective norms, attitudes, and intentions of Finnish consumers in buying organic food. *Br Food J.* 2005; 107(11): 808–822.

- Young W, Hwang K, McDonald S, Oates CJ. (2010), Sustainable consumption: Green consumer behavior when purchasing products. *Sustainable Development*.; 18(1): 20–31.
- Voon JP, Ngui KS, Agrawal A. (2011), Determinants of willingness to purchase organic food: An exploratory study using structural equation modeling. *International Food and Agribusiness Management Review*.; 14(2): 103–120.
- Lockie S, Lyons K, Lawrence G, Grice J. (2004), Choosing organics: A path analysis of factors underlying the selection of organic food among Australian consumers. *Appetite*. 2004; 43(2): 135–146. PMID:15458800
- Stobbelaar DJ, Casimir G, Borghuis J, Marks I, Meijer L, Zebede S. (2007), Adolescents' attitudes toward organic food: A survey of 15 to 16-year-old schoolchildren. *International Journal of Consumer Studies*.; 31(4): 349–356.
- Misra SK, Huang CL, Ott SL. (1991), Consumer willingness to pay for pesticide-free fresh produce. *Western Journal of Agricultural Economics*.; 16(2): 218–227.
- Cranfield JA, Magnusson E. (2003), Canadian consumers' willingness-to-pay for pesticide-free food products: An ordered probit analysis. *International Food and Agribusiness Management Review*; 6(4): 14–30.
- Rimal A, Moon W, Balasubramanian S. (2005), Agro-biotechnology and organic food purchase in the United Kingdom. *Br Food J*.; 107: 84–97.
- Van Doorn J, Verhoef PC. (2011), Willingness to pay for organic products: Differences between virtue and vice foods. *International Journal of Research in Marketing*.; 28(3): 167–180.
- Maria L, Jill M, Ron M. (2001), Assessing Consumer Preferences for Organic, Eco-Labeled, and Regular Apples. *Journal of Agricultural and Resource Economics*.; 26(2): 404–416.
- Dettmann R, Dimitri C. (2007), Who's buying organic vegetables? Demographic characteristics of US consumers. *Journal of Food Distribution Research*. ; 16(1): 49–62.
- Cunningham R. (2002), Who is the organic consumer? Paper presented at Growing Organic Conference. Red Deer, Alberta.
- O'Donovan P, McCarthy M. (2002), Irish consumer preference for organic meat. *Br Food J*. 2002; 104(3/4/5): 353–370.
- Aryal KP, Chaudhary P, Pandit S, Sharma G. (2009), Consumers' willingness to pay for organic products: A case from Kathmandu Valley. *Journal of Agriculture and Environment*; 10: 12–22.
- Grankvist, G.; Biel, A. (2007), Predictors of purchase of eco-labelled food products: A panel study. *Food Qual. Prefer*, 18, 701–708.

Annexes

QUESTIONNAIRE-The role of consumer preferences in Sustainable Agricultural Development

You are invited to participate in a research study which aims to analyse the role of consumer preferences for bio agricultural products in promoting sustainable development. Eliminating hunger, achieving food security, improving nutrition, and promoting sustainable agriculture is part of objective no.2 of Sustainable Development Goals 2030.

The survey will take approximately 3 minutes to complete.

All responses to this questionnaire are anonymous.

Thank you!

1. Are you male or female?

- ☐ Male
- ☐ Female

2. What is your age?

- ☐ 18-34
- ☐ 35-54
- ☐ over 55

3. What is your education?

- ☐ High School
- ☐ Under Graduate
- ☐ Graduate
- ☐ Post Graduate

4. What is your occupation:

- ☐ Student
- ☐ Full-time worker
- ☐ Part-time worker
- ☐ Self-employed
- ☐ Retired
- ☐ Unemployed

5. Which one of the following best describes your monthly income level (before taxes)?

- ☐ Under 34000 ALL
- ☐ 34001-60000
- ☐ 60001-90000
- ☐ over 90000

6. How familiar are you with the notion of "bio agricultural" products?

- ☐ I am very familiar
- ☐ Not very familiar
- ☐ Not familiar at all

7. How important it is for you that bio agricultural products (for example fruits and vegetables) that you consume are organic/bio?

- ☐ Very important
- ☐ Somewhat important
- ☐ Neutral
- ☐ Somewhat not important
- ☐ Not important

8. How often did you purchase bio agricultural products in the past six months? (Check One)

- ☐ Monthly
- ☐ About twice a month
- ☐ About once per week
- ☐ More than once per week
- ☐ Never

9. How many stores/markets that sell bio agricultural products do you have in your neighbourhood?

- ☐ None
- ☐ One
- ☐ Two
- ☐ More than two

10. Where do you usually buy bio agricultural products?

	Never	Occasionally	Regularly
Supermarkets	☐	☐	☐
Bio Food markets	☐	☐	☐
Street location in rural areas	☐	☐	☐
Local markets	☐	☐	☐

11. Could you choose one/some aspect/s that you consider before buying bio agricultural products?

- ☐ Pesticides are not used in the production process
- ☐ Bring benefits for human health
- ☐ Are less pollutant for the environment
- ☐ Help local farmers
- ☐ Are more nutritious

12. Could you choose the reason/s that you decide NOT to consume Bio agricultural products?

- ☐ Their price is generally more expensive than conventional
- ☐ They are the same as those produced in a conventional way
- ☐ They are not on sale near where I live
- ☐ They are not on sale near my workplace
- ☐ I am not informed about sustainable products
- ☐ These products look less beautiful
- ☐ I do not think they meet all food safety standards

13. Could you choose one/some of the aspect/s that you consider before buying bio agricultural products?

- ☐ Health
- ☐ Better taste
- ☐ Safety control
- ☐ Environmental Protection
- ☐ Biodiversity preservation
- ☐ Support to rural farmers
- ☐ Curiosity

14. Could you choose the two most important aspects that influences your preferences to buy a Bio agricultural product?

- ☐ Health
- ☐ Better taste
- ☐ Safety control
- ☐ Environmental protection
- ☐ Biodiversity preservation
- ☐ Support to rural farmers
- ☐ Curiosity

15. Do you think that people that consume bio agricultural products are investing to themselves to be more healthy?

- ☐ Yes
- ☐ No
- ☐ Maybe

16. Do you think that farms that produce bio agricultural products will have a positive impact in sustainable development in the future?

- ☐ Yes
- ☐ No
- ☐ Maybe

The impact of globalization in the Albanian tourism industry

Aishejla Myshketa

¹*University Aleksander Moisiu, Durres, Albania, aishejla.myshketa@gmail.com*

Abstract

Nowadays the modern world is characterized by globalization on economic, political, social and cultural spheres. Globalization and tourism are very depended on each other. Today people from across the world can easily exchange ideas and values whether they are political, environmental, technological, economical or cultural settings. From this point of view tourism is identified as a process that unites people all over the world minimizing the transport cost, leveling the boundaries, cultural and social barriers, facilitating the access to new fields of knowledge and work. This study explores a number of themes on economic globalization on tourism in Albania. In view of a lack of quantitative evidence, future directions for empirical research have been suggested to investigate the interdependence of tourism demand and supply, the challenge on marketing management on tourism productivity and the impact of global events, on the Albanian society. The significant finding of this study are focused on the changes occurred on tourism industry, according to globalization process, in Albania in the last 10 years, and also to compare those progresses with the other countries of the region.

Keywords: Globalization, Marketing Management, Economic Interdependence, Tourism Demand and Supply, Economic Interdependence.

JEL classification: M3, P5, Z3, L1.

1. Introduction

The word globalization is used to describe the growing interdependence of the world's economies, cultures and populations brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Depending on the purpose of the discussion, globalization can be defined in different ways. One definition is that globalism is: A complex web of social processes that intensify and expand worldwide economic, cultural, political and technological exchanges and connections (Campbell, MacKinnon, & Stevens, 2011, p. 4). On the other hand, globalism can also be simply described as the movement of goods, ideas, values, and people around the world.

Globalization has changed the way of doing tourism in Albania. After 1990 Albania became an open market capable to compete globally. Tourism industry has become one of the fastest growing sectors in the economy of Albania. It is one of the most dynamic sectors that recorded a total of three million tourists in 2020, ranking 56th in the world in absolute terms. In 2020, Albania generated around 1.24 billion US dollars in the tourism sector alone. This corresponds to 6.8 percent of its the gross domestic product and approximately 3 percent of all international tourism receipts in Southern Europe. (World Data, 2020).

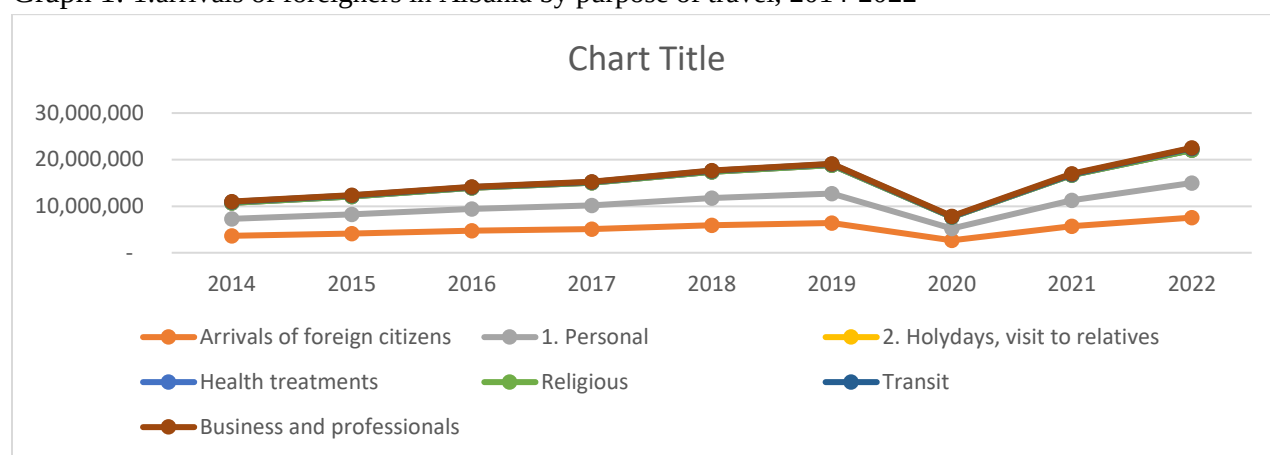
This paper aims to analyze the phenomenon of tourism globalization in Albania and to determine the opportunities and challenges that a tourism destination needs to face. It is important to study the relationship between globalization and tourism in several ways. For the purposes of this paper, I will study the impact of tourism on globalization and also the impact of globalization on tourism. This study aims to stimulate further discussions and shed light on future research directions, on how Albanian tourism industry functions and also to compare it with other Western Balkan countries.

2. Literature Review

This study reviews the literature on globalization of the tourism sector and its economic implications in Albania. During this paper will be explored a range of themes surrounding the interdependent nature of the global tourism sector. Since globalization has appeared as the background in many tourism studies, a comprehensive review is still lacking on how globalization develops in both supply and demand side of the industry. From the supply side point of view this paper will be focused on the rationale behind the expansion and the integration of tourism businesses. On the demand side this paper will analyse the movement of tourists, by arrivals of foreigners in Albania by purpose of travel. This study is focused in Albania tourism industry by studying their changes during the last 10 years. The second step that my analyses will be focused is the strong relation of marketing management and its trends and how Albanian tour operators, managers and owners have used and improved those techniques year after year. Another important point that will be analyzed during this paper is the implications of global events and its impact in Albanian tourism industry. (Balco, Svllavo, Shahidsaless & Qorlazja, 2023).

Tourism demand is defined as: “a schedule of the amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time”.(Cooper, 1993). On other words “tourist”: are the one that generate tourism demand. There are many reasons for people to visit other destinations. Some of those reasons are: for leisure, recreation and holidays, to visit friends and relatives, for business and professional engagements, for health treatment, to undertake religious and other pilgrimages, other more personal motives, etc. Further on, I will analyze some statistics of arrivals of foreigners, divided by purpose, in Albania from 2014-2022.(Instat, 2022)

Graph 1: 1:arrivals of foreigners in Albania by purpose of travel, 2014-2022



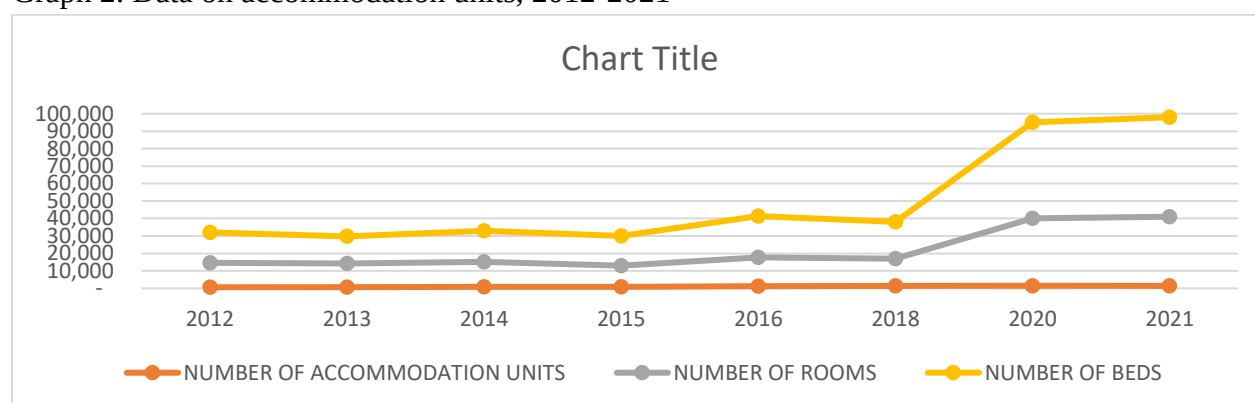
Source: INSTAT 2022

During the last 30 years Albania has shown how tourism sector can drive economic development. Regarding the country’s turbulent economic and political transition in the 1990s tourism was kept on the sideline on the Albanian economy. But on the 2000s, different European tourism operators started recognizing Albania’s potential. After this a large number of investment followed. As stated previously, graph 1 shows statistics of arrivals of foreigners in Albania by purpose of travel from 2014-2022. The statistics are divided by reasons on why tourists enter in Albania in the last 10 years. (Instat, 2022). Different people participate in tourism for different purposes and every purpose comes with- specific tourism demand. According to the statistics above the most common reasons on why tourists arrives in Albania is for personal issues, holidays or to visit the relatives, for health treatment, religious, transit, business and professionals. As it is shown on the table from 2014-2019 the demand for tourism has been increasing year by year. The demand has increased especially for personal issues, for holidays and for business purpose. On 2020, as result of covid-19 and all the restrictions, the demand for tourism decrease drastically in all the world and also Albania was affected. As it is shown also from the graph the number of arrivals has decreased during 2020, by causing loses and economic problems in this industry. As it is also shown from the table on 2021 and 2022 the tourism demand has increased again. (Instat, 2023). On 2022 the number of arrivals of tourist in Albania was even higher than 2019. (Instat,

2022). By studying the tourism demand and diving this study by purpose helps to identify in advance the characteristics of each group and to analyses tourist behavior and requirements.

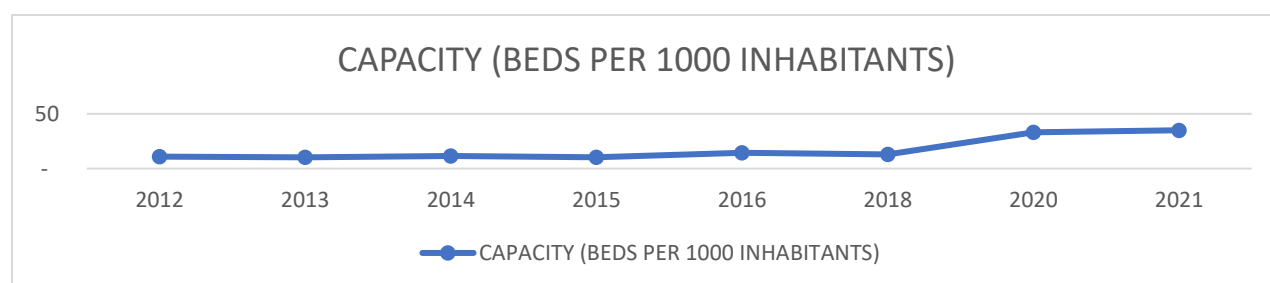
On the other hand, year by year, with the increasing of tourism demand has been also increased tourism supply. Tourism supply is characterized by different elements such as: natural, human, technological and cultural resource. ((C.Gunn 2002). One of the most important things to do, in order to increase supply, is the management and promotion in the best way of all tourism resources and facilities of a county. Especially in the last 10 years Albania have tried to do their best to improve and enlarge tourism sector. Albania tourism sector is dominated by hotels, airlines, tour operator etc. In this sections it is describe the supply for accommodation and its interaction with the demand for tourism and its implication with the globalization aspect.

Graph 2: Data on accommodation units, 2012-2021



Source: INSTAT 2021

Graph 3: Capacity(beds per 1000 inhabitants)



Source: INSTAT 2021

In the second graph is describe the supply for accommodation capacities from 2012 to 2021. From the statistics is shown that the accommodation supply has been increased from year to year. According to the graph in 2018, 1326 accommodation facilities (hotels, motels, camps, guesthouses, mountain shelters and other structures for short-term stays) were functioning

throughout the country with 17 thousand rooms and 38 thousand beds. (Instat, 2018). Even though 2020 was a pandemic situation and tourism demand decrease, the supply for accommodation was increasing. This was due to the fact that, by seeing all the potential of Albania, all the accommodation structure wanted to be ready in the moment that the pandemic situation would finished. In 2020, 1,469 accommodation facilities were functioning throughout the country with 40 thousand rooms and 95 thousand beds. During 2020, tourism industry offered approximately 33 beds for 1000 inhabitants by which 50 % of beds used by non-resident (nights spent) and the maximal capacities available during August (approximately 33 thousand rooms, 81 thousand beds). The highest net occupancy rate of bed places was 18.4 % in the third quarter. (Instat , 2020). On the other hand, in 2021, 1,457 accommodation facilities were functioning throughout the country with 41 thousand rooms and 98 thousand beds. During 2021, tourism industry offered approximately 35 beds for 1000 inhabitants and 64 % of beds used by non-resident (nights spent) with a maximal capacities available during August (approximately 34 thousand rooms, 83 thousand beds). (Instat, 2021).

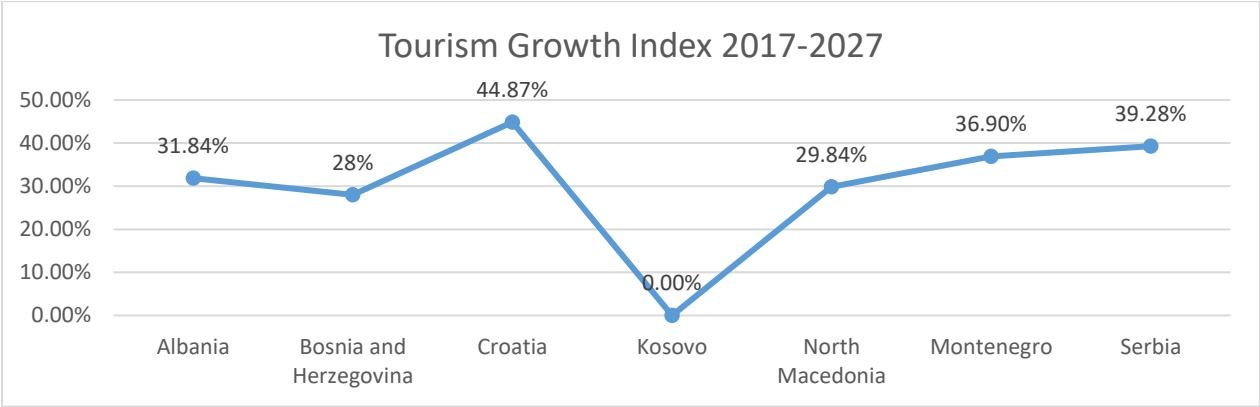
The globalization of tourism industry brought in all the countries and also in Albania important strategic implications. Globalization brought a complexity manner of doing business and also increases competitiveness in the market place where firms operate. Each country, based on its individual gifts and circumstances, will need to develop and implement national-level policies that ensure that the country benefits from the opportunities that provides globalization and at the same time faces the risks it face. Previously we have analyzed tourism demand and supply and we have study how the demand and supply has been increased and improved year by year, due to globalization. During this section we are going to analyze the impact that marketing management and its impact in the Albanian tourism industry. (Kapllani, 2021).

The ability of destinations to deliver goods and services, in order to give the idea that perform better than other destinations, on different aspects that are important for tourists in order to fulfill their tourism experience is called destination competitiveness. Even thought is important to analyze all the information and to deduct which of them is objectively quantifiable. Due to its seaside, its Southern European location, and its long and unique history, Albanian has great potential as a cultural and nature-based tourism destination. (Albanian Ministry of Tourism,2022). During to 21th century, due to the tourism demand increased and the globalization impact in this industry was high local businesses and also foreign business that operates in Albania needed to improve their management strategies. The aim is to attract as more tourist as possible and to find new destinations. Two of the most important key components of Albanian tourism competitiveness industry are low prices and strategic geographic position. During this period the most important focus has been in the investment on infrastructure and tourism structures. (Andrew, 2014).

In the last three years has been different global events that affect the tourism industry of all the world and also of Albania. In the last two decades, the contribution of tourism industry in the Albanian gross domestic product(GDP) has increased year by year and reached more than 8% by creating jobs and generating 38% of total export. (Balkanista, 2021). One of the best years of Albania was 2019 with 6.4 million foreign visitors and \$2.3 billion in sectoral earnings. At the end of 2019, tourism accounted for 27% of the GDP, equivalent to over \$1.25 billion, with all estimates

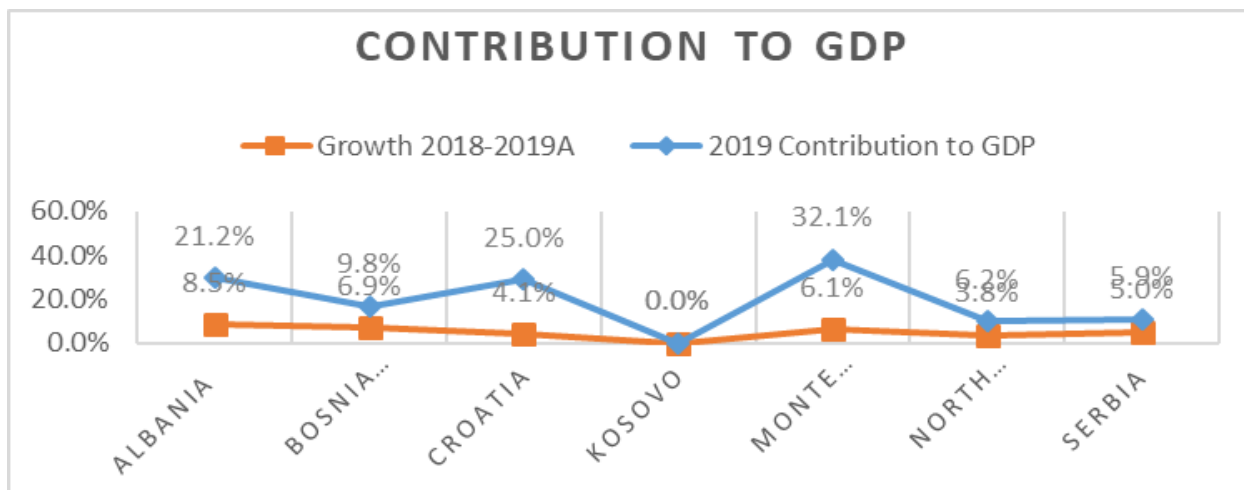
pointing to significant growth over the coming years. (Balkanista, 2021).On 2020 all the world changes and was affected by Covid-19. Due to restrictions, the number of international arrivals plunged by 60% and the sector’s earnings fell to \$1.1 billion with the accommodations subsector shrinking by 75% in the second quarter of 2020. While 10% of Albanian businesses reported shutting down, another 60% earned less than 10% of their 2019 revenue, and more than half the employees in the sector were laid off.Luckily, as travel restrictions eased and economies launched recovery efforts, the tourism sector bounced back with the arrival of 5.7 million foreign visitors and tourism earnings achieving pre-pandemic levels during the summer of 2021. While the recovery was swift and remarkable, COVID-19 exposed the tourism sector’s vulnerability to external shocks, highlighting the need for a more diversified, resilient, and sustainable tourism sector.Another issue facing the sector was the war in Ukraine which is being felt in many ways. Ukraine war has pushed up the price of fuel, transport, heating and cooling, lights, fish, and other food and drink items. In addition, it will limit the number of tourists visiting the country. (Balkanista, 2022). The good news is that, despite the war and the rise of the prices, the summer of 2022 has been even better—as of October, the country received 6.8 million visitors, with projected earnings of more than \$3.3 billion.This phenomenon happened due to the fact that still now Albania have competitive prices due to the other countries of the region.

Graph 4: Tourism Growth Index 2017-2027



Source: Author, based on UNWTO (2000, 2016, 2017, 2019), WTTC (2017) and Kosovo Agency of Statistics (2020).

Graph 5: 2018 and 2019 Contribution to GDP in Western Balkan Countries



Source: Author, based on UNWTO (2000, 2016, 2017, 2019), WTTC (2017) and Kosovo Agency of Statistics (2020).

Comparing the tourism numbers of Western Balkans countries such as Albania, Bosnia and Herzegovina, Croatia, Montenegro, Kosovo, the Republic of North Macedonia, and Serbia is important to notice that gaps are already evident. In the graph above are compared Western Balkan Countries International tourist arrivals. In order to compare WB countries, the table above includes a 'Tourism Growth Index 2017/2027' in the last row. This index is calculated according to the data included by the World Travel and Tourism Council (WTTC) in its annual Country Reports. The average growth for this time frame is 35%, with Croatia, Montenegro, and Serbia above the average, and Albania slightly under the average, followed by the Republic of North Macedonia and Bosnia and Herzegovina. This tourism growth rates confirm that the entire region has become an important international tourism destination over the last two decades. The importance of the tourism sector is also confirmed by its contribution to national GDPs in the table above. In this graph is analyzed the contribution of GDP on 2019 in all Western Balkan countries. It has been taken in consideration particularly this year because it was the best year of tourism for WB countries. From the graph above is shown that Montenegro and Albania are the two countries that have the mayor GDP contribution from the tourism industry.

3. Methodology or Materials and Methods

The aim of this study is to analyze the impact of globalization on the Albanian tourism industry. This study is focused in the interdependence of tourism demand and supply. By studying tourism demand and its challenges throw globalization is important also to identify tourism supply and the interaction between them. Another important point that has been studied during this research is the challenges and improvements that globalization brought on marketing management by helping tourism productivity. The third step analyzed has been the impact of global events, on the Albanian tourism industry.

During the literature review has been collected data's in order to support and explain the changes occurred on tourism demand and supply in the Albanian industry. All the data has been

collected from INSTAT ALBANIA in the period 2012-2022. In order to analyze tourism, demand I have retried data from arrivals of foreigners in Albania by dividing them by their purposes of arrival. On the other hand, by studying tourism supply has been collected data from hotels and other similar accommodation establishments, in order to monitor tourism activities and to calculate statistical variables about accommodation offer in the Albania tourism industry. Those variables are important to determine the trend of capacity development in the tourism sector. All the data of this sample also has been retrieved from INSTAT Albania. The sample has been analyzed during the period 2012-2022.

Relevant strategies, documents, laws, bylaws, national and international reports on the global and local trends in the tourism sector were consulted. In addition, key trends were analyzed based on data from INSTAT, BoA, MoTE, UNWTO, WTTC and other relevant sources. The significant finding of this study are focused on the changes occurred on tourism industry, according to globalization process, in Albania in the last 10 years, and also to compare its competitiveness with the other countries of the region.

4. Results and Discussions

The impact of globalization on tourism can be assed from a number of perspectives such as: global mobility and ease of travel; population and demographic trends; terrorism, safety and security; increased awareness of new destinations and poverty. Tourism industry for WB countries is a significant factor in the democratization process because is acting as a driver for EU integration of the region. Therefore, tourism policies and their implementation are central for those countries. (INSTAT, 2022).

Many researchers have discussed the impact of globalization on tourism and there is a consensus about benefits that globalization brings to the host community, and this is also reflected in the case of Albania. Globalization has increased the chances of people who like to travel, which in itself is an incentive for the tourism industry. Because of it favorable climate, strategic position and low prices Albania is one of the most attractive destination of Western Balkan countries. Tourism assumes an essential role in boosting socio-economic growth, especially in developing countries such as Albania. During this paper has been possible to analyze the impact that globalization has had in the tourism industry of Albania. Due to globalization, the Albanian tourism industry has improved the way people do businesses in this industry. As stated by all the statistics above tourism demand has increased drastically and also at the other side, supply demand has increased year by year. From the statistics of arrivals of foreigners in Albania by purpose of travel from 2014-2022 has been noticed that most of tourists arrives in Albania for personal issues, for holidays and for business purpose. It is important to study the demand and reasons of the demand in order to improve quality of supply and to know what consumer, in our case tourist, need. After the demand increase also supply increases from year to year. Even though 2020 was a pandemic situation and tourism demand decrease, the supply for accommodation was increasing. This was due to the fact that, by seeing all the potential of Albania, all the accommodation structure wanted to be ready in the moment that the pandemic situation would finished. The accommodation investments are not only local ones but also foreign ones.

Tourism industry has a high impact on the total GDP of Albania. Over the past two decades, the contribution of Albania's tourism and travel sector to the country's gross domestic product (GDP) has steadily increased and reached more than 8%, creating jobs and generating 38% of total exports. Looking back, as stated also from statistics on the literature review, 2019 was Albania's best year for tourism, with 6.4 million foreign visitors and \$2.3 billion in sectoral earnings.

Albania is one of the most competitiveness countries of the region, in the tourism industry, after Croatia, Montenegro and Serbia. Even though two important global events such Covid-19 and the war in Ukraine has had a big impact also in the Albanian tourism industry, its recovery has been fast. This is due to all the resources and the interest that tourists have in Albania and also because its lower prices towards the other countries of the region.

5. Conclusions and Recommendations

The aim of this study is to analyze the impact of Globalization in the Albanian tourism industry by different perspectives such as: tourism demand and supply effect, marketing management approaches and global events. From all the statistics and information analyzed above is important to notice that globalization has affected tourism in Albania and improved it. Due to globalization and the large interest that Albania has had in the last years, international tourism companies, has played an important role in the promotion of the country's encouragement and development. In the moment that those international corporations operate in Albania their aim was to improve their offer and thus create added value for tourism demand and supply. During the last 20 years has been developed and implemented national-level policies to ensure that the country benefits from the opportunities that globalization has provided and at the same time faces the risks it faces.

The globalization of the tourism industry has some important strategic implications. It increases the competitive pressures and the complexity of doing business by bringing more competition to the marketplaces where firms operate. The table above shows the segments in which tourism and globalization interpenetrate.

Table: Interpenetration of tourism and globalization

TOURISM	GLOBALISATION
Movement of the population trend – tourists, employment in the tourism industry	Movement of the population - migrations
Movement of ideas – new cultural values, business in tourism	Movement of ideas – new technologies
Movement of capital – innovation in the tourism industry, foreign investments	Movement of capital – accelerated movement
The need to expand new technologies – open breakthrough	Slow new technologies

The ancient civilisations- limitations of certain social groups Time-space compression

Strong growth in the past 100 years Time-space compression

Travelling for everyone, development of global tourism culture Global tourism culture

Tourism needs local culture or image – differences between destinations Global culture

Source: (Vizjak, 2015)

In addition to the benefits that globalization brings to the tourism industry there are also negative effects and problems that accompany it. Managers of tourism will require a global perspective in order to be able to respond all type of crises, such as overpopulation of touristic sites, excessive use and destruction of resources, conflicts of resident- hosted, loss of cultural heritage, growth of crime and prostitution, inflation and land-scaling costs, and socio-cultural problems.

Appendix

Table 1: Arrivals of foreigners in Albania by purpose of travel, 2014-2022

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022
Arrivals of foreign citizens	3672591	4131242	4735511	5117700	5926803	6406038	2667818	5688649	7543817
1. Personal	3624422	4089105	4676762	5049173	5839626	6304845	2542494	5588400	7437477
2. Holydays, visit to relatives	3415550	3900646	4516492	4865841	5639818	6094889	2457446	5411591	7067487
Health treatments	1503	1554	663	634	276	658	1437	1504	2392
Religious	2543	1600	1034	601	778	794	326	488	495
Transit	204826	185305	158573	182097	198754	208504	83285	174817	367103
Business and professionals	48169	42137	58749	68527	87177	101193	115324	100249	106340

Source: INSTAT 2022

Table 2: DATA ON ACCOMMODATION UNITS, 2012-2021

Source: INSTAT 2021

DESCRIPTION	2012	2013	2014	2015	2016	2018	2020	2021
NUMBER OF ACCOMMODATION UNITS	632	718	836	905	1242	1326	1469	1457
NUMBER OF ROOMS	14.652	14.146	15.081	12.986	17692	17000	40000	41000
NUMBER OF BEDS	32.004	29.737	32.879	29.903	41.376	38000	95000	98000
CAPACITY (BEDS PER 1000 INHABITANTS)	11.0	10.3	11.4	10.4	14.4	13	33	35000

Table3: International Tourist Arrivals (in million per year)

Year	Albania	Bosnia and Herzegovina	Croatia	Kosovo	North Macedonia	Montenegro	Serbia
1990	0.03	N/A	7.049	N/A	0.562	N/A	N/A
1999	0.039	0.089	3.443	N/A	0.181	N/A	N/A
2010	2.191	0.365	9.111	0.034	0.262	1.088	0.683
2015	3.784	0.678	12.683	0.079	0.486	1.56	1.132
2017	4.261	0.733	14.353	0.086	0.529	1.879	1.272

2018	5.340	1.053	16.649	N/A	0.707	2.007	1.711
2027 f	6.25	1.018	26.033	N/A	0.754	2.978	2.095
Tourism Growth Index 2017-2027	31.84%	28%	44.87%	N/A	29.84%	36.9%	39.28%

Source: Author, based on UNWTO (2000, 2016, 2017, 2019), WTTC (2017) and Kosovo Agency of Statistics (2020).

Table 4: Tourism sector contribution to GDP by country in 2019

Country	2019 Contribution to GDP	Growth 2018-2019A
Albania	21.2%	+8.5%
Bosnia and Herzegovina	9.8%	+6.9%
Croatia	25%	+4.1%
Kosovo	-	-
Montenegro	32.1%	+6.1%
North Macedonia	6.2%	+3.8%
Serbia	5.9%	+5.0%

Source: Author, based on the WTTC Country Reports: ‘2020 Annual Research: Key Highlights’ [available at <https://wttc.org/Research/Economic-Impact>]

References

Balkanista, (2022), *Albania's tourism Sector Braces for Ukraine War Fallout*, The Balkanista, Available at: <https://thebalkanista.com/2022/04/28/albanias-tourism-sector-braces-for-ukraine-war-fallout/>

BLANCO, F., & KARADAYI, L., & KARALASHVILI, N., QORLAZJA, L., (2023), *Tourism 2.0 in Albania: A new opportunity for resilient growth*, World Bank Blogs, Available at: <https://blogs.worldbank.org/europeandcentralasia/tourism-20-albania-new-opportunity-resilient-growth>

Dhuli, E. & Suci, G., (2020), *TOURISM IN FIGURES Albania 2020*, INSTAT, Available at: <https://www.instat.gov.al/media/9547/tourism-in-figures-albania-2020-en-.pdf>

Dhuli, E., (2021), *TOURISM IN FIGURE Albania 2021*, INSTAT, Available at: <https://www.instat.gov.al/media/11112/tourism-in-figures-albania-2021.pdf>

European Commission, (2013), *INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020, ALBANIA EU support to a tourism-led model for Local Economic Development*, Available at: https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-01/ipa_2017_040210_01_eu_support_to_a_tourism-led_model_for_local_economic_development_.pdf

INSTAT, (2018), *Tourism in figures ALBANIA 2018, Traveling is an investment from which you become always more enriched*, Available at: <https://www.instat.gov.al/media/4609/tourism-in-figures-2018.pdf>

INSTAT, (2019), *Tourism in figures ALBANIA 2019, Travel is the passion that keeps you alive*, Available at: <https://www.instat.gov.al/media/5551/tourism-in-figures-eng.pdf>

INSTAT, (2023), *Accommodation Establishments*, Available at: https://www.instat.gov.al/media/11388/accommodation-establishments-m1-2023_.pdf

Kapllani, O. (2021), *Globalization and tourism industry in Albania, International Journal of Economics, Commerce and Management*, Volume 9, Issue5, ISSN 2348 0386, Available at: <http://ijecm.co.uk/wp-content/uploads/2021/05/953.pdf>

Laze, K., (2014), *Identifying and understanding the patterns and processes of forest cover change in Albania and Kosovo, International Scientific Forum, ISF 2013 12-14 December 2013, Tirana, Albania Proceedings*, vol.2. Available at: https://www.researchgate.net/profile/Kuenda-Laze/publication/260134129_Identifying_and_understanding_the_patterns_and_processes_of_forest_cover_change_in_Albania_and_Kosovo/links/02e7e52fb4bcc365e9000000/Identifying-and-understanding-the-patterns-and-processes-of-forest-cover-change-in-Albania-and-Kosovo.pdf#page=65

Lena, O., (2022), *Tourism and Hospitality in Albania 2022. An assessment of tourism trends and performance*, UNDP, Available at: https://www.undp.org/sites/g/files/zskgke326/files/2022-12/HOSPITALITY%20AND%20TOURISM%20IN%20ALBANIA_FINAL.pdf

MINISTRY OF TOURISM AND ENVIRONMENT, Republic of Albania, NATIONAL STRATEGY FOR SUSTAINABLE TOURISM DEVELOPMENT 2019 – 2023, Available at: <https://turizmi.gov.al/wp-content/uploads/2019/12/National-Tourism-Strategy-2019-2023-EN.pdf>

Official Website of the International Trade Administration, (2021), *Albania – Country Commercial Guide, Travel and Tourism*, Available at: <https://www.trade.gov/country-commercial-guides/albania-travel-and-tourism>

Risi Albania Partner for Growth, (2014), Market System Analysis Tourism sector in Albania and business constraints to growth, Report by: Destination Management Organization. Available at: <http://risialbania.al/index/wp-content/uploads/2016/04/Tourism-Market-System-Analysis.pdf>

Schwab, K., (2019), The Global Competitiveness Report, World Economic Forum, Available at: https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Seidl, A., (2014), Cultural ecosystem services and economic development: World Heritage and early efforts at tourism in Albania, *Ecosystem Services*, Volume 10, December 2014, Pages 164-171. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S2212041614000904>

Song, H., Li, G., & Cao, Zh. (2017), Tourism and Economic Globalization: An Emerging Research Agenda, . Journal of Travel Research, 0047287517734943. Available at: https://pure.aston.ac.uk/ws/files/28082740/Tourism_and_Economic_Globalization.pdf

Vizjak, A., Vizjak, M., (2015), TOURISM, GLOBALISATION AND SUSTAINABLE DEVELOPMENT, Management intellectual capital and innovation for sustainable and inclusive society, *Management knowledge and learning*, 22-28 May, 2015. Available at: <http://www.toknowpress.net/ISBN/978-961-6914-13-0/papers/ML15-439.pdf>

World Economic Forum, (2019), Global Competitiveness Report, Available at: https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Strategic leadership: What is the most preferred style?

Ph.D Juliana Osmani

Faculty of Business, University “Aleksandër Moisiu” Durrës

juli_osmani@yahoo.it

Abstract

Strategic management helps the organization to find the best way to move from the current situation to the desired situation. Without a clearly defined strategy, a business does not have a solid basis to create and maintain competitive advantages. Strategic managers are in constant search for opportunities to do new things or to take ordinary actions in a new way. The more dynamic the environment is, the more critical becomes the role of strategic management. Among other things, one of the variables that affects the effectiveness of the strategic management process is the style of strategic leadership. While studying the theory and empirical results of previous researches related to this topic, we notice that there are many strategic leadership styles that appear depending on the individual characteristics, but also the characteristics of groups and organizations.

The main goal of the present research is to understand and formulate some conclusions regarding the impact of strategic leadership style on organization performance and the most preferred leadership style. The main reason for choosing this topic is the influence of strategic leadership on organization success or failure.

Key words: strategic management, strategic leadership, leadership style, organization performance

JEL classification: L10, L21, M10

1. Introduction

From all the activities that managers do, nothing affects the success of an organization or its failure more than how well its management team determines the long-term direction, develops effective competitive strategic moves and implements objectives, designed strategies and business methods. Indeed, the design of good strategies and their good execution are the most reliable signs of good management. In the contemporary management, strategic management has an important place. If we try to define strategic management, this would not be easy at all. Different researchers of the field give different meanings to it. Strategic management is a systems approach to identifying and making the necessary changes and measuring the organizations performance as it moves towards its vision.

No matter how well the mission, objectives and strategies are formulated, the success of the strategic management process also depends on the ability of strategic managers to lead the

organization towards their realization. In this context, the style of strategic leadership becomes fundamental.

The study of strategic leadership, in the specific context of the literature on organizational behaviors, was born and founded on a line of research that focuses on personality traits. Many scholars argue that strategic leadership is a determining element for the organization success or failure. Leadership is the process of influence exercised over others, in order to guide, structure, facilitate activities and relationships within a group or organization (Yukl, 2010). The leader is the person who can influence the other members of the organization more than is influenced by them (Brown, 1989). Bales and Slater (1955) highlight the importance of the leader talking about his functions. The leader proposes solutions and orients towards the achievement of organizational goals, on the other hand he focuses on the feelings of his followers, thus influencing their emotional well-being with positive consequences for the organization.

In the field of human resources, strategic leader is very important, as he is not only essential to achieve the objectives set by the company, but he is essential for being able to make employees collaborate with each other and to create a team that can do the difference. Strategic leadership has an important function even if we talk about organizational culture. The organizational culture is the way in which we approach to the stakeholders (internal or external): is the leader's job to define the vision to follow, but a good leader is the one who also structures processes up to communicating with employees.

The strategic leader always have to confront the theme of change. With the economic and political instability that characterizes the world today, it is even more difficult for a leader to be able to carry out the own work.

Motivation is another interesting theme in order to be able to fully understand the work of a leader. Motivation and performance are closely related. According to the studies of Hackman and Oldham, the relationship between the two is circular and fueled by satisfaction. Consequently, motivation also has a fundamental relationship with quality: by increasing motivation, the quality of products and services is also increased, and therefore there is customer satisfaction, which consequently, generate good organization performance.

The present paper consists in understanding the preferences and perceptions about the different styles of strategic leadership in Albania.

2. Aim of the study and research questions

In an organization or group, the person who has the greatest influence on the functioning of the organization/group and the achievement of objectives is the strategic leader. He presents himself as more reliable than others or more optimistic and spreads positivity in other members. A good leader has the ability to know how to influence others and the way to make them follow him. Many theorists are concerned with the study of leadership and the way it manifests itself in society. While studying the theory and empirical results of previous researches related to this topic, we notice that there are many leadership styles that appear depending on the individual characteristics, but also on the characteristics of groups or organizations that they lead.

The main goal of the present research is to understand and formulate some conclusions regarding: the impact of strategic leadership style on organization performance and the preferred strategic leadership style. The main reason for choosing this topic is the influence of leadership on organization success or failure.

To support the main purpose, the research questions are as follows:

1. What is the role of strategic leadership in achieving the desired organizational performance?
2. What is the subordinates' perception about different strategic leadership styles?
3. What is the most preferred strategic leadership style?

In consistency with the main goal and the research questions, the hypotheses to be tested are formulated as below:

H₁: The role of strategic leadership is determinant for organization success or failure;

H₂: The authoritarian style is the least preferred by subordinates;

H₃: Participatory style is the most preferred by subordinates;

H₄: Delegating style increases uncertainty and chaos.

3. Research methodology

3.1 Methods and tools

For the current study was adopted the quantitative research and for the data collection was used the questionnaire, which was designed in order to understand the preferences and perceptions about the different styles of strategic leadership. In doing this, it should be said that we do not refer to a specific model, but the statements have been elaborated on the basis of the literature review and conclusions of previous investigations. In consistency with the hypotheses of the research, the questionnaire was built and developed on the basis of nine questions. Some of them must be evaluated on the Likert scale 1-5, which represents a simple technique that records the intensity of the agreement of each interviewee at each proposed statement, instead of simply approving or refusing them. Other questions offers different options and each participant have to choose one of them.

The formulation of the questions is very important and in this regard it has been tried to be clear in the content and to choose the most suitable form. Thus, the questions made were closed questions, which facilitates a quantitative evaluation.

3.2 Participants

The target population refers to the employees of banking institutions in Albania. For the current research is chosen the non-probability sampling technique, mainly in the form of purposive sampling.

The sample was also determined based on the geographical criteria. Thus, the current research was focused on the banking institutions dislocated in Tirana and Durrës as the two main

cities of Albania. A total of 247 questionnaires were distributed and 201 collected, with a response rate of 81.4%.

4. Literature review

Leadership models are numerous and differentiate from one another according to the approach they are based on. Thus, referring to the traits approach, some physical and personality characteristics can be identified which help to distinguish a good leader from a bad one. This approach, based on the Great Person Theory, argues that leaders are born and not made. The traits approach has been criticized by many researchers. It focuses only on the leader and does not take into account the contextual factors in which the leader acts (Mullins, 2010). Moreover, it fails to explain why the same features are found in individuals who are good leaders, in failed leaders and in individuals who never become leaders.

Referring to strategic leadership styles, we must recognize the behavioral approach, which focused on the behavior of leaders in different situations. Within this approach we can especially mention the studies of Ohio State University and Michigan University, which identified two leadership styles based on leader's orientation towards task and human relations. Previously, Lewin, Lippitt and White (1939) had identified three basic leadership styles: autocratic style, democratic style and laissez-faire style. The autocratic style can be collected to X Theory of McGregor (1966). This style is where the leader does not take into consideration the opinion of the others. He exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationships, control of rewards or punishments (Mullins, 2010). He is usually against change and tries to keep the conflict minimal, sacrificing creativity. The motivation is based on fear and sanctions, thus stimulating aggression and apathy. Democratic leadership style can be collected to Y Theory of McGregor (1966). The democratic leader takes into consideration the opinions and ideas of the other members of the group and stimulates their participation in the decision-making process (Lewin et al., 1939). He accepts criticism and distributes responsibility. Thus, the leader makes no decision without first consulting with the other members. However, the final decision is up to him. This form of leadership stimulates cooperation and effectiveness, but we cannot say that the decisions taken are the best. In the laissez-faire style, the leader delegates the decisional power to the others. He does not participate or interfere with the course of events (Lewin et al., 1939). So, the leader gives the maximum freedom of action and initiative, but he is ready to help in case of need.

In the context of the behavioral approach are also important two leadership models, which are discussed below. Tannenbaum and Schmidt (1973) introduced a model by perceiving the leader's behavior as a continuum that ranges between the left extremity where we have a boss-centered leadership (task-oriented style), to the right where we have a subordinate-centered leadership (relationship-oriented style). According to this model, the leader can choose between a variety of leadership styles. The choice depends on the characteristics of the leader, the characteristics of the other members and those of the situation.

Blake and Mouton (1964) proposed another model called the Managerial Grid. By placing on the horizontal axis the concern for production on the vertical axis the concern for people, and by dividing each axis into 9 units, we can identify 81 possible leadership styles, but the main styles are 5.

The contingency approach states that it is impossible to determine which is the best style of leadership and among other things this depends on the situation. When talking about situational factors it is meant not only the nature of tasks, but also the history and climate of the organization, the relations between its members, the size and stage of development of the group or organization. The first to focus on the importance of the situation was Fiedler (1967) with the Contingency Theory of the Leadership Effectiveness. He elaborated a measuring tool that allowed the distinction between one type of leadership and another. This tool was based on the use of LPC (Least Preferred Coworker). A high LPC referred to a relationship-oriented leader, while a low LPC indicates a task-oriented leader. The leader's orientation depends on three factors: leader-member relations, task structure and leader position power. Combining these three factors can be obtained 8 different types of leadership styles, ranging from a maximum (good leader-member relationship, structured task, high power) to a minimum (poor member-leader relationship, unstructured task, low power).

Path-goal theory was developed by Evans (1970) and later was modified by House (1971). This theory is part of the behavioral approach and focuses on motivational aspects. The role of the leader and his influence on the motivational process are perceived as fundamental. More specifically, the basic assumption of this approach is that the leader influencing the motivational aspects of his followers determines the path that will be taken to achieve the goals. He has motivational power when he succeeds in integrating personal goals of the collaborators with the organizational objectives and assumes the responsibility of clarifying the objectives and courses of action, and of increasing job satisfaction. Based on these assumptions House and Mitchell (1974) identified four leadership styles: directive, supportive, participative and achievement oriented.

Vroom and Yetton (1973) presented a model of leadership styles, which was elaborated in 1988 by Vroom and Jago. In the Leadership Decision-Making Model, to identify the most appropriate style, they proposed the use of a decision tree, where by answering a few specific questions that are the same for each situation, we can move through the tree branches until we arrive at the leadership style. This depends on a number of different criteria such as the quality of decisions, the contribution and commitment of other members, the decision-making importance and time limits. The elaborated leadership styles are autocratic styles (AI and AII), consultative styles (CI and CII) and group-oriented style (GII).

Within the Contingency approach, Hersey and Blanchard (1969) presented the Life Cycle Theory of Leadership and in 1982 elaborated the Situational Leadership. According to the authors, the leader has the responsibility to help the subordinates to grow and must adapt the leadership style to their abilities. By identifying a new variable that influences the choice of the leadership style, the maturity level of the followers, Hersey and Blanchard (1982) proposed four styles: telling (too much instructions and too little support, low level of maturity), selling (too much instructions

and too much support, a low to moderate level of maturity), participating (few instructions and too much support, a moderate to high level of maturity), delegating (few instructions and support, high level of maturity). The maturity levels can be low-M1 (unable and unwilling or insecure), low to moderate-M2 (unable but willing or confident), moderate to high-M3 (able but unwilling or insecure), high-M4 (able and willing or confident).

Another important approach is the transformational leadership, according to which through a variety of behaviors a leader can transform the contributions of followers in order to achieve common objectives. Weber (1947) introduced the concept of charisma, as the principal trait for transformational leader. Bass (1985) collected the charisma with the inspirational leadership. Charisma is the quality that an individual has and that makes him different from others and perceived to possess special powers (House, 1977). He offers followers role models, shows high level of competencies, firmly sets ideological goals with significant moral implications, communicates high expectations to followers and shows confidence in their abilities.

Senge (1990) presented the empowering leadership approach focusing on the concept of learning organization. This model of leader, then elaborated by Nanus and Dobbbs (1999), is that of an individual that allows his followers to learn. So, the leader has the role of the educator, assistant and supporter. For such roles, the transfer of power to group members is essential. According to this vision, leadership is above all a matter of ability to improve the characteristics of others. Empower leadership approach focuses on the decision-making as the main variable, more specifically on the delegation. There are important differences between delegation and consultation (Yukl, 2010). Consultation is when the leader asks subordinates for their opinions before a decision, but he has the final authority for making the choice, whereas delegation is when the leader gives subordinates authority and responsibility for making decisions. Delegation is more empowering than consultation (Yukl and Fu, 1999). According to Greenleaf (1997), the empowering leadership is strongly based on teamwork orientation, decentralized decision-making and power, equality assumption and reward assumption. Based on his contribute, Spears (2010) has identified a set of ten characteristics of the empowering leader. These characteristics include listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of people, building community.

5. Empirical approach

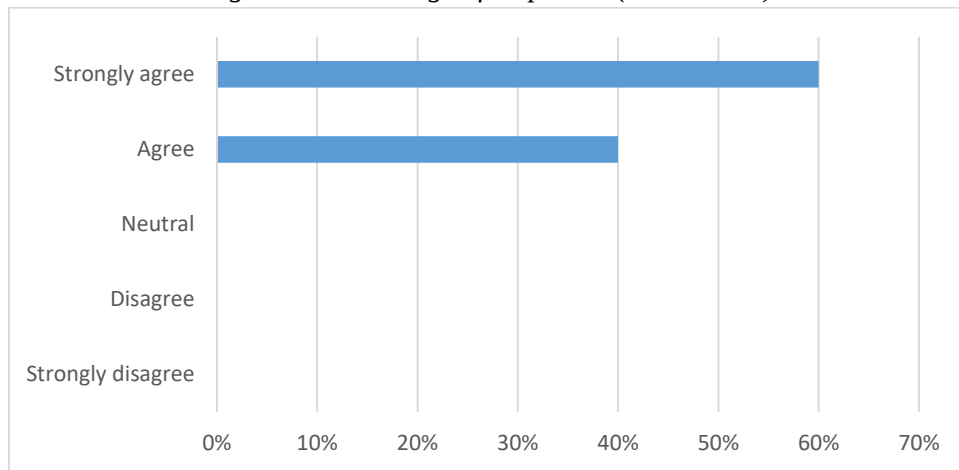
As noted earlier, the relationship between strategic leadership style and organization performance is complex. Starting from the results of empirical evidences we cannot formulate definitive conclusions. However, most of findings induce to think about a significant correlation between the two variables. Through the distribution of the questionnaires, we have tried to collect information about the preferred leadership style. A total of 247 questionnaires were distributed and 201 collected, for a response rate of 81.4%. Following, through tables and charts are summarized the data collected for each statement included in the questionnaire.

1. Strategic leadership determines the success or failure of an organization.

Table 1: Number of responses (Statement 1)

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
0	0	0	80	121

Figure 1: Percentage of responses (Statement 1)

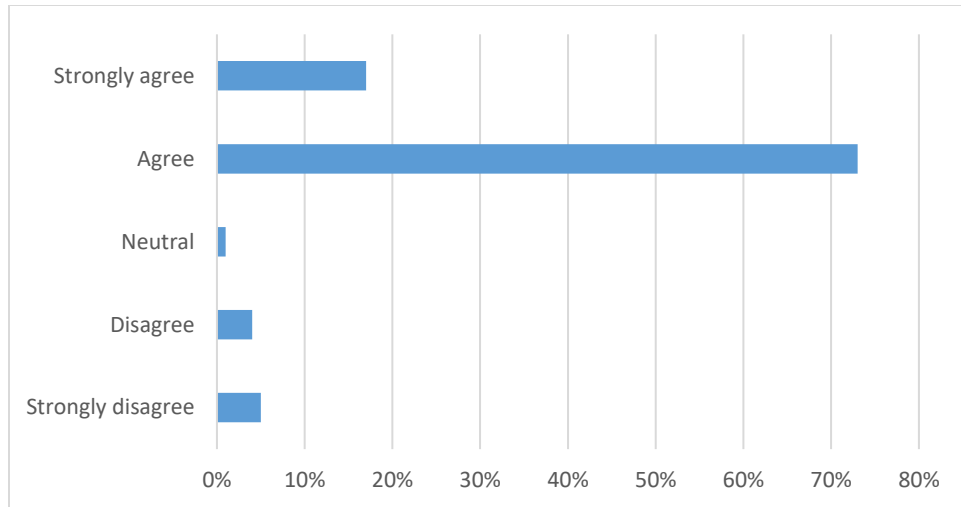


2. The leader has great influence only if he comes from high hierarchical levels.

Table 2: Number of responses (Statement 2)

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10	8	2	147	34

Figure 2: Percentage of responses (Statement 2)

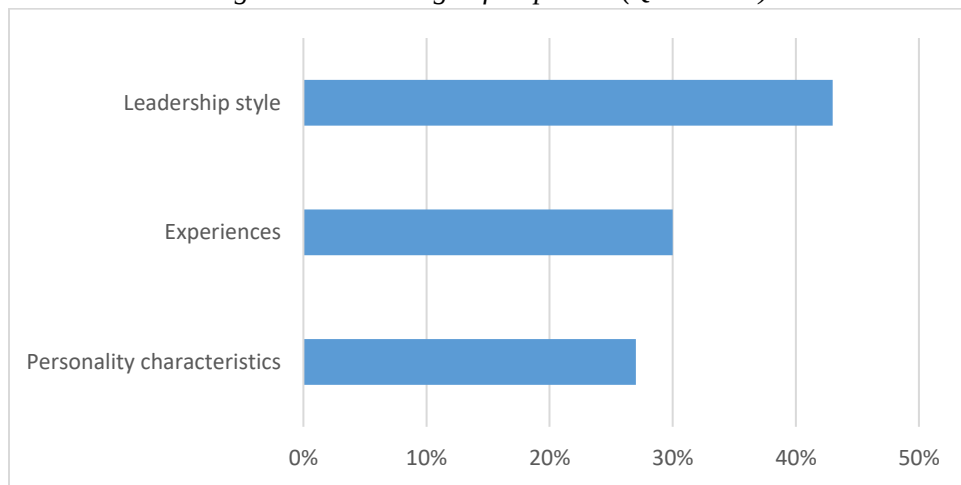


3. The variable that affects more the success of a strategic leader is:

Table 3: Number of responses (Question 3)

Personality characteristics	Experiences	Leadership style
54	60	87

Figure 3: Percentage of responses (Question 3)

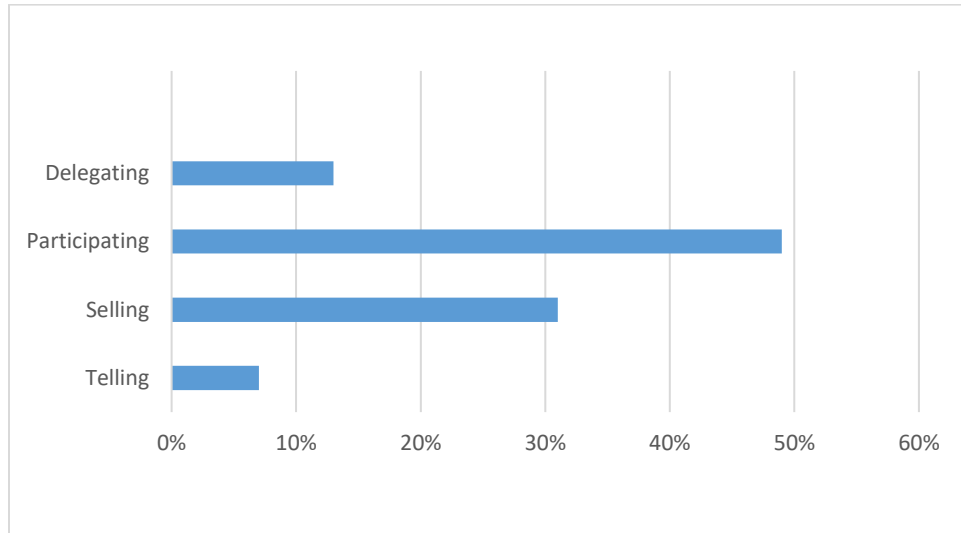


4. In your opinion, the best style of strategic leadership is:

Table 4: Number of responses (Question 4)

Telling	Selling	Participating	Delegating
15	62	98	26

Figure 4: Percentage of responses (Question 4)

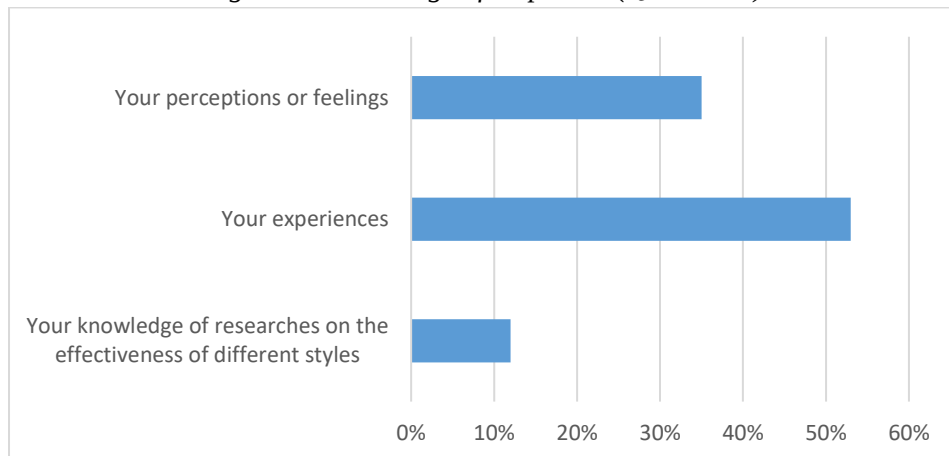


5. Your above answer is based on:

Table 5: Number of responses (Question 5)

Your knowledge of researches on the effectiveness of different styles	Your experiences	Your perceptions or feelings
24	107	70

Figure 5: Percentage of responses (Question 5)

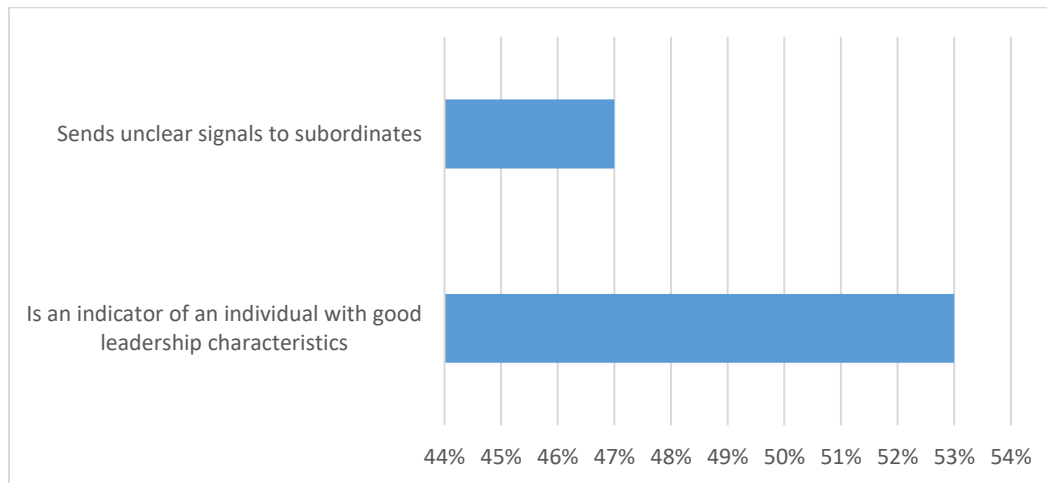


6. The flexibility on strategic leadership style:

Table 6: Number of responses(Question 6)

Is an indicator of an individual with good leadership characteristics	Sends unclear signals to subordinates
106	95

Figure 6: Percentage of responses (Question 6)

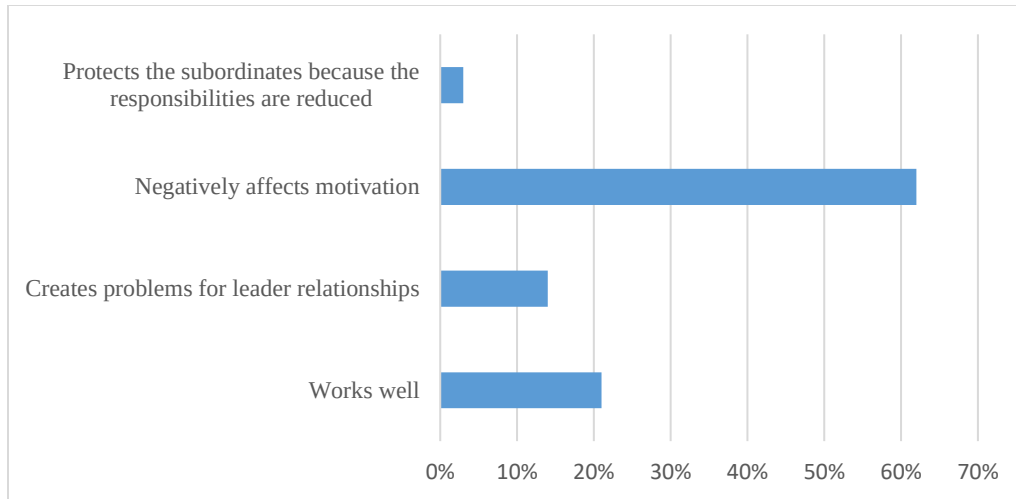


7. Authoritarian style:

Table 7: Number of responses (Question 7)

Works well	Creates problems for leader relationships	Negatively affects motivation	Protects the subordinates because the responsibilities are reduced
43	29	124	5

Figure 7: Percentage of responses (Question 7)

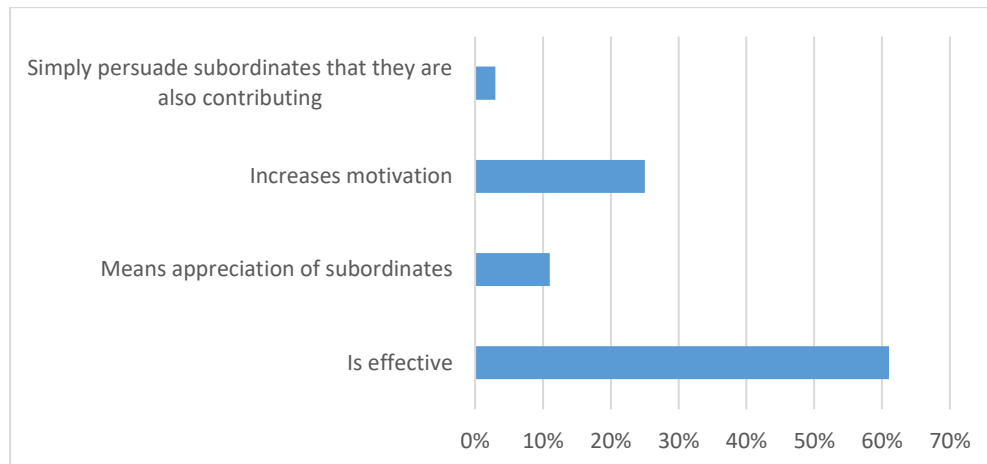


8. Participatory style:

Table 8: Number of responses (Question 8)

Is effective	Means appreciation of subordinates	Increases motivation	Simply persuade subordinates that they are also contributing
122	23	51	5

Figure 8: Percentage of responses (Question 8)

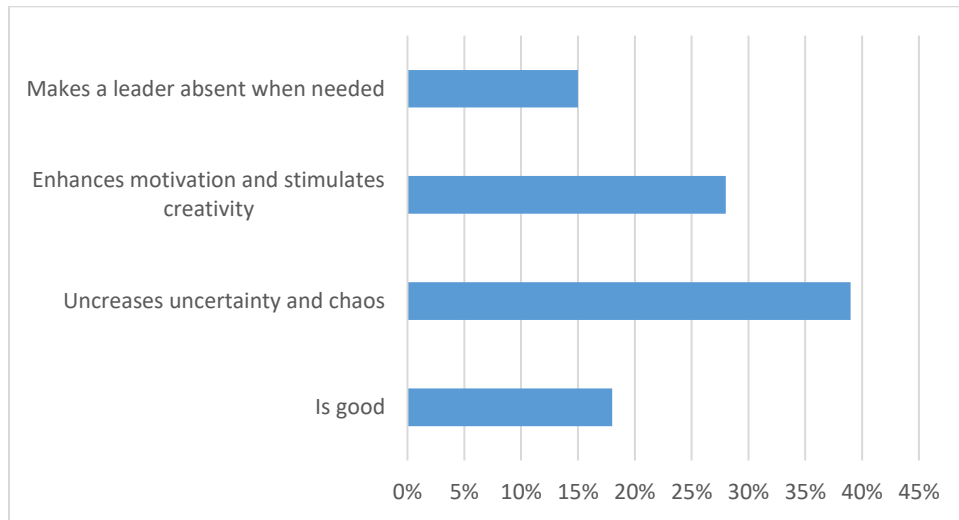


9. Delegating style:

Table 9: Number of responses (Question 9)

Is good	Uncreases uncertainty and chaos	Enhances motivation and stimulates creativity	Makes a leader absent when needed
36	79	56	30

Figure 9: Percentage of responses (Question 9)



6. Conclusions

Strategic management helps the organization to find the best way to move from the current situation to the desired situation. The current study tries to understand and formulate some conclusions regarding: the impact of strategic leadership on the organization performance and most preferred leadership style. The main reason for choosing this topic is the influence of strategic management and strategic leadership on organization success or failure.

So, 100% of the participants believe that strategic leadership determines the success or failure of an organization. 90% of them agree that the leader has great influence only if he comes from high hierarchical levels, but 10% of participants do not agree with this statement. 43% of participants believe that the variable that affects more the success of a strategic leader is the leadership style. 30% of them agree that the success is determined by experiences and 27% of the participants identify as more important the characteristics of personality. Regarding the best style of strategic leadership, 49% of participants choose Participating, 31% of them choose Selling, 13% of them choose Delegating, 7% of them prefer Telling. 53% of participants choose the preferred leadership style based on personal experiences, 35% of them indicate the preferred leadership style based on personal perceptions and feelings, 12% of them answer based on personal knowledge of researches on the effectiveness of different styles. For 53% of the participants the flexibility on strategic leadership style is an indicator of an individual with good leadership characteristics, for 47% of participants the flexibility sends unclear signals to subordinates. For 62% of the participants, authoritarian style negatively affects motivation, for 21% of participants the authoritarian style works well, 14% of them believe that authoritarian style Creates

problems for leader relationships, and only 3% of them answer that authoritarian style protects the subordinates because the responsibilities are reduced.

For 61% of participants, participatory style is effective, for 25% of them participatory style increases motivation, for 11% of them participatory style means appreciation of subordinates and 3% of participants believe that participatory style simply persuade subordinates that they are also contributing.

For 39% of participants delegating style uncreases uncertainty and chaos, for 28% of them, this style unhances motivation and stimulates creativity, for 18% of them, delegating style is good and for 15% of them, delegating style makes a leader absent when needed.

7. References

- Bass B. M. (1985), *Leadership and performance beyond expectations*, New York: Free Press
- Black R.R., McCance A.A. (1991), *Leadership Dilemmas- Grid Solutions*, Gulf Professional Publishing
- Blake R., Mouton J.S. (1964), *The Managerial Grid*, Houston: Gulf Publishing Company
- Evans, M. G. (1970), The effects of supervisory behavior on the path-goal relationship, *Organizational Behavior and Human Performance*, Vol. 5(3), p. 277–298
- Fiedler F.E. (1967), *A theory of leadership effectiveness*, New York: McGraw-Hill
- Greenleaf, R. K. (1977/2002). *Servant-leadership: A journey into the nature of legitimate power and greatness*. Mahwah, NJ: Paulist Press
- Hersey P., Blanchard K.H. (1969), Life cycle theory of leadership, *Training and Development Journal*, Vol. 23, No. 5, p. 26-34
- Hersey P., Blanchard K.H. (1982), *Management of organizational behavior: Utilizing human resources*, 4th edition, Englewood Cliffs, NJ: Prentice-Hall Inc.
- House, R. J. (1971). A Path Goal Theory of Leader Effectiveness. *Administrative Science Quarterly*, Vol. 16, p. 321-339
- House, R. J., Mitchell, T. R. (1974), Path-goal theory of leadership. *Journal of contemporary business*, Vol. 5, p. 81-94
- House, R. J. (1977). A 1976 theory of charismatic leadership. In J. G. Hunt & L. L. Larson (Eds.), *Leadership: The Cutting Edge* (pp. 189–207). Carbondale: Southern Illinois: University Press
- Lewin, K., Lippit, R., & White, R. K. (1939). Patterns of Aggressive Behaviour in Experimentally Created Social Climates. *Journal of Social Psychology*, Vol.10, p. 271-301
- McGregor, D. (1966), *Leadership and motivation*. M.I.T. Press
- Mullins L.J. (2010), *Management and organizational behaviour*, 7th edition, Prentice Hall
- Nanus B., Dobbs S.M. (1999), *Leaders Who Make a Difference: Essential Strategies for Meeting the Nonprofit Challenge*, Wiley
- Senge, P. (1990). *The Fifth Discipline: The Art and Practice of the Learning Organization*. New York: Doubleday/Currency
- Spears, L. C. (2010). Character and Servant Leadership: Ten Characteristics of Effective, Caring Leaders. *The Journal of Virtues and Leadership*, Vol.1, p. 25-30

Tannenbaum, R., & Schmidt, W. H. (1973). How to Choose a Leadership Pattern. *Harvard Business Review*, Vol. 51, p. 162-180

Vroom V.H., Yetton P.W. (1973), *Leadership and decision making*, Pittsburgh: University of Pittsburgh Press

Weber M. (1947), *The theory of social and economic organization*, New York: Free Press

Yukl, G., & Fu, P. P. (1999). Determinants of delegation and consultation by managers. *Journal of Organizational Behavior*, Vol. 20(2), p. 219–232

Yukl, G. A. (2010). *Leadership in organizations* (7th ed.). Upper Saddle River, NJ: Pearson Education

The structure of Investments Portfolio in Albanian Insurance Companies

Ardi Bezo, PhD

Department of Finance-Accounting, Faculty of Economy,
University Colleges of Business,
abezo@kub.edu.al

Abstract

The economic situation has caused major changes, especially in recent years, all over the globe as well as in the Albanian economy in different sectors of the economy and finance, due to the covid-19 pandemic but also due to geopolitical situations. These changes have affected different sectors of the economy and have definitely brought some fluctuations and changes in the sectors of the economy. The Albanian Economic System is composed of banking markets and markets that are under the jurisdiction of the Financial Supervision Authority, such as the insurance market. Therefore, in this paper, a special focus will be on the Insurance Market, what changes have occurred in the structure of the investment portfolios of the insurance market as a whole. We will use secondary data, which will be taken from the official reports of the Financial Supervision Authority and I will analyze them. The analysis used will be a comparative analysis with the data provided through the Authority's surveillance reports, which will give us a clearer overview of the structure of the investment portfolios of insurance companies in Albania. The comparison will be in the sector of insurance companies, which are divided into Life insurance companies and Non-Life insurance companies, and the differences will be evident in the investment portfolios of these two types of categories within the insurance market.

Keywords: *Insurance Companies, Investment Portfolio, Insurance Markets, Financial Authority.*

Introduction

Many institutional and potential investors are always tied to invest that generate returns to cover and finance their internal operations or liabilities they may have. What we need to know is how do financial conditions affect the portfolio management of these investors or portfolio managers? Meanwhile, portfolio managers are known to be paid to achieve the targets set by their investors, as they will be. In a portfolio management decision or contract is when the investor sets a set of preferences for his assets, which the portfolio manager fulfills. Of course, this means that asset managers set some rules, but definitely through portfolio management they ask how much their respective reward will be, in order to meet all the demands and needs of the investor.

This work will be oriented towards the insurance market, since the insurance market has an important weight in the financial system in our country and they always have a more detailed portfolio. The insurance market is the market that can face various risks, such as weather, floods, earthquakes, fires, etc., which are related to probabilistic issues of event risks.

Over the years, it has been seen that smaller insurance companies have a negative effect, which in their portfolio allocations, after losses during the financial crisis, have oriented the distribution of their portfolios towards safer investments. Thus, the results have highlighted the importance of financial conditions in the portfolio decisions of institutional investors.

The paper will scrutinize the annual financial reports of insurance companies on how they allocate their funds to investment portfolios. You will analyze the structure of the investment portfolio in the insurance industry. It will also analyze the portfolio differentiation of life and non-life insurance companies. I will also do a comparative analysis of how the weight of investments has changed over the last few years. For this objective of this study, secondary data extracted from the annual reports of insurance companies, the annual reports of the Financial Supervision Authority and the IMF supervision reports were used. Finally, we will analyze the causes of these changes in the portfolios of this insurance market in recent years.

Literature Review

Over the years, it has been established that insurance companies in weaker financial conditions have larger portfolio weights oriented to safer assets, more so during the financial crisis. (EREL & ROSE , 2012). (Gaganis & Chrysovalantis , 2009) argued in his study on insurance companies' risk-taking strategies and through this he concluded that there is a strong relationship between insurance companies' risk-taking and their strategic planning for capital market investments. Some studies stated that risk taking by insurance companies is shown by the allocation of wealth in higher risk investments, such as in the capital market ((MacMinn, 2016)). Also, similar studies regarding the riskiness of insurance companies are well reviewed. Furthermore, other studies with opposite conclusions by (González, 2020) Another author such as (Pasiouras, 2013) also found that

authorities and regulators related to companies' investments have an impact on the risk of insurance companies.

Other authors such as (Stulz, 1985), (Froot & Jeremy , 1998), argued that company's financial condition of the firm's portfolio risk due to the increase in case of financial liquidity. Whereas, (Michael, C. Jensen, , & William , 1976) argue that risk argument that a weakening of a company's financial conditions should lead it to increase the riskiness of its portfolio. Also other authors like (DUCHIN & THOMAS , 2016) argue that some non-financial companies can make the decision to have oriented larger portfolio weights to safer investments.

Methodology

The methodology of this study is descriptive and interpretive of the statistical data selected for the realization of the objectives of this work.

For this reason, the annual financial reports of the insurance companies will be carefully examined as to how they allocate their funds in the investment portfolios. You will analyze the structure of the investment portfolio in the insurance industry. It will also analyze the portfolio differences of life and non-life insurance companies. I will also make a comparative analysis of how the weights of investments has changed over the last few years. For this objective of this study, secondary data extracted from the annual reports of insurance companies, the annual reports of the Albanian Financial Supervision Authority and the supervision reports of the AFSA were used. Finally, we will analyze the causes of these changes in the portfolios of this insurance market in recent years.

Insurance Market

The difference between Life insurance companies versus non-life insurance companies.

Life Insurance companies provide protection against the risk of, for example, an interruption in the finances of the individual or the family, or in the case of insuring key personnel, or from the income of a business, such an interruption is often caused by death, or by disability or retirement of the person. Also, life insurance can be for short periods (for example, fatal accident) or we can have it for longer periods (for example, for the whole life). The main life insurance products are whole life insurance, term life insurance. While non-life insurance companies offer property and casualty insurance that also includes liability insurance. Property insurance against fire, theft, perils of weather, negligence and other acts and events that may result in damage to persons or property. In addition to traditional lines of auto insurance, many insurance companies offer health and medical insurance, often competing with life insurance companies that offer similar services. There are also a number of key differences between life and non-life insurance. Life insurance is relatively longer-term compared to non-life insurance policies, which are usually for a term of one year or less, while the uncertainty regarding the timing and volume of non-life insurance claim payments, as well as the difficulty of predicting risks, has caused non-life insurance to be considered riskier than life insurance.

Results

Starting from 2021, 12 insurance companies operated in the insurance market. The total volumes of gross written premiums generated in this market reached about 19.3 billion ALL, experiencing an increase of about 16% compared to 2020. The total income from gross written premiums increased both in the Life activity and in that of Non-Life. In 2021 in the activity of Life companies, gross written premiums increased by 22.74% compared to 2020. All this increase came mainly as a result of the increase in contracts in the debtor's Life insurance, with nearly 82.23% of the total increase in Life insurance premiums. While in Non-Life insurance, gross written premiums in 2021 increased by 15.5% compared to 2020. Here, too, the increase in income came mainly from the compulsory motor insurance portfolio, with about 53.8% of the total increase of premiums in Non-Life insurance.

During 2021, the Authority has continuously supervised the dynamics of the insurance market, always evaluating the financial position of companies at an individual level and of the entire insurance market as a whole.

As we see in table 1, the investment portfolio of life insurance companies is mainly focused on 3 main investment categories, *Government securities, bank deposits, land and buildings*. The dominant weight is provided by bank deposits with around 65.55% of total assets at the beginning of 2021 and 58.87% of assets at the end of 2021. Meanwhile, investments in government securities hold the second place with around 21.1% to total assets at the beginning of 2021 and 27.85% at the end of 2021. While land and buildings have 10.62% and 10.49% respectively at the beginning and end of 2021. It is noted that during 2021 government securities have increased by 36.38%, while investments in bank deposits have decreased by -7.61% and Land and building have increased by 2.04%. We can argue that this change occurred due to the continuous effects that covid19 brought to all market actors, including insurance companies. The uncertainty and economic contraction brought by this pandemic all over the globe but also in Albania, caused institutional and individual investors to focus their investments on safer investments. Government securities in the financial markets are the safest investments, which is evidenced by the increased interest of investors in their weights and portfolios. Bank deposits have a discount as a result of the reduction of interest rates in the moments of the pandemic.

Table 1: Investment Portfolio of Life Insurance Companies

<i>Balance - Sheet Item</i>	<i>Value (in 000 ALL)</i>	<i>Change (in %)</i>	<i>Share in Total Value (in %)</i>	<i>Changes in investments as of:</i>		
<i>Life Insurers</i>						
<i>Investments</i>	<i>01.01.'21</i>	<i>31.12.'21</i>	<i>1.'21-'12.'2</i>	<i>01.01.'21</i>	<i>31.12.'21</i>	<i>31.12.'21</i>
<i>Government securities</i>	898,647	1,225,535	36.38	21.10	27.85	326,888
<i>Bank Deposits</i>	2,804,081	2,590,611	-7.61	65.85	58.87	-213,470
<i>Land and buildings</i>	452,316	461,561	2.04	10.62	10.49	9,246
<i>Investments in subordinated undertakings</i>	65,232	80,232	22.99	1.53	1.82	15,000
<i>Other shares and participating interest</i>	15,730	15,830	0.64	0.37	0.36	100.00
<i>Mortgage loans</i>	-	-	-	-	-	-
<i>Others</i>	22,440	26,971	20	0.53	0.61	4,530.52
<i>TOTAL INVESTMENTS</i>	4,258,444	4,400,739	3.34	100.00	100.00	142,295

Source: Supervisory Report (Financial Supervisory Authority)

As seen in table 2, the investment portfolio of non-life insurance companies is mainly focused on 4 main investment categories. Unlike life insurance companies, here we have a more extensive investment structure. The difference in non-life insurance companies, bank deposits dominate the structure, but with a lower weight than life companies, land and building have a greater weight, almost twice that of life insurance companies. Investment in subordinated undertaking has a greater weight, ranking third in the structure according to the importance they have in the portfolio. Government securities are listed in the portfolios, while life insurance companies occupy a second position in the portfolio investment structure. During 2021, total investments in non-life insurance increased by 11.62%, while life insurance companies increased by only 3.34%. The main reason for the largest increase in the total investment of non-life insurance companies is that all investment categories in the portfolio have experienced growth during 2021. While in the portfolio of the life insurance company, bank deposits had a decline with - 7.61% even though other categories experienced growth.

The dominant weight is provided by bank deposits with around 44.93% of total assets at the beginning of 2021 and 42.08% of assets at the end of 2021. Meanwhile, investments in government securities have had 15.19% of total assets at the beginning of 2021 and 15.95% at the end of 2021. Land and buildings have 20.89% and 20.36% respectively at the beginning and at the end of 2021. It is noted that during 2021 government securities have increased by 17.2%, while investments in bank deposits increased by -4.55% and Land and building increased by 24.77%. The largest percentage of growth is given by Land and buildings in the total growth of investments because they hold more investments in property than having liquidity as they had in Life insurance.

Table 2: Investment Portfolio of Non-Life Insurance Companies

Balance - Sheet Item	Value (in 000 ALL)		Change (in %)	Share in Total Value (in %)		Changes in investments as of:
Non Life Insurers						
Investments	01.01.'21	31.12.'21	01.'21-'12.'21	01.01.'21	31.12.'21	31.12.'21
Government securities	3,154,888	3,697,405	17.20	15.19	15.95	542,517
Bank Deposits	9,331,439	9,756,377	4.55	44.93	42.08	424,938
Land and buildings	4,339,867	5,414,933	24.77	20.89	23.36	1,075,067
Investments in subordinated undertakings	3,472,077	3,654,574	5.26	16.72	15.76	182,497
Other shares and participating interest	38,997	38,997	-	0.19	0.17	-
Mortgage loans	-	-	-	-	-	-
Others	433,050	621,547	43.53	2.08	2.68	188,497
TOTAL INVESTMENTS	20,770,317	23,183,834	11.62	100.00	100.00	2,413,516

Source: Supervisory Report (Financial Supervisory Authority)

Table 3 shows the type of origin of investments in the portfolios of life and non-life insurance companies. We see that life insurance companies invest 100% in domestic investment, while non-life insurance companies invest almost 85% in domestic investment and 15% in foreign investment. Another difference is noticed in the liquidity of investments. Life insurance companies invest almost 86% in liquidity investments (government securities and bank deposits) and the rest in less liquid forms. It is different with non-life companies, which have a significant part of investments, about 40% in sustainable investments. This was also observed in the above analysis of table 2 and 3.

Table 3: Structure of Insurance Companies Investments by Place and Maturity Dates

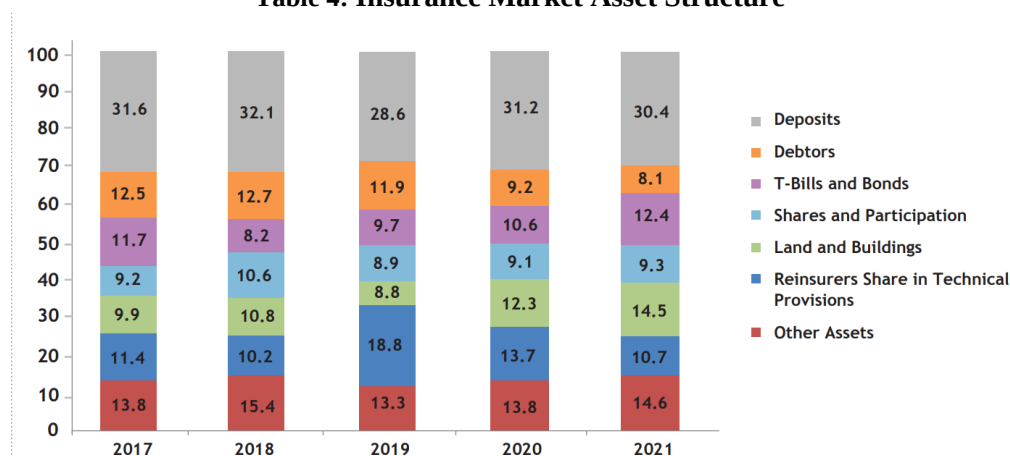
Specification	Life		Non Life		Total
	(në %)		(në %)		(në %)
	01.01.'21	31.12.'21	01.01.'21	31.12.'21	31.12.'21
Investments by Place					
Domestic investments	100.00	100.00	84.73	86.32	88.50
Foreign investments	0.00	0.00	15.27	13.68	11.50
Investments by Maturity					
Liquid investments	86.95	86.72	60.12	58.03	62.61
Other investments	13.05	13.28	39.88	41.97	37.39

Source: Supervisory Report (Financial Supervisory Authority)

The asset structure for both insurance market sectors, compared to 31.12.2020, has shown the following main developments: Deposits continue to occupy the main assets share with 30%, followed by the item “Land and buildings” and “Treasury bills and bonds”, which have increased by about 2% in the structure of assets for the insurance market. The item “Reinsurers share in

technical provisions” decreased by 3% compared to 2020, as a result of payments by companies for claims caused by the earthquakes that occurred in 2019.

Table 4: Insurance Market Asset Structure



Source: Supervisory Report (Financial Supervisory Authority)

Conclusion

The results of the analysis of the paper were evident and what I can say is that the two different types of Life and Non-Life insurance companies had oriented different weights in their portfolios, especially in almost certain investments. Specifically, the largest weights of investments were oriented to bank deposits in life and non-life insurance companies. The argument of the investment orientation in bank deposits comes as a result of the passage of a period withdrawn from all types of institutional and potential investors during the pandemic period. Another direction of investment allocation was in government securities in the financial markets, which are undoubtedly the safest investments, which is proven by the increased interest of investors in their weights and portfolios. It is also worth noting that life insurance companies invest 100% in domestic investment, while non-life insurance companies invest almost 85% in domestic investment and 15% in foreign investment. Another difference is noticed in the liquidity of investments, Life Insurance Companies invest almost 86% in liquidity investments (government securities and bank deposits) and the rest in less liquid forms. It is different with non-life companies, which have a significant part of investments, about 40% in sustainable investments.

References

- Authority), (. S. (2021). *Supervisory Report* . Tirana.
- DUCHIN, & THOMAS , G. (2016). Precautionary Savings with Risky Assets: When Cash Is Not Cash. *The journal of finance*.
- EREL, & ROSE , C. M. (2012). Determinants of Cross-Border Mergers and Acquisitions. *The journal of finance*.
- Froot, K. A., & Jeremy , C. S. (1998). Risk management, capital budgeting, and capital structure policy for financial institutions: An integrated approach. *Journal of Financial Economics*, 55-82.
- Gaganis, & Chrysovalantis , P. F. (2009). Regulations and Soundness of Insurance Firms: International Evidence. *Journal of Business Research*.
- González. (2020). Pension fund equity performance. *Journal of Banking and Finance*.
- MacMinn, 1. a. (2016). The evolution of insurer portfolio investment strategies for long-term investing. *OECD Journal: Financial Market Trends*.
- Michael, C. Jensen, , & William , H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*.
- Pasiouras. (2013). Regulations and soundness of insurance firms: International evidence. *Journal of Business Research*,, 632-642.
- Stulz, C. W. (1985). The Determinants of Firms' Hedging Policies. *The Journal of Financial and Quantitative Analysis*, 391-405.
- The Determinants of Firms' Hedging Policies. (1985). *The Journal of Financial and Quantitative Analysis*, 391-405

Opportunities for the development of rural tourism in Anamorava-Kosovo

Përparim Qahili

Third cycle student at "GoceDellchev" Shtip University, Faculty of Tourism and Business Logistics,
Shtip, North Macedonia, perparim.qahili@gmail.com

Cane Koteski

Professor, "GoceDellchev" University - Shtip, Faculty of Tourism and Business Logistics - Shtip, North
Macedonia, cane.koteski@ugd.edu.mk,

Faton Haziraj

Master in Hospitality and Tourism Management, "Pjeter Budi" College, Prishtina, Kosovo,
fatonhaziraj1978@gmail.com

Abstract

The main purpose of this paper is to show how tourism contributes to the sustainable development of the state, as well as to examine the possible opportunities for the economic sustainability of tourism in long-term periods. Based on the need for comprehensive and modern development of all parts of Kosovo opportunities are presented and various investments are required in the development of Kosovo's tourism, such as investments in transport, culture, education, then small businesses, handicrafts and such.

Rural tourism can play a greater role in the process of activating the labor force of the country. Through tourism activities, the production of the rural economy is realized in the entire family economy, which is indirectly engaged in tourism, family members that the service they offer is adequate to the category of accommodation that appears on offer. Every mountain village can be used as a potential for the development of rural tourism by exploiting its natural beauties and its anthropogenic capacity. Kosovo has two skiing centers, that of Brezovica in Shtërpç and Argjën in Brod Dragash (Sharr).

In 1968, the unit for the protection of nature was formed within the Entity for the Protection of Cultural Monuments of Kosovo. The protection and care of biodiversity, landscapes, natural characteristics, etc. is also a challenge for state institutions, especially forest biodiversity. Protection of natural resources depending on morphological, spatial, genetic, historical and other specific classified features are in several groups.

Key words: rural tourism, hunting tourism, biodiversity, Kosovo, skiing.

JEL classification: L83, M49, M54, M48

Introduction

Tourism is one of the most complex activities of today's modern society. In developed countries, but also in some countries in transition, tourism is an important product and generator of employment, including a wide interweaving of phenomena and reports that arise during the tourist trip, while its realization is deeply embedded not only in the economic aspect, but also in the ecological, social and cultural aspects of life. Based on the need for comprehensive modern development of all parts of the earth, opportunities are presented and various general investments are required for a higher level of the tourism development of Kosovo. Rural tourism can play a greater role in the process of activating lost opportunities in the equal development of the country's regions. Through this activity, a greater number of villagers choose animal tourism, as well as other subsequent effects. The modern city man prefers an active stay in nature. It can be engaged in agricultural work, observing cultural-historical and natural sites, hiking, hunting, skiing and such activities. Staying in a rural environment such as a tourist village can become a discovery for many families, which can motivate them to return to the village every year. During the stay in the village, the urbanite was offered various opportunities to collect and prepare medicinal herbs, wild fruits, etc.

The special ecological segment of life is the protection of nature in the narrowest sense, and refers to the protection of particularly valuable parts of nature that have an environmental character and the values of natural goods. Nature protection has a long tradition and has evolved from the original forms of individual protection of national parks and reserves to the current understanding of biodiversity protection. In fact, the protection of nature is today a social movement with a number of eyes and participation also professionally leads activities for the organized protection of natural resources, professional and scientific institutions, institutes and professional operational services, organized by the state to take care of research, preparation of goods for their protection and preservation, promotion and promoting the protection of nature as a whole.

Kosovo has a great potential in the development of rural tourism (village tourism), this derives from the large number of rural settlements that the country possesses as well as from the greater percentage of rural settlements compared to the urban one. Tourism-environment relations have taken an important place in tourism studies in recent years. The attraction of foreign tourists

will influence that Kosovo should use its tourism capacities to guarantee a maximum benefit from the introduction of foreign investments and will influence the operation of the tourism sector in Kosovo with the same principles with which the tourism industry operates in the world. The criteria indicate the objectives, but not the way how they are achieved or the final results. This role is fulfilled by performance indicators, additional educational materials, access to the tools needed to implement the Global Sustainable Tourism Criteria. The partnership considers meeting the criteria as the beginning of a process for returning sustainability to a standard practice for all forms of tourism. There are many areas and objects of protected nature and anthropogenic creations in our country. In particular, the preservation of ecosystems, tourist attractions,

Presentation

Any type of plan and planning for the development of tourism in Kosovo will be difficult to achieve without the commitment and involvement of all actors of the Kosovar tourism market and interested partners from the global tourism market. Kosovo's tourist offer is diverse and potential should be placed in the development of conditions for Transit Tourism, Nature Tourism, Health Tourism, Winter Tourism, Cultural Tourism, Adventure Tourism, for which types of tourism Kosovo has resources and opportunities in the future valorize, and bring tourism to a level where it is the pillar of economic development.

Starting from the need for comprehensive modern development of all parts of the earth opportunities are presented and various general investments are required for a higher level of the tourism development of Kosovo. Investment in the development of industry in construction, transport, culture, education, then small businesses, local handicrafts, all these serve the growth of tourism in the country.

Stojanova defined rural tourism as a stay in a rural environment, house, camp or any other accommodation facility which enables close contact with the hosts and direct access to their business.⁴⁷ But there is also a major problem related to the depopulation of the rural parts of the country, the passing of these rural youth and they mostly left for the cities. Rural schools will gradually begin to close due to the decrease in the number of students, a consequence of the decrease in the number of young people who have left the village. And this is the government's problem and challenge for increasing or decreasing the departure of young people from rural areas to cities, but also abroad. The development of rural tourism can play a greater role in the process

⁴⁷Stolnova. S. "Planning and financing of rural tourism", University "Pasi Hilendarski", Plovdiv 2008

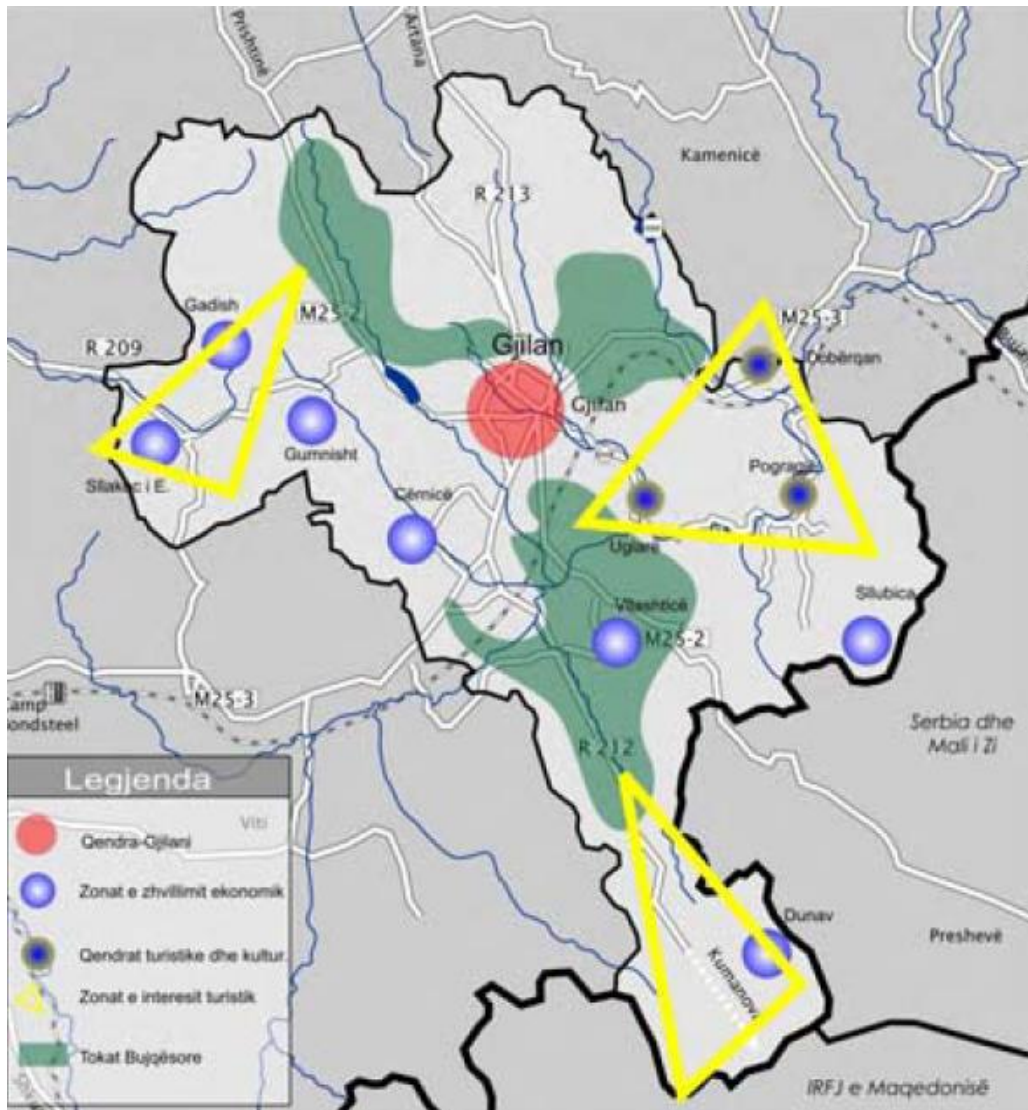
of activation (elimination) of lost opportunities in the equal development of the country's regions. Through this activity, a greater number of villagers choose animal tourism, as well as other subsequent effects. To provide services for the exhaustion of tourists as consumers, it is necessary to find products on the table that cannot be produced at home, so that the way of doing business with other rural families, be it goods in stores. Through tourism activities, the production of the rural economy is realized in the entire family economy, which is indirectly engaged in tourism, family members that the service they offer is adequate to the category of accommodation that appears on offer.

Foiera treats rural tourism as a whole of all types and forms of tourism, practiced in the rural environment. The focus is on the contrast between the rural and urban environment. According to the author, rural tourism is the basic type of tourism, which includes all forms of tourism practiced in the rural environment. Foiera does not envisage the mandatory tourist offer to lock in the performance of the village's business affairs. The criterion is not the one who develops rural tourism, but where tourism is developed, ie the condition is to be in the rural environment. Accommodation of tourists is done not only in the houses of the host in the village, but also in hotels, motels, camps and rest houses in the vicinity of the host.⁴⁸

In addition to rest, the modern city man prefers an active stay in nature. It can be engaged in agricultural work, observing cultural-historical and natural places, hiking, hunting, painting, skiing, etc. Adequate propaganda - marketing is necessary for this - the code must familiarize him with those values that he can find in the given area. Information provided through the press, television, brochures, etc. It will affect whether the car can bring him to the village and he decides to go to the village, and also that his stay can be repeated at any age, even in the same house. Information should be available for domestic and foreign guests. times.

Staying in a rural environment such as a tourist village can become a discovery for many families, which can motivate them to return to the village every year. Broken friendships remain intact. During his stay in the village, the urbanite was offered various opportunities to collect and prepare medicinal herbs, wild fruits, skins of captured animals (assuming he was a hunter), preparation of sweet and winter foods, etc. In this way, ecologically healthy food is obtained at minimal prices.

⁴⁸Tripod. V., "Village tourism", Faber, Veliko Trnovo, 2007

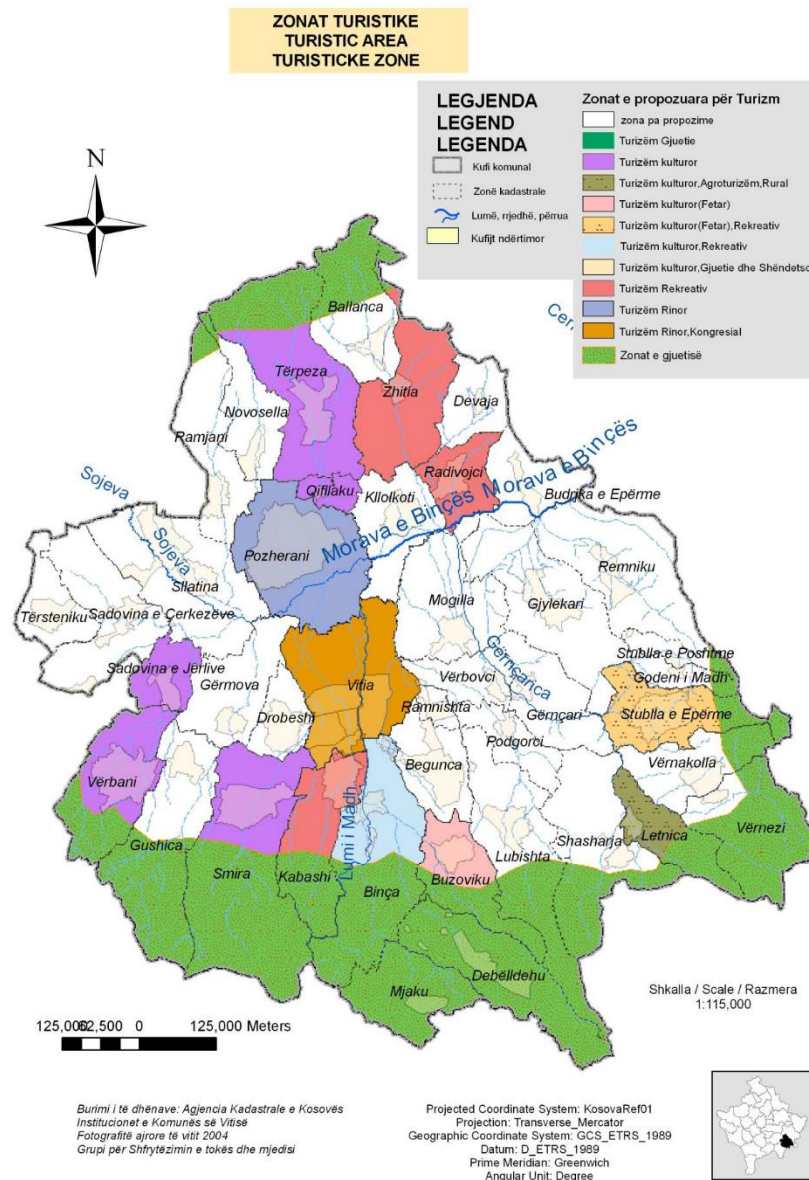


Map1: The yellow triangles represent the areas of interest for the development of rural tourism in the Municipality of Gjiilan
Source: Municipal Development Plan of Gjiilan 2006-2015+

Every region, every village can be used for providing tourism services because it is possible to stay in a village all year round as an attractive natural environment for city dwellers. Each season has its charms. In this way, the realization of the income of the service providers extends for a part of the year and not only in the summer and winter months, and the users of the services (tourists) know the charm of the village in every season.

The main areas for the development of winter sports belong to the skiing centers. Kosovo has two of these, that of Brezovica in Shtërpc and Argjena in Brod i Dragash (Sharr). Which still need investments in the road network and other infrastructural aspects. Both these centers develop their sports and recreation activities for tourists from the country and abroad. Kosovo also has

potential for the development of hunting tourism. This type of tourism can be done in many places in Kosovo, such as the Reserve of Kozhnjar, Rusoli and Blinaja.



Map2: Map of tourist areas in the municipality of Vitia.
Source: Municipal Development Plan of Vitia and Klllokot 2010-2020+

According to Craig Smith and Cody Middleton, the reasons why visitors are interested in rural tourism include:

1. Experiencing what is perceived as a healthy lifestyle, with plenty of fresh air, healthy food and exercise,
2. Activities associated with rural locations such as hiking, horse riding, fishing, bird watching or camping,

3. Escape from a stressful and fast-paced urban environment to the peace and quiet of the bush,
4. Enjoying the friendly warmth and hospitality of the villagers,
5. Visiting places of historical, cultural and possibly personal importance, and
6. Visiting friends and relatives and reaffirming origin

Protection of nature

The first steps to protect nature and the environment in Kosovo began at the end of the 60s. In 1968, the unit for the protection of nature was formed within the Entity for the Protection of Cultural Monuments of Kosovo. In 1974, with the Decision on the separation of the Nature Protection Section from the Kosovo Entity for the Protection of Cultural Monuments, the Kosovo Entity for Nature Protection was established.⁴⁹ which continued the work under the same name under the Law on the Kosovo Nature Protection Agency.⁵⁰



Picture2: Sharri Mountains National Park.



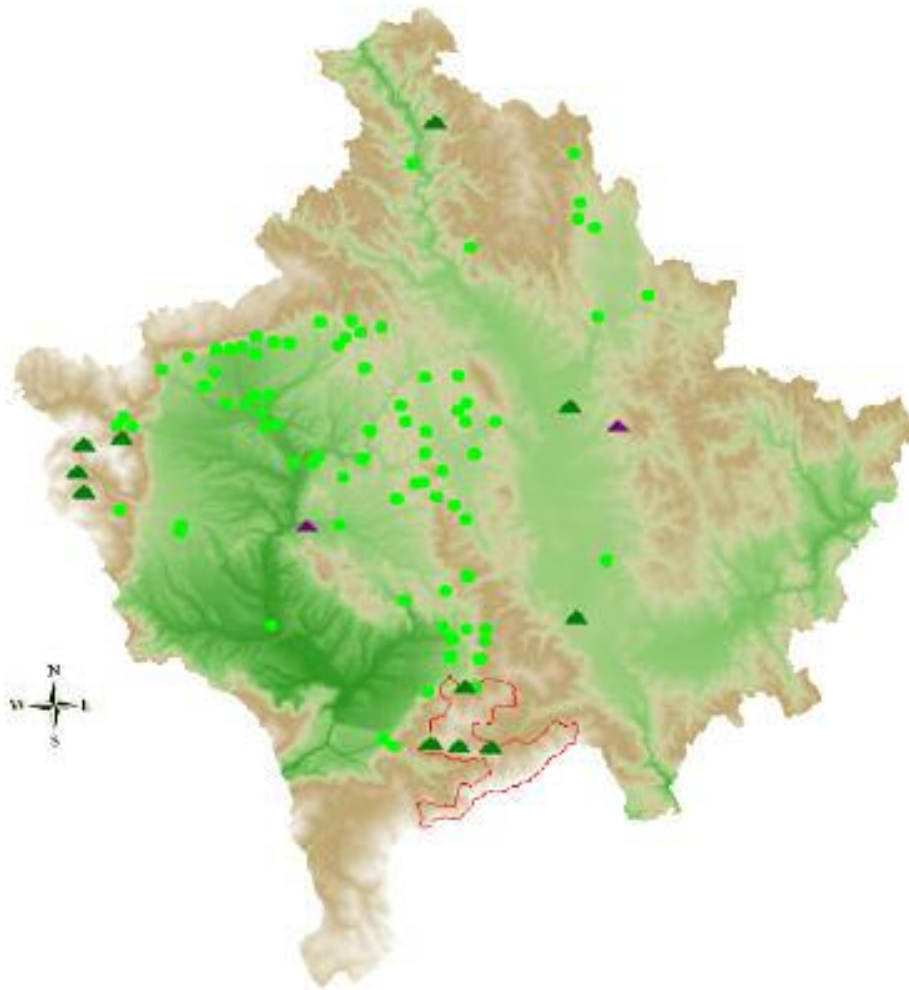
Photo3: Rugova, Albanian Alps Mountains (Bjeshket and Nemuna)

The special ecological segment of life is the protection of nature in the narrowest sense, and refers to the protection of particularly valuable parts of nature that have an environmental character and the values of natural goods. Nature protection has a long tradition and has evolved from the original forms of individual protection of national parks and reserves to the current understanding of biodiversity protection. In the further development of the factors of destruction or degradation of the natural environment, they are expanding and accelerating in a continuous manner and with a continuous leap towards nature, so the organized activity for the protection of nature has become a social necessity and obligation.

⁴⁹Decision on the separation of the nature protection section ("GZK". 42/74)

⁵⁰Law on the establishment of the Provincial Nature Protection Agency ("GZK". 15/81)

The natural and anthropogenic values of the national parks of Kosovo are known. As such, they represent an important basis for the development of several types of tourism. According to the reduced potentials and functions, the national parks of Kosovo have characteristics of national and international touristic value. Tourism should become one of the sources of income for further protection and prevention of natural and cultural monuments. The development of tourism in the national parks of Kosovo should be more organized, which does not contribute to the economic and non-economic sphere. It seems that their functions should be emphasized more and more: protective, ecological, recreational-health, sports-manifesting, cultural-manifesting, historical, educational, educational-educational and others.



Map3: Map of protected areas in the Republic of Kosovo
Source: Environmental Protection Agency of Kosovo, Prishtina, 2010

A nature protected area is an area declared for the purpose of protecting and caring for biodiversity, landscapes, natural features and cultural heritage and for providing effective management through legal and other means.⁵¹

In fact, the protection of nature is today a social movement with a number of eyes and participation also professionally leads activities for the organized protection of natural resources, professional and scientific institutions, institutes and professional operational services, organized by the state to take care of research, preparation of goods for their protection and preservation, promotion and promoting the protection of nature as a whole.

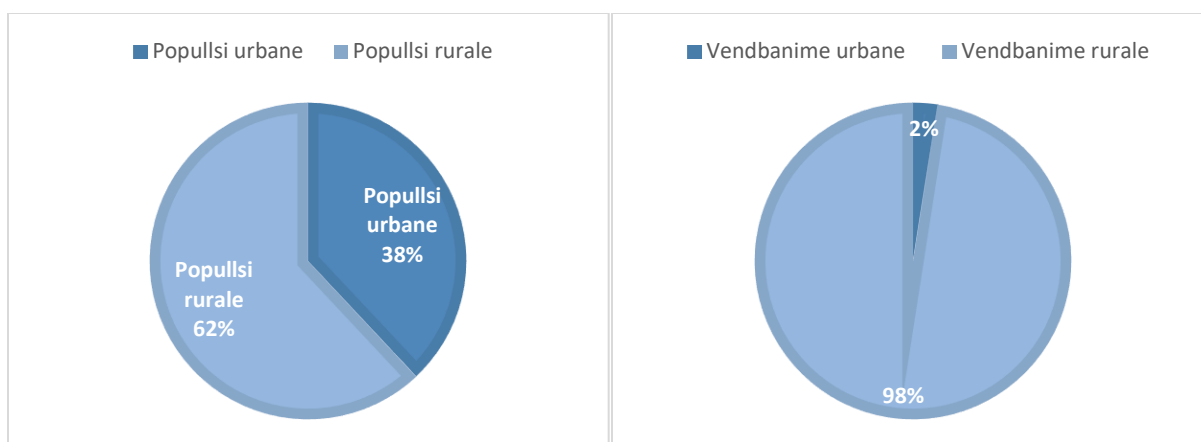
Protection of natural resources depending on morphological, spatial, genetic, , historical and other specific classified features are in several groups, namely: national parks, natural parks, natural monuments and natural environments around important cultural monuments and cultural and historical spatial units.

Natural resources are placed under protection on the basis of previous research and documentation presented by experts, in national parks and on the basis of law, we have this division:

1. Mali Sharr National Park	8. Great Gorge Cave
2. Bifurcation of the Nerodime River	9. The thermal spring in the Bath of Istog
3. The raccoon reserve in Rusenica	10. Radavci cave
4. Arnen peak reserve	11. Drini Bardhë canyon at Ura e Fšajte
5. Oshlak reserve	12. The source of the White Drin
6. Pisha e Madhe Reserve	13. The Marble Cave in Gadime
7. Rugova Gorge	14. Mirusha canyon and waterfall, etc.

From what can be seen above, Kosovo has a great potential in the development of rural tourism (village tourism), this derives from the large number of rural settlements that the country possesses as well as from the greater percentage of rural settlements compared to urban, (see chart 1 and 2). But even though tourism represents an opportunity for development, complementary to other economic branches. The problems in the development of tourism are insufficiently qualified personnel, the lack of projects and tourism capacities.

⁵¹Law on the protection of nature 2005/02-L18 (Reg. no. 2006/22)



Graph1: Number (%) of rural and urban population. Graph2: Number (%) of rural and urban settlements.

Source: Kosovo Statistics Agency

Tourism can be beneficial to protected natural sites for several reasons. First, it can be seen as an important factor in the protection of natural resources, because its development is destined to destinations with well-preserved nature, so it helps modern man to imagine what nature and life looked like before industrialization and man's destructive action. . In other words, tourism in protected areas, natural objects show man what relationship he has with nature, ie. the environment as a whole, must have. Tourism as an economic category can finance the protection from the collection of nature tourism services, which depends on the type and scale of activities allowed in good natural data.

Conclusion

Psychologists say that every human action is a consequence of motivation, ie feel the need to eliminate or alleviate deficiencies oreventual disorders, and who better than rural tourism can do this.

Mountain tourism in Kosovo is considered one of the country's biggest tourist resources and attracts local and foreign tourists every year. Efforts are also being made to improve infrastructure and security in this sector. This brings an increase in income for the residents of these areas, various tourist operators, and all this will affect the growth of the country's economy and rural tourism in particular.

Nature with its preserved structures is an important factor for maintaining the health of the population because it makes possible the direct encounter of man with it, both physical and psychological renewal. Man is not satisfied with pure nature just by looking at it, but he develops an intense and active life, which directly affects the degree of its use. The growth of the world's

population, the rate of technological and urban development, as well as the rise of the standard of living in the future, will create many free natural spaces.

In the framework of the environmental impacts of tourism, two important problems should be taken into account:

- First: the connection of the tourist system with the ecological system, where the system in question can realize a structural development in close connection with the technological one.
- Second: the tourist system is in constant connection with the system of tourist resources, with the flows of tourists, goods, financial and information exchanges.

The network of protected areas in Kosovo consists of 75 nature areas with an area of 46,437 ha (4.25% of the territory of Kosovo). The largest area of the protected areas is occupied by the "Mali Sharr" National Park. These areas include: 11 Nature Reserves ("Bifurcation of the Nerodime River", "Arnen Reserve", "Majpera e Ropsi", "Rusenica", etc.),

- 1 National Park ("Sharr Mountain"), 59 Natural Monuments ("Burimi i Drini Bardhë", "Gadime Cave", "Gryka e Rugova", "Ura e Šhajte", "Trungjet e Vjetri", etc.) ,
- 2 Regional Nature Parks ("Gërmia and "Mirusha") and 243 Forest Parks ("Pishat e Deçani" and "Rahavani"). But partial protection is not enough, care must be increased and we must constantly be responsible for nature as it is part of our daily life, both protection and care show the level of awareness and environmental culture we have.

As for many other sectors and for rural tourism, spatial planning is an important tool for achieving sustainability in tourism. The manner of application and its effects vary from country to country depending on many geographical, socio-economic, political and cultural factors. Furthermore, the different planning mechanisms and administrative and organizational levels involved play an important role in differentiating spatial planning applications within the tourism sector.

Literature

1. Bakiu, Vjollca (2006) "Tourism Management", Tirana, Albania,
2. Basha.T, (2006): Municipality of Vitia, Tirana.
3. Bresa Naser, Koteski Cane and Dimitrov Nikola (2017) Tourism research methods in Prizren. In: First international scientific conference "Challenges of tourism and business logistics in the 21st century", October 24-25, 2017, Gjevgjeli, Macedonia.
4. Bresa Naser, Koteski Cane, Dimitrov Nikola and Jakovlev Zlatko (2018) Rural tourism and its development in the Prizren area. SocioBrains, International peer-reviewed online scientific journal with impact factor (41). pp. 145-150. ISSN 2367-5721
5. Budinsky. M (1998): Natural resources as one of the main determinants in determining the optimal region for tourism development. Collection of papers at the international scientific meeting 'Perspectives and improvements of planning and regulation of space Ohrid: Ministry of Urban Development, Construction and Environmental Protection.
6. Çavoli, R. (1997): Geography of Kosovo, Prishtina.
7. Dimitrov Nikola, Markoski Blagoja, Petrevska Biljana and Koteski Cane (2017) Mountain tourism in Macedonia: Evaluation of "Pelister" National Park. In: Geobalcanica 2017, 20-21 May, 2017, Skopje, Macedonia.
8. Koteski Cane, Jakovlev Zlatko and Dimitrov Nikola (2021) Religion, mountains and socio-economic conditions. LAP Lambert Academic Publishing, Germany.
9. Krasniqi. A & Ukaj. F Public administration of tourism agencies and destinations in Kosovo, 2017.
10. Osmani, J. (2004): Settlements of Kosovo-Gnjilane, Shkrola, Pristina
11. Osmani, J. (2004): Settlements of Kosovo-Vitija, Shkrola, Pristina.
12. Qahili Progress and Koteski Cane. (2021). The impact of pollution on the development of tourism in the region of Anamorava. Annual proceedings of the Faculty of Tourism and Business Logistics, 1 (1). page 100-106. ISSN 2671-3969.
13. Rexhepi, Valdete (2012) Tourism and the Millennium Development Goals: The case study of Kosovo,
14. Zimer Zija. (2020): Tourism and Hospitality, Skopje.

References

1. Environmental Protection Agency of Kosovo "State of Nature" Report 2008 - 2009 Prishtina.
2. Kosovo Statistics Agency, Pristina, 2022.
3. Law on the Protection and Development of Natural Values and Man-Made Values of the Environment.
4. Law on Nature Protection (2005/02-L18) Reg. no. 2006/22 dated 24.04.2006.
5. Spatial Plan of Kosovo 2010 - 2020+
6. Center Regional Heritage Plan 2015 – 2018.
7. Regional Heritage Plan for Western Kosovo (Peja, Klinë, Deçan, Istog, Junik and Gjakovë) 2012-2015.
8. Municipal development plan of Peja 2006-2025.
9. Natural heritage values of Kosovo 2005.

Corporate sustainability: The key to the future

Giovanna Crocco

Ph.D. candidate in Economic and Business Sciences, Department DISCAG, University of Calabria, 87036 Rende (Cs), Italy, croccogiovanna92@libero.it,

Eleonora De Luca

Ph.D. candidate in Economic and Business Sciences, Department DISCAG, University of Calabria, 87036 Rende (Cs), Italy, eleonora.deluca@unical.it

The article is the result of a unitary work of the two authors. However, paragraphs 1, 4 and 5 are attributed to Eleonora De Luca and paragraphs 2 and 3 to Giovanna Crocco.

Abstract

Recently sustainability has taken on a key role in business decisions. Initially, the focus of entrepreneurs and managers was primarily on the product, as a catalyst for customer interest and a generator of increased profit for the company. Today the guiding principle in business decisions is no longer focused on the creation of value in terms of profit, but value creation must be extended to the environment in which the company operates, and to all stakeholders. In this scenario, the word “sustainability” recalls, in fact, the integration of “environmental health”, “social” and “economic vitality”, leading to the creation of healthy, diverse and resilient communities for the present generation and those to come. In light of the above, this paper aims to analyze the application of sustainability principles by Italian companies. In this regard, intending to support and facilitate Italian companies to adopt sustainable business practices, 37% of the resources of the National Recovery and Resilience Plan have been earmarked for the “green revolution” and ecological transition. The NRRP, by the way, is the most recent in a series of legislative interventions adopted by the European Community and transposed by Italy. The sustainability report, described in detail in our work, is considered the most suitable tool for monitoring companies’ application of these principles and values. Finally, to analyze the current situation of companies in detail, we decided to refer to the annual sustainability study “Seize the change” by Ernest & Young, which contains the most relevant and significant sustainable development trends for these companies.

Key words: sustainability, green economy, sustainability balance, NRRP.

JEL classification: Q01, Q50, Q56

1. Introduzione

Nel corso degli ultimi decenni quando parliamo di sviluppo economico il principio guida nelle scelte aziendali non può che essere la sostenibilità. In particolare, quando si parla di sostenibilità aziendale si intende l'impegno concreto di un'azienda nel dar vita a un modello di business che non solo permetta la continuità dell'organizzazione, ma che sia anche attento all'ambiente, alla società e a una governance previdente ed equa.

Infatti, se nelle precedenti rivoluzioni industriali l'attenzione era posta sull'evoluzione dei prodotti, garantendo un continuo aumento della qualità della vita in moltissimi paesi, ultimamente si è sempre più consapevoli degli effetti negativi che alcuni "progressi" hanno avuto sul nostro ambiente. L'attenzione si è spostata verso qualcosa di più sostenibile, senza il rispetto per il pianeta, per le sue limitate risorse e per le generazioni che verranno non è possibile immaginare un domani sostenibile. L'attenzione verso questo tema cresce di anno in anno, diventando sempre più importante e impossibile da ignorare. Basti pensare all'Agenda 2030 e i 17 Obiettivi di Sviluppo Sostenibile (SDGs). Per cercare di spronare le imprese italiane all'adozione di pratiche aziendali sostenibili, il 37% delle risorse del PNRR è stato destinato alla rivoluzione verde e alla transizione ecologica.

In questo scenario anche le imprese sono chiamate a fare la loro parte e a adottare comportamenti aziendali responsabili e sostenibili, in linea con i principi ESG. La parola sostenibilità richiama, infatti, l'integrazione di salute ambientale, equità sociale e vitalità economica, che porta alla creazione di comunità sane e diversificate per la generazione presente e per quelle future (Andrea C.A. Briganti, 2021).

In particolare, la sostenibilità può portare effetti positivi all'interno dell'impresa modificando e migliorando le attività, l'organizzazione e anche i risultati, permettendo alle imprese di avere un vantaggio competitivo difendibile sul mercato. Ed infatti, così come sostiene la Commissione europea, un approccio strategico nei confronti del tema della responsabilità sociale delle imprese è

sempre più importante per la competitività. Esso può portare benefici in termini di gestione del rischio, riduzione dei costi, accesso al capitale, relazioni con i clienti, gestione delle risorse umane e capacità di innovazione.

2. La normativa in materia di Green Economy

Gli ultimi cinquant'anni sono stati scenario di una progressiva valorizzazione della dimensione ambientale nell'analisi economica. Il termine Green Economy secondo l'Agenzia delle Nazioni Unite per l'ambiente definisce un'economia verde come l'economia capace di migliorare il benessere umano e l'equità sociale. La Green economy nell'accezione più ampia implica l'insieme integrato di diversi ambiti ed attori (Symbola, 2010). Da un lato la recente crisi ha messo in evidenza la necessità di ripensare ai meccanismi di funzionamento del sistema economico, superando una prospettiva incentrata sul breve periodo sulla centralità del profitto, sull'opportunismo a favore di una prospettiva basata su una maggiore sostenibilità di uno sviluppo equo ed equilibrato. Tale prospettiva richiede la capacità di collocare le trasformazioni economiche, politiche, sociali e ambientali che in questi ultimi anni hanno investito, in modo radicale, la nostra società, all'interno di un sistema integrato le cui potenziali evoluzioni a favore di una migliore competitività ed una maggiore efficienza possono essere meglio indirizzate solo se ogni elemento viene colto nella sua interazione con gli altri. La Commissione europea definisce l'economia verde nella Comunicazione COM (2011) 363 del 20 giugno 2011 come "una economia che genera crescita, crea posti di lavoro ed elimina la povertà investendo e salvaguardando le risorse del capitale naturale da cui dipende la sopravvivenza del nostro pianeta". L'OCSE (Organizzazione per la Cooperazione e lo Sviluppo Economico) ha a sua volta prodotto documenti e strategie a favore dell'economia verde e in particolare della crescita verde (green growth) facendo riferimento alla promozione di una crescita economica "che sappia ridurre l'inquinamento, le emissioni di gas serra e i rifiuti, assicurando che il patrimonio naturale continui a fornire le risorse e i servizi ambientali su cui si basa il nostro benessere". Nel cuore della economia verde, infatti, si tende a posizionare innanzitutto il ri-orientamento del settore energetico rispetto alla sfida del riscaldamento globale attraverso il ruolo dell'efficienza energetica e delle fonti rinnovabili (Treccani). In questa direzione, l'Unione Europea promuove la Strategia Europa 2020, i cui obiettivi sono: abbattere del 20% le emissioni

di gas serra; ridurre del 20% i consumi energetici; portare il contributo delle fonti rinnovabili al 20% entro il 2020. il Next Generation EU (NGEU). È un programma di portata e ambizione inedite, che prevede investimenti e riforme per accelerare la transizione ecologica e digitale; migliorare la formazione delle lavoratrici e dei lavoratori; e conseguire una maggiore equità di genere, territoriale e generazionale. Per l'Italia il NGEU rappresenta un'opportunità imperdibile di sviluppo, investimenti e riforme. L'Italia deve modernizzare la sua pubblica amministrazione, rafforzare il suo sistema produttivo e intensificare gli sforzi nel contrasto alla povertà, all'esclusione sociale e alle disuguaglianze. Il NGEU può essere l'occasione per riprendere un percorso di crescita economica sostenibile e duraturo rimuovendo gli ostacoli che hanno bloccato la crescita italiana negli ultimi decenni. L'Italia è la prima beneficiaria, in valore assoluto, dei due principali strumenti del NGEU: il Dispositivo per la Ripresa e Resilienza (RRF) e il Pacchetto di Assistenza alla Ripresa per la Coesione e i Territori d'Europa (REACT-EU). Il solo RRF garantisce risorse per 191,5 miliardi di euro, da impiegare nel periodo 2021- 2026, delle quali 68,9 miliardi sono sovvenzioni a fondo perduto. L'Italia intende inoltre utilizzare appieno la propria capacità di finanziamento tramite i prestiti della RRF, che per il nostro Paese è stimata in 122,6 miliardi. A livello di legislazione nazionale con la legge 221/2015 l'Italia recepisce le disposizioni in materia ambientale per promuovere misure di green economy e per il contenimento dell'uso eccessivo di risorse naturali. La risposta proattiva alla crisi del sistema economico lineare è una Strategia Nazionale per lo sviluppo sostenibile che si affida esclusivamente sullo sfruttamento delle risorse (poche) per soddisfare i bisogni dei consumatori (molti). È evidente però che per promuovere la transizione da un modello lineare ad uno circolare occorrono politiche ambiziose, supportate da un quadro legislativo chiaro in grado di dare i giusti segnali agli investitori. La legislazione italiana radica i propri principi in materia di economia circolare in quella che la normativa inerente al ciclo dei rifiuti. Il 2 febbraio del 2016, con la legge di stabilità 2016, è entrato in vigore il Collegato Ambientale (legge 28 dicembre 2015, n.221) contenente disposizioni in materia di normativa ambientale per promuovere la green economy e lo sviluppo sostenibile. Esso ha permesso che i principi dell'economia circolare entrassero a far parte dell'ordinamento italiano. Il documento agisce con ampio raggio su tutto ciò che riguarda l'ambiente, dalla gestione dei rifiuti fino alla mobilità sostenibile. Nonostante l'inclusione di alcuni dei principi dell'economia circolare nella normativa sulla gestione dei rifiuti, c'è ancora molta strada da fare per poter parlare di un quadro normativo organico di riferimento

in materia nell'ordinamento italiano. Attualmente, ad esempio, l'esigenza di semplificazione delle procedure autorizzative previste per il riciclo dei materiali, l'esistenza di normative contraddittorie e la mancanza di una normativa sulla qualità del trattamento sono alcuni degli elementi che spingono a definire il quadro normativo nazionale ancora inadeguato. Con l'attesa approvazione della Direttiva europea, nuove sfide di recepimento ed implementazione si apriranno anche nel nostro paese, la cui qualità sarà determinata anche dalla pressione esercitata dalla società civile e dalle realtà economiche che hanno già scelto di implementare processi di produzione virtuosi. Lo stato attuale in materia di legislazione in materia di transizione ecologica vede nel progetto Next Generation EU una direttrice imprescindibile dello sviluppo futuro. La seconda Missione, denominata **Rivoluzione Verde e Transizione Ecologica**, si occupa dei grandi temi dell'agricoltura sostenibile, dell'economia circolare, della transizione energetica, della mobilità sostenibile, dell'efficienza energetica degli edifici, delle risorse idriche e dell'inquinamento, al fine di migliorare la sostenibilità del sistema economico e assicura una transizione equa e inclusiva verso una società a impatto ambientale pari a zero. La Missione prevede investimenti e riforme per l'economia circolare e **permigliorare la gestione dei rifiuti, rafforza** le infrastrutture per la raccolta differenziata e ammodernizza o sviluppa nuovi impianti di trattamento rifiuti, per raggiungere target ambiziosi come il 65% di riciclo dei rifiuti plastici e il 100% di recupero nel settore tessile. Sono previsti corposi incentivi fiscali per **incrementare l'efficienza energetica degli edifici**, con il potenziamento del Superbonus 110% e l'investimento in nuovi programmi di riqualificazione degli edifici pubblici: le misure consentono la ristrutturazione di circa 50.000 edifici l'anno. Per raggiungere la progressiva decarbonizzazione, sono previsti interventi per **incrementare significativamente l'utilizzo di fonti di energia rinnovabili**, attraverso investimenti diretti e la semplificazione delle procedure di autorizzazione per le rinnovabili, la promozione dell'agri-voltaico e del biometano. Si sostiene la **filiera dell'idrogeno**, e in particolare la ricerca di frontiera, la sua produzione e l'uso locale nell'industria e nel trasporto, la creazione di circa 40 stazioni di rifornimento, prioritariamente in aree strategiche per i trasporti stradali pesanti. La Missione dedica risorse al potenziamento della capacità delle **reti elettriche**, della loro affidabilità, sicurezza e flessibilità (*Smart Grid*) e nelle **infrastrutture idriche**, con l'obiettivo di ridurre di almeno il 15 per cento le perdite nelle reti per l'acqua potabile. Trovano spazio nella Missione anche i temi della sicurezza del territorio, con interventi di **prevenzione** e di ripristino a fronte di significativi **rischi idrogeologici**, della

salvaguardia delle aree verdi e della biodiversità, e quelli relativi all'eliminazione dell'inquinamento delle acque e del terreno, e alla disponibilità di risorse idriche.

3. Il bilancio di sostenibilità

Dall'analisi della letteratura in materia di bilancio sociale e dallo studio sul concreto utilizzo da parte delle imprese del bilancio sociale si è inteso il ruolo di gestione che il bilancio sociale assume, poiché il suo corretto utilizzo facilita il sistema delle relazioni tra l'attività di direzione e di governo dell'organizzazione, permettendo di valutare, programmare e pianificare di anno in anno le strategie in funzione degli obiettivi e dei valori sociali in cui si riconosce. Appare evidente come lo strumento di rendicontazione possa diventare anche strumento di controllo non solo sui risultati ma anche per la collettività di riferimento, infatti, i principi e i valori affermati possono essere intesi come una serie di campi di controllo nei quali sarà compiuta la verifica dei comportamenti adottati per il raggiungimento dei fini prestabiliti. A tal fine sono tuttavia necessari indicatori standardizzati in grado di garantire oggettività e comparabilità, ed occorre altresì individuare l'utilità di tali indicatori soprattutto per il management, il quale si trova a dover misurare il valore sociale effettivamente creato dall'organizzazione: non avendo a disposizione unità di misura di output assolute, la dirigenza aziendale potrebbe avere una visione offuscata della propria organizzazione, che invece il bilancio sociale riesce ad esplicitare attraverso la sua funzione gestionale, con la determinazione di quegli indicatori quali/quantitativi che risultano in grado di valutare l'efficacia e l'efficienza dei programmi. Attraverso queste azioni gli organi di direzione verificano se gli obiettivi preposti siano effettivamente stati raggiunti, determinando se quanto dichiarato nella mission sia stato effettivamente perseguito e se i portatori d'interesse siano stati soddisfatti. Negli anni è cresciuta la consapevolezza dell'importanza di queste pratiche e per lo meno in Italia si è iniziato a trovare un accordo sulla denominazione da assegnare a tali strumenti delineando le caratteristiche comuni dei diversi modelli. Il carattere non obbligatorio del bilancio sociale ha fatto in modo che si creassero numerosissime tipologie di documenti utilizzabili a questo scopo, ciascuno con le proprie specificità. Nonostante gli standard in ambito di revisione sociale non possono essere eterogenei perché la loro applicabilità non potrebbe essere la medesima per tutte le aziende, la pluralità dei modelli prodotti sino ad oggi partono dallo stesso principio comune,

secondo cui l'azienda rappresenta un'organizzazione basata su una complessa rete di relazioni con una pluralità di soggetti, portatori di interessi, bisogni e aspirazioni nei confronti dell'organizzazione medesima, e che interagiscono con essa al fine di ottenere un beneficio reciproco. Si avrà modo di costatare come i modelli internazionali spesso concedano maggiore attenzione al processo di coinvolgimento degli stakeholder, piuttosto che agli elementi tecnici e contabili nella redazione del bilancio sociale. Gli standard generalmente considerati si sono sviluppati autonomamente ed hanno finalità differenti, in linea di massima orientate agli ambiti di applicazione: AA1000, con l'obiettivo di fornire qualità ai processi di accounting, auditing e reporting etico e sociale; SA 8000, volto a certificare l'impegno etico e sociale di un'organizzazione; GRI, orientato a promuovere l'armonizzazione delle tecniche di rendicontazione della performance ambientale e sociale delle imprese; progetto Q-Resche promuove la nascita di un modello di governo dell'organizzazione basata sull'idea del contratto sociale con gli stakeholder attraverso il quale incrementare la responsabilità etico sociale; infine, SocialMetric modello espressamente creato per le ONP al fine di misurarne la responsabilità sociale. Prima di passare in rassegna alcune delle metodologie più comuni, è bene sottolineare che alla base di ogni standard è poggiata innanzitutto l'esigenza di garantire che le informazioni contenute nel bilancio sociale abbiano i requisiti dell'adeguatezza, dell'attendibilità, della controllabilità. L'informazione può dirsi adeguata quando consente al potenziale destinatario di formarsi agevolmente un giudizio complessivamente rispondente alla realtà fattuale sul comportamento dell'azienda, vale a dire senza eccessivi sforzi di raccolta e di interpretazione dei dati. Naturalmente l'informazione deve riguardare sia l'azienda intesa come sistema, sia gli effetti che l'attività aziendale abbia eventualmente prodotto nei confronti di tutti i portatori d'interesse. L'informazione strutturata deve consentire agli stakeholder di conoscere l'azienda in quegli aspetti che non emergono dalle fonti tradizionali di comunicazione, ossia il bilancio di esercizio, ma anche di condividere i valori che ne ispirano il comportamento e gli obiettivi che si prefigge di conseguire, di apprezzare l'impegno profuso nello svolgimento dell'attività e la capacità dimostrata nel raggiungimento di risultati previsti, nella finalità di far considerare positivamente il rapporto che in qualità di portatori d'interesse li ha legati e li lega all'azienda. Con riferimento allo specifico ambito di rendicontazione, che riguardi tutta l'azienda o singoli settori o politiche di intervento, le informazioni devono declinarsi partendo da ciò che l'azienda in quel momento rappresenta, fino ad arrivare a ciò che vuole rappresentare nel futuro per la comunità di riferimento.

ed i portatori d'interesse. Punto chiave di tale valutazione è la considerazione approfondita di quanto si è perseguito, dei risultati ottenuti e del modo in cui gli stakeholder li hanno concretamente percepiti. Gli aspetti della controllabilità e dell'attendibilità, interdipendenti tra di loro, devono essere presi in seria considerazione, evitando così le caratteristiche che hanno un elevato grado di soggettività e non possono costituire oggetto di verifica. Qualora non sia possibile verificare la correttezza e fondatezza delle informazioni contenute nel documento, questo, perderà di legittimità. Infine, è importante ricordare quanto sia stretto il legame tra bilancio sociale e bilancio d'esercizio. I dati contabili, in ragione della loro origine e per i controlli a cui sono sottoposti possono essere considerati una fonte attendibile da cui redigere il bilancio sociale. Gli standard offerti vengono ripartiti sostanzialmente tra modelli di contenuto e di processo. I primi delineano la struttura, la forma e il contenuto del bilancio sociale, i secondi invece tendono a descrivere l'iter da seguire per implicare gli stakeholder nella definizione degli obiettivi e nella valutazione del grado di raggiungimento di questi. Solo per completezza d'informazione, non essendo utile alle finalità del presente lavoro un'indagine più approfondita, quella che segue è soltanto una breve panoramica dei più diffusi modelli, elaborati in ambito nazionale ed internazionale. Quelli che registrano nella prassi operativa un maggior numero di applicazioni anche nel settore pubblico sono l'Accountability 1000 (AA1000), la Global Reporting Iniziative (GRI), gli standard proposti dalla Copenhagen Charter e il Gruppo di Studio per il Bilancio sociale (GBS). Vale la pena ricordare che il modello indica quali debbano essere le fasi necessarie per l'implementazione di un sistema di social accounting, auditing e reporting all'interno dell'impresa individuandole nella pianificazione, rilevazione, verifica dei risultati e comunicazione degli stessi, integrazione ed incorporazione con il sistema gestionale, coinvolgimento degli stakeholder.

4. L'atteggiamento delle imprese: lo studio di EY

Al giorno d'oggi essere sostenibili significa minimizzare la propria impronta sull'ambiente e sulla società, non provocare dei danni e, se possibile, fare in modo che il mondo diventi

migliore. In particolare, quando parliamo di sostenibilità aziendale si fa riferimento all'insieme dei comportamenti che un'impresa mette in atto per migliorare il benessere delle persone e del Pianeta, agendo sia internamente che esternamente. Infatti, l'azienda deve sviluppare una politica interna volta a garantire diritti e benessere dei lavoratori, ma, allo stesso tempo, deve lavorare sul tema della sostenibilità in un'ottica che si avvicina il più possibile dell'economia circolare.

Il concetto chiave è che l'azienda rappresenta un attore della società. Per promuovere un approccio sostenibile, l'azienda deve lavorare in stretto rapporto con gli stakeholder in modo chiaro e trasparente perché questa idea dev'essere condivisa da tutti.

Per comprendere meglio la situazione attuale delle imprese si è deciso di far riferimento allo studio annuale sulla sostenibilità "*Seize the change*" di EY in cui sono contenute le più importanti tendenze di sviluppo sostenibile per le imprese del Paese. In particolare, le aziende prese in esame sono in totale 350 di cui 150 sono state intervistate direttamente mentre delle restanti 210 sono state analizzate le dichiarazioni non finanziarie.

Lo studio ha evidenziato come l'85% del campione delle aziende intervistate condivida il concetto di sostenibilità. Questa consapevolezza delle aziende si conferma poi, in modo importante, grazie anche ad altri dati emersi durante la ricerca. Si registra, infatti, che il 69% delle aziende hanno redatto un piano di sostenibilità, valore in crescita rispetto all'anno precedente.

Inoltre, è stata confermata una distribuzione omogenea fra le aziende di varie dimensioni di questa attitudine ad elaborare piani di sostenibilità. Ulteriore dato a conferma dell'importanza della sostenibilità è che nel 65% dei casi la guerra in Ucraina non ha ridimensionato le attività previste dal piano di sostenibilità.

Per quanto riguarda, invece, i settori industriali la ricerca ha confermato che il settore Tessile e l'Energy & Utilities sono quelli che risultano "più avanti" degli altri nell'applicazioni di comportamenti sostenibili. Se per il settore Energy era scontato registrare un valore positivo, quello che ha stupito sono state le aziende del settore Tessile che hanno registrato valori mediamente più elevati rispetto alla media. Questo maggiore valore dimostra che l'eccellenza del Made in Italy ha accettato la sfida della sostenibilità come strumento per aumentare la competitività.

Infine, è utile evidenziare gli aspetti principali emersi nella correlazione fra risultati economico-finanziari rispetto alle performance di sostenibilità. In particolare, si è registrata una

correlazione tra crescita delle prestazioni di sostenibilità delle aziende e crescita del loro indebitamento. Se si osservano più di un elemento, questa correlazione può significare che le aziende più sostenibili sono quelle che stanno lavorando per il loro futuro e che, quindi, stanno investendo determinando, per il momento, un effetto negativo sui flussi di cassa dell'azienda.

5. Conclusione

I dati della ricerca effettuata da EY dimostrano come le aziende, nonostante gli effetti negativi del Covid-19 e delle tensioni geopolitiche, siano sempre più impegnati sul tema della sostenibilità. Questo forte interesse verso il tema ha coinvolto sia le grandi sia le medie-piccole aziende, cosa che non avveniva pochi anni fa perché erano le grandi aziende ad avanzare più velocemente delle PMI sulle tematiche di sostenibilità. In questo caso, le aziende sono i soggetti attivi nel processo di cambiamento perché permettono di limitare i danni che l'uomo ha causato all'ambiente e riducono le disuguaglianze sociali presenti nel mondo. La sostenibilità è l'elemento chiave per affrontare le sfide e trasformarle in opportunità di crescita e sviluppo. Scegliere un percorso aziendale sostenibile non rappresenta solo una scelta ormai inevitabile e benefica per la collettività, ma una vera e propria decisione. Il cambiamento che la sostenibilità porta con sé non rappresenta più solo di un'opportunità, ma una necessità per rispondere alle sfide sistemiche che si presentano. Infatti, quanto più sarà consolidato e forte il loro percorso verso la sostenibilità, tanto più le aziende saranno capaci in futuro di sostenere competitività e crescita. Tuttavia, affinché gli investimenti in comportamenti sostenibili possano portare a benefici di medio-lungo periodo è necessario dotarsi di uno sguardo a lungo termine.

BIBLIOGRAFIA

- Agenda 2030 per lo sviluppo sostenibile, Agenzia per la coesione territoriale, 2020.
Disponibile su: <https://www.agenziacoesione.gov.it/comunicazione/agenda-2030-per-lo-sviluppo-sostenibile/>
- Alhaddi, H. (2015). Triple Bottom Line and Sustainability: A Literature Review. Business and Management Studies, 1(2). 6-10. <http://dx.doi.org/10.11114/bms.v1i2.75>
- Andriola L, Serafini C Il bilancio sociale: obiettivi, principi e principali esperienze in atto, ENEA Ente per le nuove tecnologie l'energia e l'ambiente, Centro Ricerche Casaccia, Roma 2002, p.64-68
- Bartolomeo D, Dal Maso T Finanza e sviluppo sostenibile, Il Sole-24Ore Libri, Milano 2001;
- Bertolini , Molteni , Pendrini La responsabilità sociale nelle aziende familiari italiane Aida fIsvi, Milano 2006,
- Briganti A C.A., *Anticipare il cambiamento. Sostenibilità, chiave della crescita aziendale*, Hoepli, 2021
- Carnevale C L'informazione etico-sociale nella comunicazione d'impresa, Franco Angeli Editore, Milano 2005.
- Chiesi A., Martinelli A. , Pelagatta, M., Il bilancio sociale. Stakeholder e responsabilità sociale d'impresa, Il Sole 24Ore, Milano 2000, pp. 27.
- Di Giandomenico M.E, Il bilancio sociale e il modulo aziendale etico, Giuffrè, Milano 2008, pag. 281
- Fazzi, Giorgetti G., 2005 (op. cit.), p. 44 Garelli, La rendicontazione sociale: il bilancio sociale, in S. CAMPI, (a cura di), Impresa Sociale: verso un futuro possibile, De Ferrari, Genova 2003, p. 205.
- Frey M., *La green economy come nuovo modello di sviluppo*, ImpresaProgetto, Electronic journal of management, n.3, 2013
- Giovannini R., La sostenibilità nel business delle aziende: cosa sta accadendo davvero? I dati, Report di EY, 2022. Disponibile su: <https://www.agendadigitale.eu/smart-city/la-sostenibilita-nel-business-delle-aziende-cosa-sta-accadendo-davvero-i-dati/>
- Lanza A. , Lo sviluppo sostenibile, Il Mulino, Bologna 1999

- Moro, A. Profumo PlusValori. La responsabilità sociale delle imprese, Baldini & Castaldi, Milano 2003;
- Studio annuale sulla sostenibilità “Seize the change”, EY, 2023. Disponibile su https://www.ey.com/it_it/news/2023-press-releases/02/ey-presenta-studio-annuale-sulla-sostenibilita-seize-the-change
- PNRR - Piano Nazionale di Ripresa e Resilienza, Ministero delle Imprese e del Made in Italy. Disponibile su: <https://www.mise.gov.it/it/pnrr/piano>

“Performance of Public Universities during the Pandemic Period”

Phd(c). ElfridaTaraku

Lecturer at University " Aleksandër Moisiu", Durrës
Business Faculty,
Finance- Accounting department
itaraku@yahoo.com

Msc. ArbaTaraku

Lecturer at University " Aleksandër Moisiu", Durrës
Business Faculty,
Department of Marketing,
Department of Tourism
arbataraku@live.com

Abstract

In this paper, areexamined some of the main aspects, which must find a long-term solution, since they are the origin of some of the biggest problems that were evident during the pandemic period (March 2020-March 2021), with the transition to online university education, with various non-unified platforms, which have not yet found a solution.

On March 11, 2020, the Albanian Government announced the state of pandemic from COVID-19, and on the 24 March 2020 declared a state of natural disaster throughout the country.

The situation after the declaration of the state of emergency, forced the government to take urgent measures to issue by-laws, on how to proceed without interruption of the teaching process, changing the traditional pedagogical approach of teaching in University auditoriums, passing entirely online teaching through different platforms created and administered as new information technology, but not unified for all HEIs.

Auditing of Public Universities is important as it aims to contribute to the improvement of management of HEIs, especially in the conditions of the situations of civil emergencies such as medical pandemics or natural disasters, etc., increasing the rate of responsibility for coping with them, but also using them as effectively as possible, economies and efficiency of funds, financial and human resources that HEIs have.

Key words: Higher Education Institutions, online teaching, special platforms, new information technology, Ministry of Education and Culture.

JEL Classification: H83, M 40, M42, M48

Introduction

In this paper, some of the main aspects have been examined, which must find a long-term solution, since they are the origin of some of the biggest problems that were evident during the pandemic period (March 2020-March 2021), with the transition to online university education, with various non-unified platforms, which have not yet found a solution.

Higher education in Albania is one of the sectors with numerous controversies over the years, both in social and political aspects, accompanied by continuous reforms, with demands of students, academic staff, Higher Education Institutions (HEIs below), administrative staff, etc. and high public interest, aiming for a quality education that responds to the needs of the market, economy and strategic development of the country. Therefore, it is necessary to create important balances, to guarantee a stable balance between the legal intervention of the state in the implementation of education policies and university autonomy in the four areas of this autonomy: in the financial one; organizational; academic and personnel, especially self-financing from own resources.

The World Health Organization (WHO) announced the state of emergency caused by the epidemic of COVID-19 on January 30, 2020, as well as the pandemic on March 11, 2020, the date on which the Albanian Government also announced the state of pandemic from COVID-19, and on the 24 March 2020 declared a state of natural disaster throughout the country. The situation after the declaration of the state of emergency, forced the government to take urgent measures to issue by-laws, on how to proceed without interruption of the teaching process, changing the traditional pedagogical approach of teaching in University auditoriums, passing entirely online teaching through different platforms created and administered as new information technology, but not unified for all HEIs.

The immediate decision-making of the Boards and Senates of the Universities in accordance with the implementation of the regulation issued by the Committee of Experts set up at the Ministry of Education and Culture, the creation of special platforms for online learning without physical contact, this experience was also taken from the EU Universities and those regional, made learning take place, but not with the right expectations, as deficiencies and problems appeared both in the teaching process and the lack of IT infrastructure such as laptops, computers and internet mainly for students who were in rural areas and those who were with financial lack, where their families were treated with economic assistance and those with disabilities, etc

The purpose of the work

The audit with the theme "Performance of Public Universities during the pandemic period" aims to analyze the effectiveness of the institutions subject to audit, responsible for the management of higher education, with the aim of guaranteeing the continuation of the quality of the teaching, research and scientific process in the state of the pandemic , providing health safety conditions for the body of students, lecturers and scientific researchers.

This audit aims to evaluate and provide a clear picture on the quality and security of the system.

Objectives of the paper

- 1- Intensification of the process of aligning Albanian legislation on Higher Education with that of the EU as a candidate country.
- 2- Creation, development, protection and transmission of knowledge.
- 3- Preparing students for further studies - The opportunity for inclusiveness.
- 4- Coordination and cooperation to improve the division of responsibilities regarding the precautions that must be taken to cope with global, national and local disasters.
- 5- Completion, alignment and implementation of contemporary teaching standards in classrooms and online for students and academic staff for the highest competitive quality in today's market and the development of scientific research in accordance with market requirements and the country's development strategy.
- 6- The academic staffs of HEIs should work for a unified and standardized system of higher education in Albania, where opportunities for a higher education, comparable and competitive with the regional and European "markets" are created.

Summary of Methodology

In this paper, a study and analysis of various literatures on the subject matter has been made, ensuring coherence in the validation of the conclusions drawn.

The inputs are as follows:

- Law No. 80/2015 "On higher education and scientific research in higher education institutions in the Republic of Albania";
- Law No. 45/2019 "On Civil Protection"; - Sectoral Strategy of Public Finance Management 2019-2022;
- VKM No. 243, dated 24.03.2020 "On declaring a state of natural disaster";
- VKM No. 709, dated 29.10.2014, "On the approval of the National Strategy for Development and Integration for the period 2014-2020";
- National Education Strategy 2021-2026 Tirana, October 2021; - VKM No. 989, dated 9.12.2015 "On the organization, functioning, duration of tenure and remuneration of the members of the council of higher education and scientific research".

VKM No. 66, dated 03.02.2017 "On determining the criteria and procedures for the establishment and organization of university health services and structures".

Process:

- Implementation of HEI regulatory framework and financial autonomy.
- Implementation of teaching standards in pandemic and normal conditions
- Protecting the health of students and academic staff.
- Training of administrative and academic staff for management as much as possible efficient of pandemic situations and natural disasters.
- Measures to raise awareness and create financial resources for disaster situations.
- Public funds used to protect the health of students and academic staff from the state budget (grants) and the use of own income.

Outputs:

- Studies and analyzes on the measures taken and the experience created in the Covid 19 pandemic situation
- Increasing management capacities through trainings and creating financial resources necessary for disaster situations.
- Cooperation with interest groups and the implementation of the proposals they have both in terms of the measures taken, but also in the increase of income from business in scientific research projects.
- Inter-institutional cooperation.
- Communication, publication, transparency and citizen awareness.

Results:

- A more integrated approach to the management of pandemic situations and other natural disasters, etc., ensuring the most effective and comprehensive infrastructure for students and academic staff;
- Creating the most optimal teaching conditions in the auditorium or outside it, through the improved coordination of the responsible ministry and all relevant actors at the HEIs, to increase the quality of the students' conditions in the auditoriums and the high social impact on the citizens;

- Increasing the role of institutions in the management of HEIs and the quality of teaching of the university product, scientific research in disaster and normal conditions.

Research Questions

Setting research questions was done after determining the topic and objective of the study in order to achieve the objectives through these questions. Based on the research questions, the hypotheses of the study were then raised, which have influenced the direction of which statistical tests can be used for the analysis of the study data. Having clear objectives and information from a variety of foreign and domestic literature has helped us in the clear and understandable design of the research questions, hypotheses and methodology used.

1. Have the policies and measures taken to manage the covid 19 pandemic situation for teaching and scientific research, protecting the health of students and academic staff for the period 2020-2021 been effective?

2. Has the regulatory framework for coping with the situation created by the Covid 19 pandemic been complete and effective;

2.1 Have the policies, legal and by-laws issued as well as the guidelines of the Committee of experts been implemented?

2.2 Has this framework served to achieve the objectives of teaching, scientific research and protecting the health of students and academic staff?

3. Has the appropriate infrastructure been established to respond in time and effectively to the created situation?

3.1 Have the structures within the HEIs been set up and have they functioned in fulfillment of the new objectives?

3.2 Has the appropriate infrastructure been set up to serve the realization of learning objectives?

4. Have the financial resources used to cope with the Covid 19 situation been sufficient?

1. LITERATURE REVIEW

THE SOCIAL PROBLEM AND THE IMPORTANCE OF AUDITING

1.1 THE CONTEXT OF THE SOCIAL PROBLEM

Education is a gift that the present generation must pay to the future.

- George Peabody

Higher education in Albania is among the sectors with a history of many controversies throughout the years, both in social and political aspects, with continuous reforms, with occasional demands of students, academic staff of Higher Education Institutions (HEIs hereafter), administrative staff, etc. and the high public interest in a quality education that responds to the needs of the market, the economy and the strategic development of the country. It is necessary to create important balances, guaranteeing stable balance between the legal intervention of the state in the implementation of education policies and university autonomy in the four areas of this autonomy: in the financial one; organizational; academic and personnel, especially self-financing from own resources. Seen in this context and in a chronological line of the progress of this pillar in the country at least in the last decade, the COVID-19 pandemic found higher education in Albania unprepared in finance, infrastructure, both in space and in information technology in auditorium and outside it, teaching methodology and providing services for this disaster situation.

In this paper, we have considered some of the key aspects that need to find long-term solutions, since they are the roots of some of the biggest problems that were identified

throughout this pandemic period (March 2020-March 2021), with the passage of online university education, with various ununified platforms, which have not yet found a solution.

In terms of methodology, we mainly carried out desk research and contact with students, academic staff and stakeholders in order to make a more objective overview of the situation.

Law No. 80/2015 "On higher education and scientific research in institutions of higher education in the Republic of Albania", gives a clear definition on university autonomy, where institutions of higher education enjoy academic freedom, financial, organizational and personnel selection autonomy, in accordance with the legislation in force. The role of the state in higher education is exercised through its responsible bodies and structures, where in any case it guarantees autonomy and academic freedom and makes available public funds to support study programs or certain fields of scientific research in accordance with development priorities and strategic interests of the country.

These essential principles defined by the aforementioned law, in some cases conflict with some articles and with some different decisions issued by the Council of Ministers in some directions that affect the organization of teaching and the management of public funds.

The World Health Organization (WHO) declared a state of emergency caused by

the epidemic of COVID-19 on January 30, 2020, as well as the pandemic on March 11, 2020, the date on which the Albanian Government announced the state of the epidemic from the infection

of COVID-19, and on March 24, 2020, announced the state of natural disaster in the entire territory of the country, in order to fight and cope with the emerging epidemic.

The situation after the declaration of the state of emergency due to the pandemic situation, forced the government to take urgent measures to issue by-laws, on how to proceed for the uninterrupted continuation of the teaching process, changing the traditional pedagogical approach of teaching in classrooms. Universities, completely passing online teaching through different platforms created and administered as new information technology, but not unified for all HEIs.

The immediate decision-making of the Boards and Senates of the Universities in accordance with the implementation of the regulation issued by the Committee of Experts set up at the Ministry of Education and Culture, the creation of special platforms for online learning without physical contact, this experience was also taken from the EU Universities and those regional, made the teaching to take place, but of course not with the right results and expectations, but there were also shortcomings and problems both in the teaching process, but also in the lack of IT infrastructure such as laptops, computers and internet, mainly for students who were in the areas rural areas and those who were in financial need, where their families are treated with economic/need aid and those with disabilities, etc.

1.2 IMPORTANCE OF PERFORMANCE AUDIT

Auditing of Public Universities is important as it aims to contribute to the improvement of the management of Higher Education Institutions (HEIs), especially in the conditions of civil emergencies such as medical pandemics or natural disasters, etc., increasing the degree of accountability for coping with them, but also using the funds, financial and human resources that HEIs have as effectively, economically and efficiently as possible. The good management of exceptional situations, in addition to commitment, requires the awareness and rigorous and effective implementation of all the resources and opportunities available to HEIs, the creation of the most efficient conditions for the development of learning both in the classroom and with alternative distance, digital methods , and online platforms.

In the conditions of Albania's involvement in global developments, the increase in the demands of the Albanian market for educated young people with contemporary levels and the accession to European education organizations, involvement in disasters or situations of natural disasters and pandemics, cooperation with all the factors involved with their institutional and legal responsibilities, will contribute to increasing public interest in the quality of teaching and scientific research in HEIs.

Education policies in the countries of the European Union are an important point of reference for the candidate countries in the EU. Educational reforms in Albania are based on some of the main principles of pan-European social and economic recommendations, including those of the European Union, the European Commission and the Council of Europe, as well as several bilateral and multilateral organizations, including UNESCO.

In addition, although Albania is not a member state of the OECD, the OECD's Program for International Student Assessment (PISA) has also become an important reference point for policy-making in the country. Beyond Europe, global frameworks such as "Education for All" and

"Millennium Development Goals" have been an important point of reference for the development of education policy in Albania. Policy implications for education of the 2030 Agenda for Sustainable Development, including SDG4-Education 2030 with the common goal of SDG4 to "Ensure quality, inclusive and equitable education, and create and consolidate opportunities for learning during of all life for everyone" is more comprehensive in its scope than previous international education programs that have focused mainly on access to basic education, providing a broader normative framework for ongoing educational reforms in Albania⁵².

2. AUDIT DETAILS

2.1 ASSESSMENT OF THE RISKS OF THE SUBJECT'S ACTIVITIES

Through the identification of strengths, weaknesses, opportunities and threats, a division and grouping of the risks of the institutions subject to audit has been made, to address and divide the risk factors according to their relevance, "within managerial control" and "out of managerial control". These risks have been analyzed, identified and classified according to the SWOT analysis, into internal factors (strengths and weaknesses) and external factors (opportunities and threats).

In the following, risks have been categorized into strategic, financial, legal and operational, in order to address the decision-making responsibilities of "input", "process" or "output", etc.

Tabela: Kategorizimi i Riskut strategjik, financiar, juridik, operacional

1	The lack of prediction, the aggressiveness of the spread of the COVID-19 pandemic and the lack of information.	Strategic risk	High risk
2	Inadequate legal framework for enabling online learning, after the approval of the Law "On Higher Education"	Legal risk	High risk
3	Incomplete regulatory framework due to lack of a national strategy for managing pandemic and disaster situations in the higher education system.	Legal risk	Medium risk
4	Poor inter-institutional coordination, between MSHMS, MASR and HEI.	Operational risk	High risk
5	Lack of professional capacities, infrastructure and logistics necessary in the new conditions.	Operational risk	High risk

⁵²Analysis of Education Policy Albania page 29 UNESCO year 2020

6	Lack of familiarity and unification in the use of electronic platforms, their selection not in accordance with the requirements for teaching and generating statistics and evaluations of knowledge acquisition in HEIs.	Operational risk	High risk
7	Insufficient allocation of funds and lack of refinancing sources	Operational risk	Medium risk
8	The immediate freezing of relations with the institutions caused a part of teaching practices and the lack of alternative solutions in disaster conditions	Operational risk	Medium risk
9	Insufficient spatial capacities for the development of teaching activities and lack of installed equipment.	Operational risk	Medium risk
10	Lack of facilities for students with supplementary services, in the absence of classes in auditoriums	Financial risk and Operational risk	Medium risk

3. EXPLANATION OF QUESTIONS AND SUB-QUESTIONS

3.1. Have the policies and measures taken to manage the Covid 19 pandemic situation for teaching and scientific research, protecting the health of students and academic staff for the 2020-2021 period proved effective?

Audit message:

Higher education institutions (HEIs) to respond to the situation created by the Covid 19 pandemic and the impossibility created by the implementation of the requirements of Law No. 80/2015 for the exception of the form of distance studies, faced the need for the effective use of electronic platforms and in-depth familiarization with information and communication technology (ICT), in order to carry out online learning processes successfully and without obstacles.

The previous non-use of this form of distance learning has put our higher education out of line with international e-learning standards.

The lack of student councils in any HEI, or their inactivity in other HEIs, left students without a voice representation of the concerns and problems they encountered during the pandemic.

The on-line learning process showed shortcomings in terms of the impossibility of precisely monitoring its quality. In no case was the documented flow of activities from the beginning to their end designed and approved, which aims to review all individual activities and decision-making related to them, as it pertains to the online learning process.

Specifically, the monitoring of lessons was based on the self-declaration of each teacher after the development of the teaching process. The lack of audit trails for the development of the online learning process failed to provide complete documentation of operations in such a way as to enable internal and external auditors and supervisory authorities to understand the control environment in universities.

For the selection of the on-line platform, no needs analysis was done, initiated by the respective departments, regarding the capacities that the virtual classes should have; the need or not for laboratory work; volume of tasks, etc. As a result of the above, it turned out that the universities applied several platforms (often selected individually by the lecturers) such as Google-classroom, Teams and Zoom, which, based on the answers to the questionnaires, constantly presented technical problems. Universities failed to prioritize budgets in order to orient funds against the needs dictated by the pandemic, causing about 20-30% of their budget funds to "burn" and not be used.

3.2. HAS THE REGULATORY FRAMEWORK BEEN COMPLETE AND EFFECTIVE TO DEAL WITH THE SITUATION CREATED BY THE COVID 19 PANDEMIC?

3.2.1. Have the policies, legal and sub-legal acts issued, as well as the guidelines of the Committee of experts, been implemented?

Like all sectors of life in our country, Higher Education also closely felt the turmoil created by the pandemic situation caused by Covid 19. Dealing with this unusual situation created significant problems related to the adaptation of didactic-learning needs of students and academic staff, as well as those of scientific research for researchers, bearing in mind that these activities had to be carried out in health safety conditions according to the rules established by the Committee of Experts at the Ministry of Education and Culture and with the lowest possible exposure to the risk of infection.

On March 9, 2020 MASR, based on the situation created by the Covid 19 pandemic, as following the Order of the Ministry of Health and Welfare - no. 135, dated 09.03.2020, issued Order No. 91 "On the suspension of the teaching process in all public and non-public educational institutions".

In this document it was ordered: "Closing of public and non-public educational institutions for a period of two weeks from the entry into force of the order".⁵³

Immediately after this Order, the universities stopped the teaching process. Disruption of the learning process was accompanied by numerous challenges of applying alternative online learning.

But this type of approach found higher education institutions and Albanian families unprepared in terms of the effectiveness and quality of services offered by public HEIs.

⁵³MASR order no. 91 "On the interruption of the teaching process in all public and non-public educational institutions", point 1

A few days after the issuance of Normative Act No. 3, dated 15.3.2020 "On taking special administrative measures during the duration of the period of infection caused by COVID-19", with the approval of VKM - No. 243, dated 24.3.2020 "On the announcement of the state of natural disaster", ⁵⁴Higher Education entered an extraordinary administration regime, due to the created situation.

Regarding the provisions of law no. 45/2019 "On civil protection", which are numerous, some of them were unfulfilled "ante factum" (before the fact) in relation to the declared natural disaster situation, putting the activity of HEIs in difficulties.

Approval of Law no. 45/2019 "On civil protection", with the aim of reducing the risk from disasters and realizing civil protection to guarantee the protection of people's lives, through the strengthening of the civil protection system, aims to ensure the adaptation of the protection system civil with European standards⁵⁵, in accordance with the priorities of the Sendai Framework for Disaster Risk Reduction (2015-2030)). ⁵⁶This act approved by the member states of the United Nations on March 15, 2015 during the "World Conference on Disaster Risk Reduction" held in Sendai⁵⁷, Japan and approved by the General Assembly of the United Nations in June 2015, provided in one of the seven objectives (the fifth objective) of its own global: "To significantly increase the number of countries with strategies for reducing the risk from national and local disasters within 2020". Therefore, the objective of this law remains the integration of the priorities, goals and objectives of the "Sendai" framework for disaster risk reduction in government policies at all levels, especially through the drafting and implementation of the National Strategy for Risk Reduction from Disasters, disaster risk assessments and civil emergency plans at the central level, at all levels, as well as other measures

Audit findings:

1. From the verification of documents and acts, related to policies in the field of civil defense and their implementation, it was found that a National Strategy for Disaster Risk Reduction has not been approved, in violation of Article 10, point 1, which defines that: "The National Strategy for Disaster Risk Reduction is the basic strategic document of the Republic of Albania that defines the policies and activities of institutions and central and local structures, as well as all other entities in disaster risk management and is approved by the Council of Ministers, at the proposal of the minister" even though Law No. 45/2019.

⁵⁴Law No. 45/2019 "On civil protection", article 3, point 9.

⁵⁵<https://parlament.al/Files/ProjektLigje/20190610101549RELACION%20%20MBROJTA%20CIVILE.pdf>

⁵⁶https://it.wikipedia.org/wiki/Quadro_di_riferimento_di_Sendai_per_la_riduzione_del_rischio_di_disastri#cite_note-unisdr1-5

⁵⁷Sendai is a city of one million inhabitants in Japan, where on March 15, 2015, UN member states gathered at the World Conference on Disaster Risk Reduction, where the document known as the Sendai Framework was adopted, then approved by the United Nations Assembly in June 2015

The lack of a strategy is contrary to the fifth objective of the SENDAI14 disaster risk reduction framework: "Substantially increase the number of countries with national and local disaster risk reduction strategies by 2020".

The lack of strategy is evidenced as a deficiency in the successive findings of the progress reports of the European Commission for Albania, including the last progress report for the year 2018.

From the documentation made available by MAS, it results that in PPAP (planning of programmed activity processes) 2022 of the Ministry of Defense, the approval of the Strategy is foreseen in the third quarter of 2022. Based on Prime Minister's Order no. 57, dated 29.06.2021 (prot. no. 3664, dated 29.06.2021, protocol of the Ministry) "On the establishment of the Inter-institutional Group and the Inter-institutional Technical Working Group for the preparation of the project of the National Disaster Risk Reduction Strategy", has work started on its drafting and referring to point 2, letter dh, of the same order, a member of the Inter-institutional Working Group, representing MASR, is the Deputy Minister of this department.

2. Also, it was found that even though Law No. 45/2019 "On civil protection", dated 18.07.2019, a National Plan for Civil Emergencies has not yet been approved. Given that Law No. 45/2019 "On Civil Protection", Article 14, Point 4, provides that: "The National Plan for Civil Emergencies is approved by Decision of the Council of Ministers, on the proposal of the Minister", ⁵⁸then the need for preparation and its approval, as soon as the National Strategy for Disaster Risk Reduction has been approved.

3. It is established that MAS, pursuant to Law No. 8756, dated 26.03.2001, approved on 08.08.2019, with no. 7856 prot., "Regulation for the prevention of natural disasters or other disasters and extraordinary measures".⁵⁹

This ministry has the obligation, according to the provisions of Law No. 45/2019 "On civil protection", dated 18.07.2019, article 22, point 2, letter a, to draft, approve and update the plan for civil emergencies, according to the area of responsibility state and send it to the National Civil Defense Agency for analysis and planning purposes, while it has not yet approved such a document, after the entry into force of Law No. 45/2019 "On civil protection", dated 18.07.2019.

Conclusions:

1. The lack of approval of the National Strategy for Disaster Risk Reduction, which is the basic strategic document of the Republic of Albania, has prevented the preparation of the National Plan for Civil Emergencies. The preparation and approval of the National Plan for Civil Emergencies is a prerequisite for the preparation and approval of the ante factum action plans, which could be prepared by the entities before the occurrence of the natural disaster situation, as was the pandemic caused by Covid 19 , consequently finding the Ministry of Education and Sports and HEIs unprepared for the circumstances. The interdependencies of the preparation and approval of these

⁵⁸Law No. 45/2019 "On civil protection", article 14, point 4.

⁵⁹Law No. 45/2019 "On civil protection", article 22, paragraph 1 and 2, letter a. and b.

documents have produced a domino effect, where the disapproval of the National Strategy for Disaster Risk Reduction has hindered the preparation and approval of documents at other levels.

Recommendations:

1. The Ministry of Education and Sports, through its representative, to contribute to the GroupInter-institutional and Inter-institutional Technical Working Group for the preparation of the project of the National Disaster Risk Reduction Strategy, enriching with the experiences and needs that emerged even during the period of the Covid 19 pandemic in HEIs - and the content of the National Strategy for Risk Reduction from Disasters. To sensitize all policy-making and decision-making mechanisms for its approval as soon as possible. The Ministry of Education and Sports after the approval of the National Strategy for Disaster Risk Reduction, to prepare and follow the approval of the National Plan for Civil Emergencies.
2. The Ministry of Education and Sports to approve and update the plan for civil emergencies, according to the field of state responsibility, as soon as the National Strategy for Disaster Risk Reduction and the National Plan for Civil Emergencies.

The start of online learning in Albanian HEIs and the necessary measures to guarantee this process, was not accompanied by the approval of any formal act by the Assembly, Government or MASR, but was only ordered on March 16, 2020, via an e-mail - i, with subject: "Regarding the distance learning option", sent by the deputy. The Minister of MASR, all rectors and deans of HEIs, where it was pointed out: "Every university and every faculty must find solutions as soon as possible to ensure the alternative of online learning.... There are many online learning platforms that are currently used in the world, starting from free platforms, as well as various paid platforms.

However, there is not much time to lose and every faculty/university should start implementing these measures as soon as possible...

Online learning is also recognized as a form of distance learning by the National Strategy of Higher Education

2021-2026, when it underlines: "Lack of distance learning programs and blended learning programs". At the moment, in Albania there is no higher education curriculum that is offered remotely or in a combined form. Meanwhile, distance learning during 2020 was carried out in a completely synchronous form, through lectures in real time."⁶⁰

Audit finding

Exclusion of the form of distance studies, in Law No. 80/2015 "On Higher Education and Scientific research in institutions of higher education in the Republic of Albania has been made impossible

HEIs, starting from 2015, the use of electronic platforms and in-depth familiarization with ICT, in order to use them, for the successful and unhindered implementation of online learning processes,

⁶⁰National Education Strategy 2021-2026, page 101

in normal conditions, as well as in exceptional conditions , like those during the pandemic period. This places higher education outside the advanced international teaching standards of e-learning.

Conclusion:

The impossibility for HEIs to use electronic platforms and become deeply familiar with ICT, in order to use them for the successful and unhindered implementation of online learning processes during the pandemic period, is related to the limitation of study forms by Law 80/2015 , which excludes distance learning.

Recommendation:

The Ministry of Education and Sports as the institution responsible for education, to formulate and propose an amendment to Law No. 80/2015 "On Higher Education and Scientific Research in the institutions of higher education in the Republic of Albania", anticipating and including the possibility of developing online learning processes, through the restoration of the form of distance studies, or by openly attributing to HEIs, in their academic and organizational freedom, the choice and evaluation to activate them, according to the relevant needs and specifications.

Addressing the problems of the inclusion of Information Communication Technology (ICT) in the learning processes, the HEIs were asked if they had information regarding the recommendations left by Resolution 2001/C 204/02, known as the Resolution on e-learning, approved by the Council of Ministers of Education of the EU member states on July 13, 2001, following the conclusions of the Lisbon European Council of March 23 and 24, 2000.

In response to the Questionnaire, none of the HEIs stated that they had any information.

This Resolution in an undifferentiated manner refers to all levels of education, without excluding university (see recommendation iii.) making it clear as a strategic goal, it has that of creating a competitive, dynamic and knowledge-based economy, as well as specific objectives related to information and communication technology (ICT) and education, seeking the effective integration of ICT into education systems.

This act is of particular importance in the history of European education's efforts to embrace and integrate ICT into its teaching practices, known as e-learning.

Audit Finding:

HEIs not recognizing Resolution 2001/C 204/02, known as Resolution on e-learning, approved by the Council of Ministers of Education of the EU member states on July 13, 2001 on e-learning, prove that they have deficiencies related to the information related to e-learning practices, recommended since several decades ago in EU countries.

Conclusion:

Ignorance of important EU documents related to e-learning represents a reason for ignorance of EU recommendations and practices, which should become an integral part of processes in Albanian education at all levels, including higher education. Ignorance and the non-implementation of these

recommendations and practices in the state of emergency created difficulties in the selection and use of electronic teaching platforms.

Recommendation:

HEIs to deepen their knowledge on e-learning documents and good practices, in order to reflect them in their learning processes.

Audit findings:

Online learning, as a form of learning that replaced and compensated classroom learning, was not provided for through a clear legal definition, as provided for in the Constitution of the Republic of Slovenia, article 170, paragraph 3, where it is underlined that: "The law must define the principles, areas and method of compensation for losses resulting from the restriction of rights and freedoms while taking extraordinary measures", ⁶¹but MASR has contented itself with sending an e-mail, where HEIs were asked that: "Every university and every faculty must find solutions as soon as possible to ensure the alternative of online learning".⁶²

Conclusion:

Failure to foresee through a clear legal definition of online learning, in the conditions of the state of extraordinary, as a form of learning that compensated for learning in the auditorium, was done in violation of the obligation sanctioned in the Constitution of the Republic of Albania, article 170, paragraph 3, which states: "The law must define the principles, areas and method of compensation for losses resulting from the restriction of rights and freedoms during the adoption of extraordinary measures ".⁶³

Recommendation:

The Ministry of Education and Sports to draft and send for approval the legal revisions, while determine the principles and method of compensating losses or limiting the rights to education in exceptional situations, including the forms of study and the practice followed for the development of online learning and not in the classroom.

3.2.2. Has this framework served to achieve the objectives of teaching, scientific research and protecting the health of students and academic staff?

The Ministry of Education, Sports and Youth as the institution responsible for drafting policies in the field of higher education, pursuant to point 7, article 57 of the Constitution and point 2, article 7 of law no. 80/2015 "On higher education and scientific research in institutions of higher education in the Republic of Albania", requested measures to be taken by all institutions of higher education, for various academic processes, related to the observance of regulatory acts for the

⁶¹Constitution of RSH in article 170, paragraph 3

⁶²E-mail - i, dated March 16, 2020, subject: "Regarding the distance learning option", sent by the deputy. Minister of MASR, all rectors and deans of HEIs

⁶³Constitution of RSH in article 170, paragraph 3

implementation of hygiene and sanitary measures and protocols on the prevention of the spread of the Covid-19 infection.

With the approval of Order No. 135 from the Ministry of Education and Culture, dated 09.03.2020 "On the closure of institutions for the prevention of the spread of Covid-19", for its part, MASR has approved and sent to HEIs, Order No. 91 of MASR, dated 09.03.2020 "On the suspension of the teaching process in all public and non-public educational institutions", which orders: "The suspension of the teaching process in all public and non-public educational institutions for a period of 2 weeks, from the entry into force of this order, in order to prevent the spread of COVID 19, according to the direction of the Minister of Health and Welfare, No. 135, dated 09.03.2020."⁶⁴

On 15.03.2020, Normative Act No. 3, with the force of law, for "On taking special administrative measures during the duration of the period of infection caused by COVID-19".⁶⁵ This Normative Act was aimed at "determining and strengthening the implementation of rules, decisions, orders and instructions issued by the competent bodies, throughout the territory of the Republic of Albania, for the prevention and fight against the spread of the infection caused by COVID -19"⁶⁶ As provided in the content of this Normative Act, "This normative act has a temporary character and applies as long as the period of infection caused by COVID-19 lasts." and "The implementation of this normative act, for the duration of the period of infection caused by COVID-19, has priority over the provisions of other acts related to administrative measures."⁶⁷

With VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", proposed by the Minister of Health and Social Protection, as well as by the Minister of State for Reconstruction, in support of articles 100, 170, 174, point 1, e 175, point 2, of the Constitution, and the letter "ç", of article 18, point 1, of article 19, and point 1, of article 39, of law no. 45/2019, "On civil protection", the Council of Ministers decided: "The declaration of a state of natural disaster in the entire Republic of Albania due to the epidemic caused by COVID-19."⁶⁸ This VKM determines that: "The Institute of Health Publik is assigned to the role of the Technical Secretariat of the KNEC (ed. Interministerial Committee of Civil Emergencies, established by decision no. 750, dated 27.11.2019, of the Council of Ministers), for issues of natural disasters declared due to the epidemic caused by COVID-19."⁶⁹

As it is provided in VKM - in No. 243, dated 24.3.2020, for dealing with and facilitating consequences of the natural disaster, public institutions are charged: "... to implement action plans organizational and administrative measures to cope with the state of natural

⁶⁴Order No. 91 of MASR, dated 09.03.2020 "On the interruption of the teaching process in all public and non-public educational institutions", point 1

⁶⁵Normative Act No. 3, with the force of the law, approved on 15.03.2020, for "Taking special administrative measures during the duration of the period of infection caused by COVID-19", article 2

⁶⁶Normative Act No. 3, with the force of the law, approved on 15.03.2020, for "Taking special administrative measures during the duration of the infection period caused by COVID-19", article 6, point 1.

⁶⁷Normative Act No. 3, with the force of the law, approved on 15.03.2020, for "Taking special administrative measures during the duration of the infection period caused by COVID-19", article 6, point 2.

⁶⁸VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", point 1

⁶⁹VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", point 5

disaster⁷⁰..." and "...to limit access to public facilities, which have a wide attendance...".

⁷¹Likewise, this Decision of the Council of Ministers underlines that: "All rights and freedoms limited by acts issued pursuant to law no. 15/2016, "On the prevention and combating of infections and infectious diseases", as amended, and with normative act no. 3, dated 15.3.2020, of the Council of Ministers, "On taking special administrative measures during the duration of the infection period caused by COVID-19", as amended, remain in force⁷².

On 23.04.2020, one month after the approval VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", the Assembly of Albania approved Decision No. 18/2020 "On granting consent for the extension of the state of natural disaster", until 23.6.2020.

This Decision, proposed by the Council of Ministers, was approved in accordance with the provisions of Law No. 45/2019, "On civil protection", which stipulates the obligation that the CM: "informs the Assembly of the Republic of Albania through the minister about the situation created, the risks that are presented and the measures taken to manage the situation, as well as requests the approval of the Assembly of Republic of Albania for extending the state of disaster beyond 30 days."

Meanwhile, MASR with Order No. 104, dated 30.04.2020, "On taking measures to close the academic year 2019 - 2020 by higher education institutions, due to the state of natural disaster caused by the Covid-19 pandemic", sent to all HEIs - ve, orders: "Public institutions of higher education, for the closure of the 2019-2020 academic year, due to the state of natural disaster caused by the COVID 19 pandemic, take measures to:

Prioritization of work for students of all study cycles who graduate in the academic year 2019-2020, for the return of students to the auditorium for the repetition of lectures, seminars, or laboratory work, within the month of June 2020, for a period of no less than three weeks: as well as "the continuation of on-line teaching to close the lesson plans in each study program⁷³". In the letter "g" of point 1, of this Order, MASR requires HEIs to approve internal regulations from all institutions of higher education, for the conduct of students in the institution, as well as the regular sanitization and disinfection of premises, on the basis of the regulation approved by the Ministry of Education, Sports and Youth and the Institute of Public Health, defining below the date 15 May 2020, as the deadline within which HEIs had to draft and submit to MASR, the plan of organizational and administrative measures, in order to guarantee the social distancing of students and academic staff, participation in the online teaching process and the ways in which online teaching is developed.

Audit findings:

Online learning, as a form of learning that replaced and compensated classroom learning, was not provided for through a clear legal definition, as provided for in the Constitution of the Republic

⁷⁰VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", point 6.1, letter a.

⁷¹VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", point 6.1, letter d

⁷²VKM No. 243, dated 24.3.2020 "On declaring a state of natural disaster", point 7.

⁷³Order of MASR, No. 104, dated 30.04.2020, "On taking measures to close the academic year 2019-2020 by higher education institutions, due to the state of natural disaster caused by the Covid-19 pandemic", point 1, letter a and c.

of Slovenia, article 170, paragraph 3, where it is underlined that: "The law must define the principles, areas and method of compensation for losses resulting from the restriction of rights and freedoms while taking extraordinary measures", ⁷⁴but MASR has contented itself with sending an e-mail, where HEIs were asked that: "Every university and every faculty must find solutions as soon as possible to ensure the alternative of teaching online....".⁷⁵

Conclusion:

Failure to foresee through a clear legal definition of online learning, in the conditions of the state of extraordinary, as a form of learning that compensated for learning in the auditorium, was done in violation of obligation sanctioned in the Constitution of the Republic of Albania, article 170, paragraph 3⁷⁶.

Recommendation:

The Ministry of Education and Sports to draft and send for approval the legal revisions, while determine the principles and method of compensating losses or limiting the rights to education in exceptional situations, including the forms of study and the practice followed for the development of online learning and not in the classroom.

Law No. 80/2015, "On Higher Education and Scientific Research in institutions of higher education in the Republic of Albania", grants students of public and private institutions of higher education the right to be equipped with a student card. "Students of public and private institutions of higher education are provided with the student card, which is a unique document. Through it, students benefit from services at reduced prices." ⁷⁷Also, this law determines that: "Student benefits from the use of the student card are covered by the funds provided in the State Budget of the relevant ministry that covers the institution of higher education or local government units that cover the services provided to students ".⁷⁸

On 17.04.2019 VKM No. 226, "On the categories of services provided by state entities and other subjects, which are availed at reduced prices through the use of the student card".

This act provides that: "Services provided by state entities in the field of art and culture, health and social protection, education, sport and youth, transport, tourism and environment, economy, finance, employment and training and those of defense benefited by students at reduced prices through the use of the student card, as a unique document of each student.". ⁷⁹Also, VKM No. 226, adds that: "Ministers, according to the relevant area of responsibility, approve, by joint order with the ministry responsible for education, the list of services offered at reduced prices for students.

⁷⁴Constitution of RSH in article 170, paragraph 3

⁷⁵E-mail - i, dated March 16, 2020, subject: "Regarding the distance learning option", sent by the deputy. Minister of MASR, Mr. O. Rr., to all rectors and deans of HEIs

⁷⁶Constitution of RSH in article 170, paragraph 3

⁷⁷Law No. 80/2015, "On Higher Education and Scientific Research in higher education institutions in the Republic of Albania", article 100, point 1

⁷⁸Law No. 80/2015, "On Higher Education and Scientific Research in higher education institutions in the Republic of Albania", article 100, point 3.

⁷⁹VKM No. 226, dated 17.04.2019 "On the categories of services provided by state entities and other entities, which are available at reduced prices through the use of the student card", point 1

The joint order defines the reduced prices for the services to be provided. The financial effects from the price reduction are borne by the budget of each ministry providing services to students, according to the area of state responsibility.

Audit Finding:

The audit process evidenced that: HEIs either do not have information on the progress of the student card equipment process, or the agreements they have signed with the local self-government units do not include services at reduced prices for the needs arising in the period of pandemic. Likewise, the HEIs have not signed "...agreements with ...private entities, for the provision of various services, ...at reduced prices for the beneficiaries of the student card.", in the absence of implementation of VKM - of No. 226, dated 17.04.2019 "On the categories of services provided by state entities and other entities, which are availed at reduced prices through the use of the student card", point 6.⁸⁰

The Ministry of Education and Sports has concluded all agreements until 2019 and none in 2020 and 2021, not including in the range of services offered at reduced prices, object of agreements, any services related to the needs created by the situation of the pandemic.

The Ministry of Education and Sports has signed an agreement with the Ministry of Tourism and Environment, with the Ministry of Culture and the Ministry of the Interior, but has not signed an agreement for the services that: "...are provided by state entities in the field of..., health and defense social, education, sports and youth, transport,..., economy, finance, employment and training... "that are benefited by students at reduced prices through the use of the student card"⁸¹...", contrary to VKM No. . 226, dated 17.04.2019, in point 1.

The audited HEIs and the Ministry of Education and Sports have not made an inventory of students' needs during the pandemic period, on the basis of which to orient their activities in support of the promotion and benefit of services at reduced prices through the student card.

Conclusion:

The Ministry of Education and Sports and HEIs, together with state entities of various fields, local self-government units and private sector operators, during the pandemic period should have found forms of cooperation, with the aim of implementing and concretely materializing services at reduced prices for students, within the framework of the student card and in response to the new needs created by the extraordinary situation Covid 19.

Recommendation:

The Ministry of Education and Sports and HEIs, in cooperation with state entities in the fields of different, local self-government units and private sector operators, to update and enrich the

⁸⁰VKM No. 226, dated 17.04.2019 "On the categories of services provided by state entities and other entities, which are availed at reduced prices through the use of the student card", point 6.

⁸¹VKM No. 226, dated 17.04.2019 "On the categories of services provided by state entities and other subjects, which are availed at reduced prices through the use of the student card", point 1.

spectrum of agreements for services that benefit students at a reduced price, in accordance with the situations and needs.

Law No. 80/2015, "On Higher Education and Scientific Research in higher education institutions in the Republic of Albania", article 87, point 3, provides that: "Attendance of the teaching process, according to the type of teaching activities in the auditorium, and the cycle of study, is mandatory to a certain extent, which is determined based on the Quality Code and the instruction of the minister responsible for education"⁸²."

Therefore, the mandatory measure of attendance of the learning process is determined by these two legal criteria, which remain cumulative criteria. To the issue of: "How have HEIs verified and ensured the implementation of the obligation to attend the learning process in the conditions of the Covid 19 pandemic, in the period March 2020 - December 2021?", ⁸³MAS has given this assessment and answer to the Questioner: "The Code of the Quality of Higher Education is the main document for all quality assurance processes and procedures in higher education (HEI). It defines the state quality standards, mandatory for implementation by higher education institutions. The Quality Code in Higher Education, approved by VKM - in No. 824, dated 24.12.2021, in point 3 has repealed VKM No. 531, dated 11.09.2018, which approved the previous Quality Code.

Also based on the Higher Education Quality Code, the attendance of the teaching process is determined directly in the regulations of the study programs approved by the IAs, within the framework of freedom academic and autonomy of these institutions. In Article 3 of Law no. 80/2015 it is determined that: "Academic freedom is guaranteed through the right: a) to organize teaching-teaching, research-scientific, innovation activities, as well as creative activities; b) to design and develop the study programs and to determine the fields of research-scientific activity;".

During the pandemic period, in the absence of the approval of the Instruction by the Minister of MASR (today MAS) "On the attendance of the teaching process, according to the type of teaching activities in the auditorium, and the study cycle", in parallel with this non-fulfilment, it is found in some cases, that the Minister of MASR recommends to HEIs that: "Absences of students in lectures or "online" seminars do not penalize students for participating in exams, assessing the objective difficulties that may have been experienced by a part of students during this period".⁸⁴This recommendation of the Minister of MASR, is quoted from letter No. 749/25 prot., dated 11.02.2021, with the subject: "On the development of some of the exams of specific subjects in the auditoriums" addressed to the rectors of the IAs, point 4. But the same recommendation, left by the Minister of MASR, also in letter no. 2661/1 prot., dated 10.05.2021, (which accompanied Order no. 89 prot., dated 10.05.2021, subject: "On taking measures by higher education institutions for the end of the academic year 2020-2021"), where in its point 2, just like in the letter three months ago, it is precisely stated: "Students' absences from lectures or "online" seminars should

⁸²Law No. 80/2015, "On Higher Education and Scientific Research in higher education institutions in the Republic of Albania", article 87, point 3.

⁸³Questionnaire of the Audit Group, sent to HEI and MAS, on 30.03.2022

⁸⁴Letter of MASR, No. 749/25 prot., dated 11.02.2021, with subject: "On the conduct of some of the exams of specific subjects in auditoriums" addressed to the rectors of HEIs, point 4.

not penalize students for participating in exams, assessing the objective difficulties they may have had part of the students during this period".⁸⁵

The evaluation of these "objective difficulties" during the pandemic period has been assigned to the lecturers, who, regardless of whether they certify the student's presence or not in the learning process, have no right or obligation to investigate or evaluate the reasons for the students' absences.

One of the main directions where the activity of health institutions is addressed, related to public health protection policies, is the vaccination process, since this form guarantees the immunization of the citizen in contact with all sources of infection. Given that public institutions of higher education are categorized as subjects with high risk activity for the spread of the COVID-19 infection, the Minister of Health and Social Protection has approved and forwarded to all HEIs, Order No. 413, dated 24.09.2021 "On taking measures to prevent covid-19 infection, for the personnel of educational institutions and students", where in point 4, it was determined that: "For students who do not present the Covid-19 Vaccination Certificate or the vaccination card, the leaders of the University Education Institutions to take measures to offer the study on alternative platforms, starting from 11.10.2021".⁸⁶

Only three days later, the Minister of Health and Social Protection issued for implementation Order No. 413/1, dated 27.09.2021 "For a change in order no. 413, dated 24.09.2021 "On taking measures for the prevention of covid-19 infection, for the personnel of educational institutions and students", where point 4 changed, as follows: "Students must present the covid-19 vaccination certificate or vaccination card, to enter higher education institutions, starting from 11.10.2021".⁸⁷"This order is forwarded to the ministry responsible for education"⁸⁹, it is stated in Order No. 413/1, dated 27.09.2021. Both of these orders were approved by the Ministry of Health, in accordance with the decision of the Temporary Committee on Spreading Infection from the new Coronavirus No. 3614 prot., dated 30.8.2021, in order to protect the health of the population from the infection caused by COVID-19.

This measure, despite the decrease in the number of infected people, was considered as the right policy and measure at the current stage of the Covid 19 pandemic. Regarding the implementation of these two orders, the MAS has forwarded the letter No. 5378, dated 01.10.2021 "On the implementation of regulatory acts for taking measures for the beginning of the academic year 2021-2022 by institutions of higher education".

Audit findings:

The vaccination process before the start of the 2021-2022 academic year, initiated pursuant to the Order of MSHMS - of, No. 413, dated 24.09.2021 "On taking measures for the prevention of covid-

⁸⁵Letter No. 2661/1 prot., dated 10.05.2021, (which accompanied Order no. 89 prot., dated 10.05.2021, subject: "On taking measures by higher education institutions for the end of the academic year 2020-2021") , point 2.

⁸⁶MSHMS Order No. 413, dated 24.09.2021 "On taking measures to prevent covid-19 infection, for the personnel of educational institutions and students", point 4.

⁸⁷Order No. 413/1, yes to the Ministry of Education and Culture, dated 27.09.2021 "For a change in order no. 413, dated 24.09.2021 "On taking measures to prevent covid-19 infection, for the personnel of educational institutions and students", point 1, which changed point 4 of order No. 413

19 infection, for the personnel of educational institutions and students" and the Order of the Ministry of Education and Culture, No. 413/1, dated 27.09.2021 "For a change in order no. 413, dated 24.09.2021 "On taking measures to prevent covid-19 infection, for the personnel of educational institutions and students", which was a condition for the presence of students in the auditoriums, was not outlined by the HEIs, in full respect as provided in these two acts. The obligation provided for in point 1 of Order No. 413/1, dated 7.09.2021, that "Students must present the COVID-19 vaccination certificate or vaccination card, to enter higher education institutions, starting from 11.10.2021", ⁸⁸has not been respected and implemented by HEIs with rigor and students have been present in the auditoriums despite their non-vaccination, since the alternative of online learning for the unvaccinated was removed after the amendment of point 4 of Order no. 413, with the provision of point 1 of Order No. 413/1.

Conclusion:

The risk of infection by Covid 19 for the unvaccinated is a problem with a high impact on the personal health of the infected, but also a problem for public health, since the requirements of orders no. 413 and no. 413/1 of the Ministry of Health and Social Protection.

Recommendation:

Ministry of Education and Sports and HEIs, to take measures and cooperate with institutions that make public health policies and ensure their implementation in cases of natural disasters caused by pandemics, as well as the implementation of mandatory measures to prevent the spread of infectious diseases, including mass vaccination processes.

3.3. QUESTION NO. 2 HAS THE APPROPRIATE INFRASTRUCTURE BEEN ESTABLISHED TO RESPOND TO YOU IN TIME AND EFFICIENTLY TO THE SITUATION CREATED BY THE COVID 19 PANDEMIC.

3.3.1. Have the structures within the HEIs been set up and have they functioned in fulfillment of the new objectives?

- The audit showed that the departments did not:

3.2.2. Has this framework served to achieve the objectives of teaching, scientific research and protecting the health of students and academic staff?

The Ministry of Education, Sports and Youth as the institution responsible for drafting policies in the field of higher education, pursuant to point 7, article 57 of the Constitution and point 2, article 7 of law no. 80/2015 "On higher education and scientific research in institutions of higher education in the Republic of Albania", requested measures to be taken by all institutions of higher education, for various academic processes, related to the observance of regulatory acts for the

⁸⁸Order of the Ministry of Education and Culture, No. 413/1, dated 27.09.2021 "For a change in order no. 413, dated 24.09.2021 "On taking measures to prevent covid-19 infection, for the personnel of educational institutions and students", point 1.

implementation of hygiene and sanitary measures and protocols on the prevention of the spread of the Covid-19 infection.

With the approval of Order No. 135 from the Ministry of Education and Culture, dated 09.03.2020 "On the closure of institutions for the prevention of the spread of Covid-19", for its part, MASR has approved and sent to HEIs, Order No. 91 of MASR, dated 09.03.2020 "On the suspension of the teaching process in all public and non-public educational institutions", which orders: "The suspension of the teaching process in all public and non-public educational institutions for a period of 2 weeks, from the entry into force of this order, in order to prevent the spread of COVID 19, according to the direction of the Minister of Health and Welfare, No. 135, dated 09.03.2020."

On 15.03.2020, Normative Act No. 3, with the force of law, for "On taking special administrative measures during the duration of the period of infection caused by COVID-19". This Normative Act was aimed at "determining and strengthening the implementation of rules, decisions, orders and instructions issued by the competent bodies, throughout the territory of the Republic of Albania, for the prevention and fight against the spread of the infection caused by COVID -19" As provided in the content of this Normative Act, "This normative act has a temporary character and applies as long as the period of infection caused by COVID-19 lasts." and "The implementation of this normative act, for the duration of the period of infection caused by COVID-19, has priority over the provisions of other acts related to administrative measures."

- analysis of the needs in relation to the capacities that the virtual classrooms should have, with the aim of their real and problem-free functioning;

- analysis regarding the needs for laboratory works; - study or analysis on the state of the digital infrastructure to know the necessary capacity for

downloading lectures, course assignments, projects, etc. As a result of the identification of the above problems, it turned out that the audited universities applied several platforms (often selected individually by the lecturers), such as Google-classroom, Microsoft Teams and Zoom, which, based on the answers to the questionnaires, presented technical problems related to with the internet and accessing platforms.

- Students and lecturers presented uncertainties regarding the addressing of complaints during the pandemic period, and in no case was the audit trail drawn up for the handling of complaints.

- In no case has the documented flow of activities (from their beginning to their end) been drawn up and approved regarding the online (distance) and classroom learning process in the 2020-2021 pandemic period, which aims to redefine all individual activities and decision-making related to them. Specifically, the monitoring of lessons was based on the self-declaration of each lecturer after the development of the teaching process, which was reported every week to the Curriculum Directorate of HEIs, information which they forwarded to MASR.

- Lack of audit trails for the development of a learning process, not ensuring

documenting the operations in such a way as to enable the internal and external auditors and supervisory authorities to understand the control environment, this is contrary to Article 16 of Law no. 10296, dated 8.7.2010 "On financial management and control", amended.

-None of the HEIs have evidence of the attendance of the digital library during the pandemic by students, who could access the digital library only through the account enabled by the relevant faculty, resulting from the lack of access of the HEIs -ve in the digital system.

-None of the HEIs at the beginning of the academic year 2021-2022 have offered the possibility of performing the free PCR test to students who have not been vaccinated, and according to Order No. 395 dated 06.10.2021 of MAS and Order No. 413 dated 24.09.2021, Instructions 413/1 dated 27.09.2021 of MSHMS in the auditorium, only students with a vaccination certificate, a negative PCR test or a doctor's certificate for the impossibility of vaccination, will be allowed to enter the auditorium .

Based on the above, we cannot give reasonable assurance on the effectiveness of the lessons, as long as the control systems that should have been set up for these processes, generated by the platforms used, have not been set up.

3.3.2. Have the structures within the HEIs been set up and have they functioned in fulfillment of the new objectives?

From the universities subject to audit with the beginning of the pandemic situation March 2020-December 2021, it was found that the HEIs have taken measures, setting up working groups and reorganizing their structures in order to fulfill the objectives for the development of the distance learning process (online). and in the auditorium, after the return of the students, based on the decisions of the Committee of Experts at the Ministry of Education and Culture, drawing up the administrative and technical-methodical documentation in accordance with all legal and normative acts and the instructions of the Orders from MASR and other institutions , who had decision-making and binding powers for implementation (health and hygiene institutions, law enforcement agencies, etc.)

In the audit carried out in the HEIs, it was found that except for some problems that have been identified, there has been an emergency assessment by the HEIs, completing the legal and administrative package for every decision-making by the Senate, the Board of Administration as well as by the Rector and the Conference of Rectors Specifically, in relation to the use of platforms and the preparation of staff according to the existing possibilities of HEIs, it has resulted that measures have been taken to use online platforms, which were Google Meet+Google Classroom as well as Zoom Software (addressed for the following three universities , lower). Through these platforms, it was aimed to create virtual lecture and seminar classes, to send online materials to students, as well as for online communication with them, explaining the lectures, seminars, which are developed according to the approved teaching schedule for teaching in faculty auditors. The monitoring process was based on the self-declaration of each lecturer, after the development of the teaching process, which brings impossibility

Attendance table for the academic year 2018-2019, 2019-2020, 2020-2021

Fakulteti	2018-2019	2019-2020	2020-2021
FSHNH	98%	97%	75%
FE	97%	96%	74%
FEF	99%	99%	76%
FB	96%	95%	73%
Gjithsej UNI Korce	98%	97%	75%

Source: UNIKO and Audit Group

Regarding students' opportunities to use literature through the library, the situation according to Universities is:- The only form of access to online literature resources that UNIKO has made available to students is the JSTORE Library, this access made possible by the CLEANSCORE-AADF Project. Students could access this library free of charge through their ESSE-3 System account. UNIKO did not have attendance data for the 2020-2021 pandemic period, for the reason that there was no management access to this platform.

From the audit carried out with the purpose of graduation and assessment, for the level of students in time

pandemic, compared to the number of graduations, as well as the level of evaluation under normal conditions for the years 2019-2020-2022, it was found that from the evaluation of the presented indicators, the universities show that the number of graduations in the academic year 2019-2020, compared to the previous year 2018-2019, has suffered a decrease of -11%, while for the academic year 2020-2021 compared to the year 2019-2020, there is a decrease of -10%. The level of evaluation performance does not change from the academic year to the next year and the auditors do not have measurable and verifiable indicators to provide reasonable certainty overestimates carried out in the pandemic period 2020-2021. This is illustrated by the indicators for the five audited universities, according to the table below:

Average Table for the academic year 2018-2019, 2019-2020, 2020-2021 according to Universities

Nr.	Viti akademik	2018-2019		2019-2020		2020-2021	
		St të diplom	Nota mes	St të diplom	Nota mesatare	St të diplom	Nota mesatare
1	Univ."F.Noli" Korçë	1413	6,5	1341	6,7	1117	6,8
2	Univ."E.Çabej"Gjirokastrë	630	7,8	531	7,9	607	8
3	Univ.Politeknik Tiranë	2038	6,7	2175	7,1	1849	7
4	Univ. "I.Qemali" Vlorë	2295	6.8	1509	7	1322	6.7
5	Univ."A.Xhuvani" Elbasan	2861	6,3	2687	6,7	2498	6,8
	Totali	9237		8243		7393	

HEI resource

4. On the Focus group meetings organized in three Universities.

The audit group evaluated the contribution of the academic staff of the audited HEIs, their inclusion as a contribution to a quality audit and understanding with the management and academic staff, for whom it was thought and carried out in the conduct of this audit. 3 HEIs (UPT dated 20.04.2022, UEL dated 21.04.2021 and UNI Vlorë dated 28.04.2022) focus group meetings, in which the vice-rectors, deans of the faculties participated, who with their discussions and proposals in these meetings brought some concerns and proposals which were evaluated very positively by the audit group and deepened in their verification and conclusion in recommendations that will affect the improvement of the online learning process and in the auditorium. All proposals received and those resulting from the discussions in the Focus group meetings have been treated in the entirety of the material.

4.1. Analysis of the matrices carried out with the matured indicators and the corresponding graphs for the interviews (with

writing) carried out with the students in the Universities subject to audit, on their problems and concerns in distance learning (online).

- Evaluating the social-economic impact of the topic addressed by the object;

"Performance of public universities during the pandemic period" for the period 2020-2021, after the administration of documents and information, it was concluded that it is necessary to conduct interviews with groups of students (with random selection) and process them to receive directly from students as the part that carries the entire finalization of the online and classroom learning process and the implementation of the goal of this process, which is learning in learning and increasing the quality of learning in pandemic conditions. When conducting interviews with groups of students, a questionnaire with 9 questions was made available that touched on their problems and concerns,

The interviews were organized with subgroups within the audit group and were conducted on a total of 249 students divided into 12 groups (classes): UPT 4 groups, UEL 2 groups, UNIKO 2 groups, UGJ 2 groups and UNI Vlorë 2 groups), where in cooperation with the academic staff of the HEIs and our presence, the questionnaires were completed without being influenced by other people or other influencing factors.

The answers received from the students were highly evaluated by the audit group and we not only received feedback, but also confirmed part of the problems or concerns of the realization of the learning process online and in the auditorium in pandemic conditions

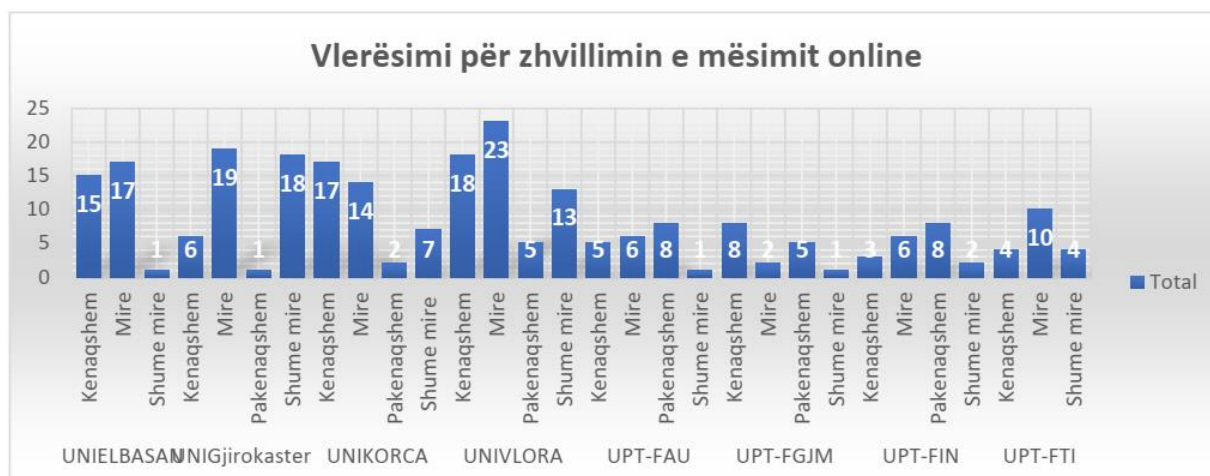
The matrix was prepared and graphically the indicators of the answers received by the students, specifically we are briefly elaborating on some of the questions that we have assessed as the most important and they are presented in a matrix and graphically:

Question no. 1 What is your assessment of the development of online learning? 249 students answered this question, of which: 30% like online learning "Satisfactorily" and 39% well, 11%

dissatisfied and 20% very well, so as you can see, 89% of the interviewed students like online learning.

In the matrix and graphically the answers are as follows:

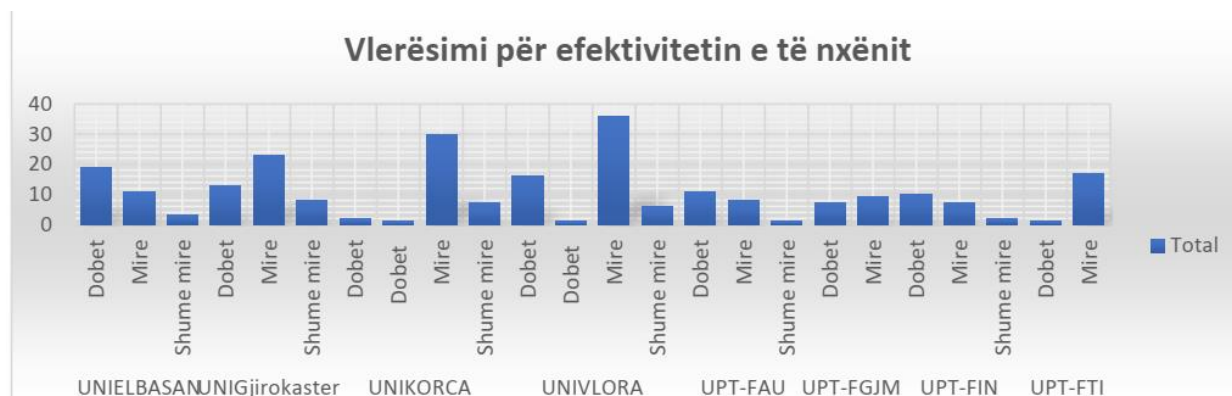
rowlabels	Cilieshtevleresimijua] perzhvillimin e mësimit online?	Nr
UNIELBASAN	Kenaqshem	15
UNIELBASAN	Mire	17
UNIELBASAN	Shume mire	1
UNIGjirokaster	Kenaqshem	6
UNIGjirokaster	Mire	19
UNIGjirokaster	Pakenaqshem	1
UNIGjirokaster	Shume mire	18
UNIKORCA	Kenaqshem	17
UNIKORCA	Mire	14
UNIKORCA	Pakenaqshem	2
UNIKORCA	Shume mire	7
UNIVLORA	Kenaqshem	18
UNIVLORA	Mire	23
UNIVLORA	Pakenaqshem	5
UNIVLORA	Shume mire	13
UPT FAU	Kenaqshem	5
UPT FAU	Mire	6
UPT FAU	Pakenaqshem	8
UPT FAU	Shume mire	1
UPT FGJM	Kenaqshem	8
UPT FGJM	Mire	2
UPT FGJM	Pakenaqshem	5
UPT FGJM	Shume mire	1
UPT FIN	Kenaqshem	3
UPT FIN	Mire	6
UPT FIN	Pakenaqshem	8
UPT FIN	Shume mire	2
UPT FTI	Kenaqshem	4
UPT FTI	Mire	10
UPT FTI	Shume mire	4
Grand Total	249	



Question no. 2. Have you had any complaints about the online learning development process (through the platforms)? If so, where did you address the complaints and what was the reason? Answers were received for this question that we have not had any complaints and if there were any concerns during the online lesson, they were resolved with the subject lecturer and the IT department.

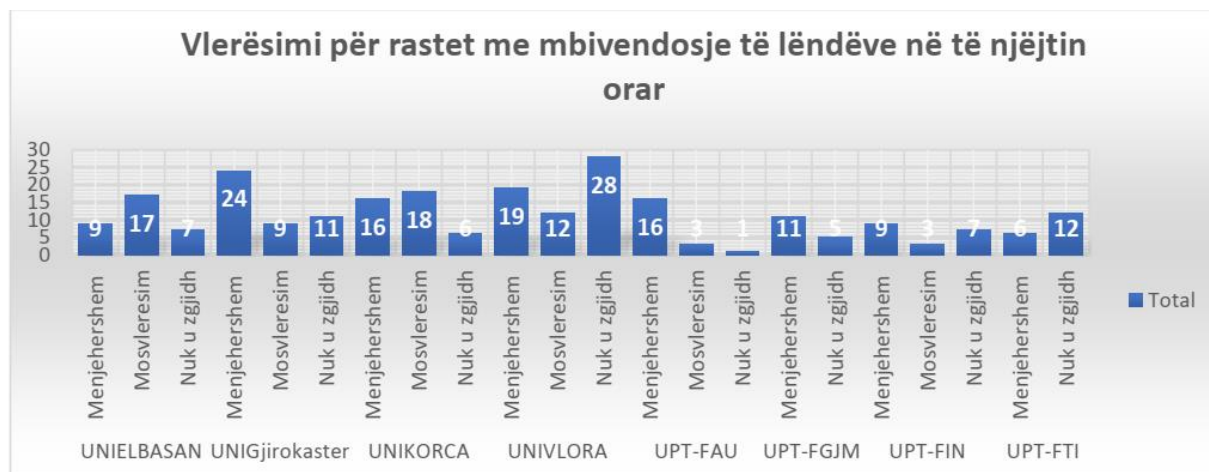
Question no. 3. During online learning, how do you rate the effectiveness of learning (your benefit from

teaching)? All 249 of the interviewees regarding learning have expressed that; learning was poor to the extent of 32.5%, and 56.6% think it is good and 10.8% of them think very well, so they think that learning has been appropriate to the extent of 67.4%. In the administered matrix, the indicators are graphically as follows:



Question no. 4. During the online learning process, did you have overlapping courses in the same schedule? If so, in how many cases? Did you search for solutions? Describe the cases and your assessment of the solutions. To this question, the students answered that 44.1% of them had their schedule overlaps resolved immediately, while 24.9% of them encountered non-evaluation and did not receive a solution and 30.9% of them think that they were not resolved (complaints) requests

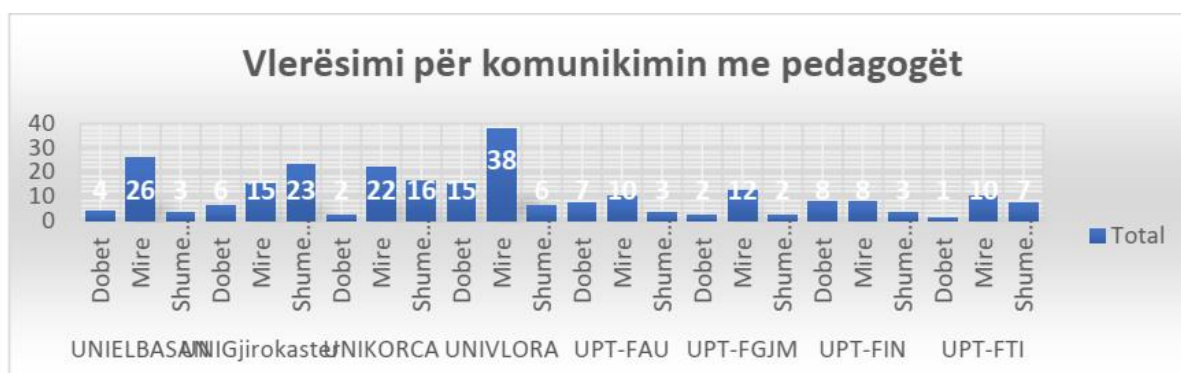
for schedule overlap, this indicator is not satisfactory for the work of the academic staff. In the administered matrix, the indicators are graphically as follows:



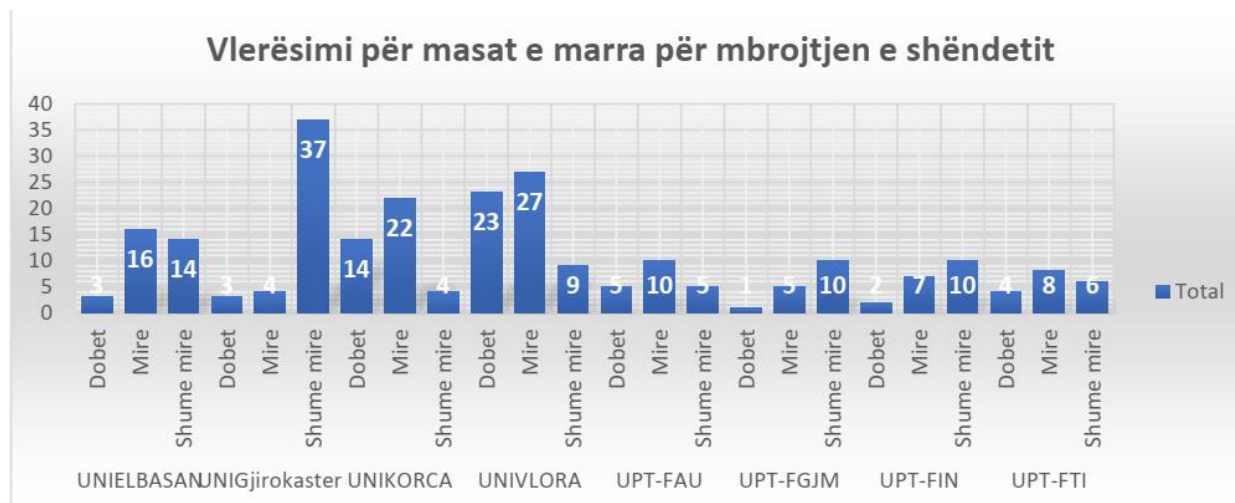
Question no. 5 Have you had complaints about lack of communication and exchange of information

directly, lecturer/student (the material worked on the platform was not sent to you, no communication for reasons related to IT, etc.)? If so, list them and give your assessment of communications with lecturers?

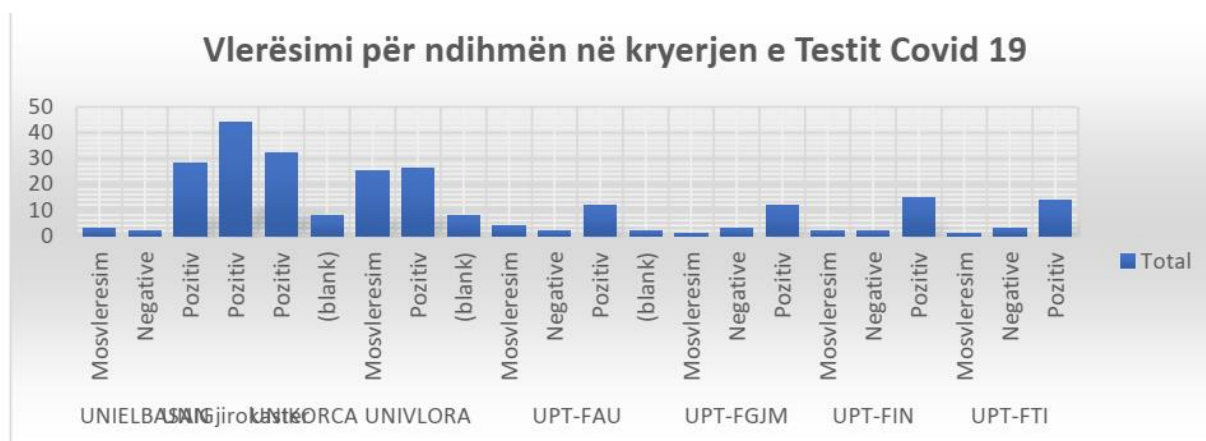
Out of 249 interviewed students, 18% of them evaluate the communication with the lecturers as "Poor", while 56.6% of them think that the communication was "Good" and 25.4% think it is very good, so this indicator indicates good relations to the extent of 82% lecturer/student. Graphically and with indicators according to HEIs, it is below:



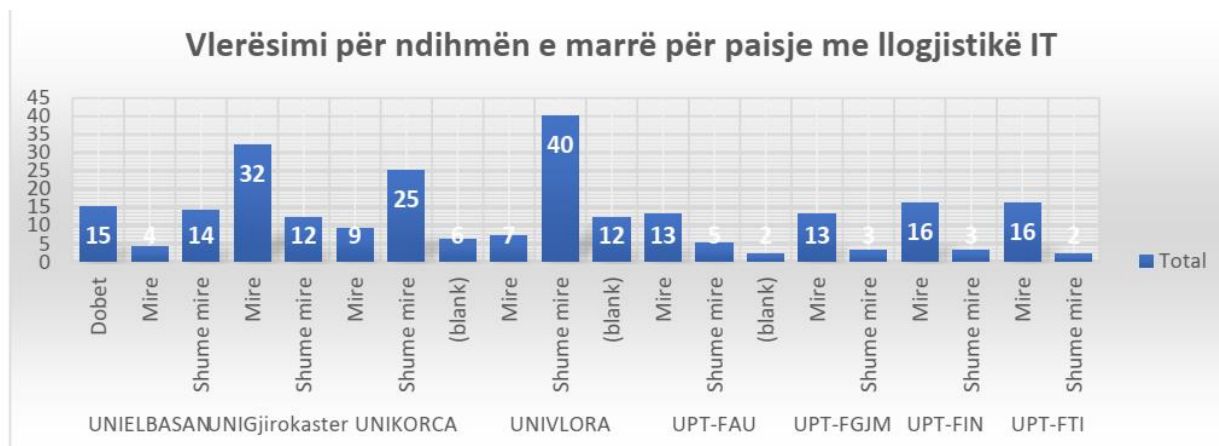
Question no.6 During the pandemic period, with the return of classes to the auditorium, were measures taken to protect your health and that of the academic staff? Give your rating. Regarding the measures taken for health protection, 38.5% of the students think that they were "Very good" and 39.7% think they are good, while 22% of them think that the measures taken were "Weak". Graphically and with indicators according to HEIs, it is below:



Question no. 7 Upon returning to the auditorium, did you ask for help to perform the Covid 19 Test? If so, who did you reach out to and what was the response? Upon returning to the auditorium, the students were asked to perform the Covid 19 Test and for this 79.2% of the students think positively about the measures taken such as the vaccination sites in the HEI buildings, but also about the understanding of the administrative and academic staff. The students who 20.6% think negatively, of which 15.5% are faced with underestimation by HEI staff and 5.1% think negatively about vaccination. Graphically and with indicators according to HEIs, it is below:

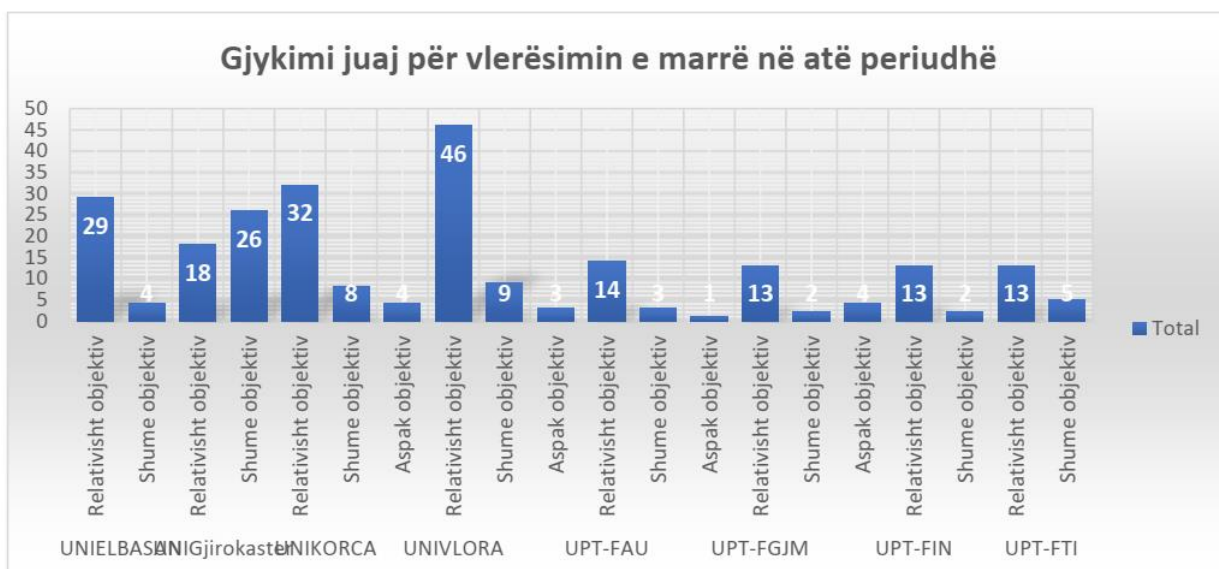


Question no. 8 Have you asked for help with IT logistics equipment (internet, computer, tablet and other services), during the pandemic period and who did you turn to? What is your assessment of the University's contribution in handling your requests? This question as a very important question and that has had a great impact on the interviewees, we found that 6.6% of them evaluate the contribution of the University as "Poor" and 48% think "Good" and only 45.4% think "Sh. Good". This situation shows that the University should cooperate more with the local Self-Government Units, private internet companies, mobile phone companies, service companies, etc., which influence the improvement of online and classroom learning conditions for students. Graphically and with indicators according to HEIs, it is below:



Question no. 9 Have you had complaints about the evaluation by the lecturers, about the level of your preparation in the teaching process during the pandemic? Describe the cases if you have had! Where have you addressed complaints and how much have they been taken into consideration? How do you judge the evaluation received during this period?

In relation to this question that has to do with the students' assessment of the acquisition of teaching and the quality of assessment by lecturers and the resolution of complaints, it was found that 71.5% of them have a good perception and like the objective assessment of lecturers, and 23.7 % rate the assessment from the lecturers very well, while only 4.8% rate the assessment they received from the lecturers as objective at all. Graphically and with indicators according to HEIs, it is below:



Audit Finding:

From the audit, it was found that HEI departments have not done needs analysis in relation to the capacities that the virtual classrooms should have, in order for their real and problem-free operation, for the needs related to laboratory work as well as study or analysis on the state of the digital infrastructure to know the capacity needed to download lectures, course assignments,

projects , etc. The lack of evidence of the above problems has resulted in the application by the audited universities of some platforms (often individually selected by the lecturers), such as Googleclassroom, Microsoft Teams and Zoom, which, based on the answers to the questionnaires, presented technical problems regarding with the Internet and accessing these platforms.

Conclusion:

The HEI structures have not objectively assessed the needs and lacked analysis the needs and opportunities they have had from the state of the IT infrastructure to cope with the situation Covid 19 pandemic.

Recommendation:

The HEIs should take measures and in periodic periods carry out with a working group the assessment of the condition of the IT infrastructure, capacities and possibilities for extraordinary and unforeseen situations.

5. Were the financial resources used to cope with the pandemic situation sufficient?

During the Pandemic period, the Universities, the object of this audit, have not managed to use all the funds they had available, specifically:

a) For the period of the pandemic March 2020-December 2021 from "Fan S. Noli" Korçë University, no reallocation of funds was requested and carried out due to the fact that the expenses incurred to cover

the situation created by Covid-19, have been covered with the funds planned according to the relevant period.

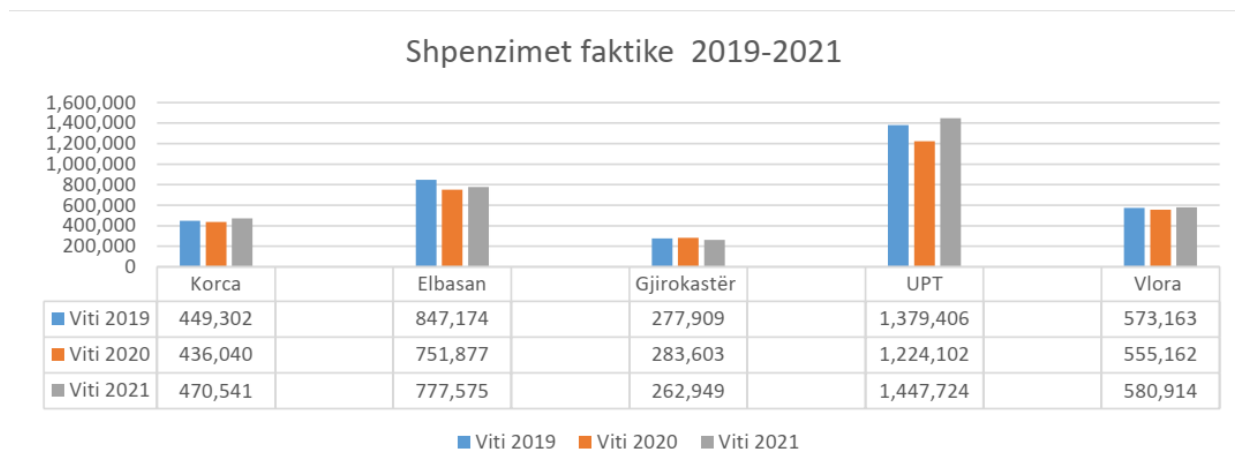
During the year 2020, this university has spent 74,984 thousand ALL, out of 90,319 thousand ALL that were planned, or 83% of the budget was realized.

b) For the "A. Xhuvani" Elbasan University, the 2020 budget plan opened for use (Treasury Plan) in the amount of 1,136,019 thousand ALL, was realized in the amount of 806,032 thousand ALL, or the budget was realized in the amount of 71.0%

c) In "E. Çabej" Gjirokastër University, the budget plan opened for use is in the amount of ALL 332,767. It was realized in the amount of 295,568 thousand ALL, or 88.8%.

d) For the year 2020, the Polytechnic University of Tirana has realized 1,485,684 thousand ALL out of 1,888,282 thousand ALL, which were planned for the year 2020 or realized the annual budget to the extent of 79%.

e) University "I. Qemali" Vlora, has used a total budget in the amount of 555,163 thousand ALL, from the plan that was in the amount of 627,684 thousand ALL, or the budget was realized to the extent of 88.4%.



The total value of operating expenses of 5 Universities during 2020 was 2,814,742 thousand ALL, of which expenses for Covid 19 in the amount of 47,236 thousand ALL (or 1.6% of total expenses), which indicates a lack of prioritization of their budget, to new needs, dictated by the situation created by the pandemic

- The funds approved by law no. 88/2019 "On the 2020 budget" for the Ministry of Education, Sports and Youth for the year 2020, are in the amount of 41 billion 979 million ALL, compared to the public expenditures, the funds for education for the year 2020 reach 7.89% and to the gross domestic product and for 2020 they are at the level of 2.34%. After the allocations by the normative act, the education budget is 40 billion 779 million ALL, plus the grant funds inherited from 2019, for MASR for 2020, amounts to 41 billion 434.6 million ALL.

Table no. Funds approved by law no. 88/2019 "On the 2020 budget", in 000/lek

Kodi	Emertimi i Institucionit / Programit	Totali i Shp. Korrente	Shpenzimet Kapitale			Totali i Shpenzimeve Buxhetore
			Financim i Brendshem	Financimi i Huaj	Totali i Shp. Kapitale	
11	Ministria e Arsimit, Sportit dhe Rinise	38,058,763	3,705,000	216,000	3,921,000	41,979,763
09450	Arsimi Universitar	9,000,000	630,000	100,000	730,000	9,730,000
09770	Fonde per Shkencen	300,000	100,000	100,000	200,000	500,000
	Totali i Arsimit Lartë me Kerkimi Shkencor					10,230,000

Burimi: MASR dhe perpunuar grupi i auditimit

The realization for the 12-month period 2020 is in the amount of 95% of the funds planned for the 12-month 2020, or in the amount of 39 billion and 235 million ALL and for the HE and Scientific Research programs is

Table 1, Budget funds realized according to budget programs for the year 2016-2017-2018-2019, 2020 plan, revised together with the funds inherited in chapter 08 to AL and the Scientific Research Program, as well as the realization for the 12 months of 2020, in 000 ALL, as well as in %. (without HEI income)

Fondet e buxheti 2020											
Nr	Emri i programit	Fakti 2016	Fakti 2017	Fakti 2018	Fakti 2019	Buxheti Mirat 2020	Buxheti rishikuar 2020+Fonde te trasheguar	Buxheti I rishik+	Realizimi 12- M 2020	Struktura e fondeve per 12- mujorin 2020	Realizimi 12- mujor 2020
		(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	Ne %	Ne %
09450	Arsimi i larte	6,198.5	6,687.0	7,204.0	8,766.5	9,730	10,124.9	10,024.9	8,812.5	24.3%	88%
09770	Kerkimi shkencor	283.0	325.6	318.2	364.0	500	680.2	680.2	614.9	1.6%	90%
	Totali AL+Kerk. Shkencor	6,481.5	7,012.6	7,522.2	9130.5	10,230	10,805.1	10,705.1	9,427.4	25%	88 %
	Totali	34,507	35,329.3	37,485.4	39,923.7	41,979.8	41,602.105	41,434.6	39,235.0	100.0%	94.7%

Burimi: MASR dhe perpunuar grupi i auditimit

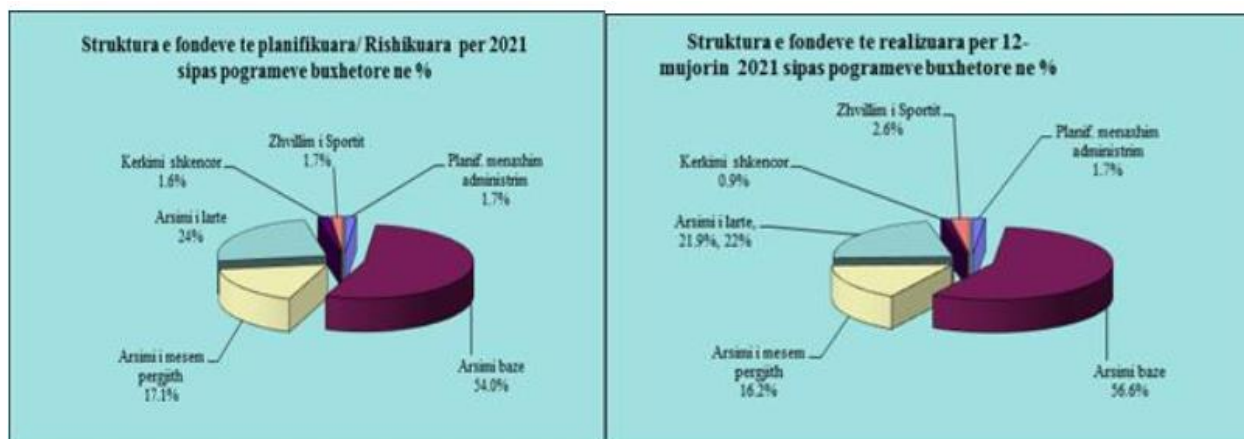
The revised budget funds, including the funds approved by the annual law, law no. 88/2020 "On the 2020 budget", amended by normative acts, such as the secondary income of the public HEI which was in the amount of 2,736.1 thousand ALL, plus grant funds inherited from 2019 (for the specifics of the overlap with the 2019-2020 educational year), are in the table below:

Table, Budget funds together with income according to budget programs, realization for the year 2016-2017 ,2018 as well as the funds planned, changed and realized for the year 2020, in 000 ALL, as well as in %.

Fondet e buxheti 2020 se bashku me te ardhurat 2020											
Nr	Emri i programit	Fakti 2016	Fakti 2017	Fakti 2018	Fakti 2019	Buxheti Mirat 2020	Buxheti rishikuar	Buxheti I rishik+ Te ardhurat per 12-M 2020	Buxheti Realizuar 12 M _2020+Te ardhurat	Struktura e fondeve per 12- mujorin 2020+Te ardhurat	Realizimi 12- mujor 2020
		(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	(milion lekë)	Ne %	Ne milion /lekë
5	Arsimi i larte	9,530.9	9,719.2	10,506.9	11,616.6	9,730.0	10,024.9	12,761.0	11,548.7	27.4%	90%
6	Kerkimi shkencor	343.4	359.5	414.9	507.2	500.0	680.2	867.4	802.0	1.9%	92%
	Totali AL +K.Shkencor	9,874.3	10,078.7	10,921.8	12,123.8	10,230	10,705.1	13,628.4	12,350.7	29.2%	90.6%
	Totali MASR 2020	37,967.5	38,450.6	40,979.2	42,971.7	41,979.76	41,434.60	44,420.94	42,221.4	100.0%	95%

Burimi: MASR dhe perpunim GA situacioni realizimit te fondeve per vitin 2016-2017-2018 si dhe 12-mujori 2020

For the year 2021 Funds approved for the Ministry of Education, Sports and Youth for the year 2021, with the annual law law no. 137/2020 "On the budget of 2021" amended, according to the budget programs, added and the grant funds inherited from 2020, amounts to 42 billion 981.7 million ALL, together with the grant funds inherited from 2020 amount to 44 billion 373.4 million ALL Realization for the 12-month period 2021 is 90.8% of the funds planned for 12- month 2021, or in the amount of 27 billion and 107 million ALL, or 92% of the planned plan for the 12-month 2021 with a budget structure where funding from the state budget for HE and Scientific Research is 24% and realization 22% and research planned scientific 1.6%, realized 0.9%.



SUMMARY

The National Strategy for Disaster Risk Reduction is the basic strategic document of the Republic of Albania that defines the policies and activities of institutions and central and local structures, as well as all other subjects in disaster risk management, its approval is a prerequisite in the preparation of the National Plan for Civil Emergencies, the approval of which would pave the way for the preparation and approval of ante factum action plans (plans of measures), which could be prepared by the subjects before the situation appeared, that can be sufficient reason for declaring a state of emergency, as was the case of the pandemic in March 2020, which found MASR and HEIs unprepared.

This whole chain of preparation of documents and their approval is a process where disapproval of one constitutes an obstacle to the approval of the following document. The impossibility for HEIs to use electronic platforms and become deeply familiar with ICT, in order to use them for the successful and unobstructed realization of online learning processes during the pandemic period, is also related to the limitation of study forms with Law 80 /2015, which excludes distance learning.

For this reason, this limitation, through a legal improvement, should be proposed to be removed.

This legal improvement should clearly foresee the possibility for HEIs, according to needs and depending on the curriculum, to develop online learning, not by delegating the exercise of academic freedom recognized in principle to HEIs, but for the sanction of according to this law, they cannot develop forms of distance studies, such as online learning.

Ignorance of important EU documents related to "e-learning" represents a reason for not recognizing EU recommendations and practices, which should inspire and promote progress in Albanian education at all levels, including higher education.

The failure to foresee, through a clear legal definition, online learning, in the conditions of the state of emergency, as a form of learning that compensated for learning in the classroom, has been done in violation of the obligation sanctioned in the Constitution of the Republic of Albania, article

170, paragraph 3, which states: "The law must define the principles, areas and method of compensating losses thatresulting from the restriction of rights and freedoms during the taking of measures ofextraordinary".

Viti	Emërtimiiaktivitetit	Fondetë planifikuara	Fondetë përdorura	Fondetë papërdorura	Burimifinancimit/
2020	3.000.000	0	3.000.000	Teardhurat e institucionit	
2021	3.500.000	0	3.500.000	Teardhurat e institucionit	

CONCLUSIONS & RECOMMENDATIONS

The lack of student councils in any HEI, or their inactivity in other HEIs, has left students without a voice representation of the concerns and problems they encountered during the pandemic period, not leading to the forums of HEIs, opinions and proposals for all problems of general interest of higher education institutions, such as study plans and programs, regulations for teaching activities, the right to study, the quality of services, the determination of tuition fees and other contributions financial for students, especially in the conditions of the difficulties created by the pandemic, with which this category has encountered.

MAS and HEIs, together with the Government, state entities of different fields, local self-government units and private sector operators, should have cooperated during the pandemic period in the implementation and concrete materialization of services at reduced prices, in response of new needs created by the unusual situation.

The lack of approval of VKM - "On the student loan scheme, as well as the conditions that the student must meet for applying for a loan", in the conditions of the pandemic, is another lack of instruments with which the Government should have intervened, both in implementation of a legal obligation, designed under normal conditions, and in response to a measure of difficulty and needs arising under the conditions of a natural disaster and a pandemic situation.

The disapproval for many years by the Minister of MASR-MAS, of the Instruction "On the attendance of the teaching process, according to the type of teaching activities in the auditorium, and the study cycle", violates a criterion clearly defined by Law 80/2015 "On Higher Education and Scientific Research in higher education institutions in the Republic of Albania", in article 87, point 3.

The absence and provision by health institutions of medical personnel (doctors or nurses) for the assistance and training of the UPT personnel has created difficulties in the most efficient implementation of the measures undertaken by the UPT.

The audit showed that the departments and HEIs did not:

- analysis of the needs in relation to the capacities that the virtual classrooms should have, with the aim of their real and problem-free operation;

- analysis related to the needs for laboratory works; - study or analysis on the state of the digital infrastructure to know the necessary capacity for downloading lectures, course assignments, projects, etc. As a result of the identification of the above problems, it turned out that the audited universities applied several platforms (often selected individually by the lecturers), such as Google-classroom, Microsoft Teams and Zoom, which, based on the answers to the questionnaires, presented technical problems related to with the internet and accessing platforms.

Students and lecturers have presented ambiguities regarding the addressing of complaints during the pandemic period and in no case was the audit trail drawn up for the handling of complaints.

In no case has the documented flow of activities (from the beginning to their end) been drawn up and approved regarding the online (distance) and classroom learning process in the period

of the 2020-2021 pandemic, which aims to redescribe all individual activities and decision-making related to them (audit trail). Specifically, the monitoring of lessons was based on the self-declaration of each lecturer after the development of the teaching process, which was reported every week to the Curriculum Directorate of HEIs, information which they forwarded to MASR.

The lack of audit trails for the development of a learning process, has not ensured the documentation of operations in such a form, that enables internal and external auditors and supervisory authorities to understand the control environment, this is contrary to Article 16, of law no. 10296, dated 8.7.2010 "On financial management and control", amended. Based on the above, it is impossible for us to give reasonable assurance on the effectiveness of the lessons, as long as the control systems that were supposed to be set up for these processes have not been set up. None of the HEIs have evidence what is the attendance of the digital library during the pandemic by students, who could access the digital library only through the account enabled by the relevant faculty.

None of the HEIs at the beginning of the academic year 2021-2022 have offered the possibility of conducting a free PCR test to students who have not been vaccinated, and according to Order No. 395 dated 06.10.2021 of MAS and Order No. 413 dated 24.09.2021, Instructions 413/1 dated 27.09.2021 of MSHMS in the auditorium, only students with a vaccination certificate, a negative PCR test or a doctor's certificate for the impossibility of vaccination, will be allowed to enter the auditorium . universities they failed to prioritize their budgets in terms of the orientation of funds against the needs dictated by the pandemic, causing about 20-30% of their budget funds to "burn" and not be used. It leads to the non-use and consequently the burning of funds

"A.Xhuvani" Elbasan University (29% non-realization) and then the Polytechnic University of Tirana (21% non-realization). Following the management of budgets, we found that the fixed monthly payments of 25,000 ALL/month for members of the Senate have been continued academic, even in the pandemic period (where there is space for conducting 1-3 meetings/month). These funds could have been used better if they served to support students and teachers during the pandemic period.

BIBLIOGRAPHY

Kushtetuta e Republikës së Shqipërisë;
Ligji Nr. 154/2014, datë 27.11.2014, “Për organizimin dhe funksionimin e KLSH-së”;
Ligji Nr. 152/2013, datë 17.10.2013, “Për nëpunësin civil”, indryshuar;
Ligji Nr. 99/2018, datë 3.12.2018, “Për buxhetin e vitit 2019”;
Ligji Nr. 88/2019, datë 18.12.2019, “Për buxhetin e vitit 2020”;
Ligji Nr. 137/2020, datë 16.11.2020, “Për buxhetin e vitit 2021”;
Ligji Nr. 9936, datë 29.06.2018 “Për menaxhimin e sistemit buxhetor në Republikën e Shqipërisë”, indryshuar;
Ligj Nr. 10 296, datë 8.7.2010 “Për menaxhimin financiar dhe kontrollin”;
Ligji Nr. 80/2015, datë 22.7.2015, “Për arsimin e lartë dhe kërkimin shkencor në institucionet e arsimit të lartë në Republikën e Shqipërisë”;
Ligji Nr. 45/2019, datë 18.7.2019, “Për Mbrotjtjen Civile”;
Strategjia Sektoriale e Menaxhimit të Financave Publike 2019-2022;
VKM Nr. 243, datë 24.03.2020 “Për shpalljen e gjendjes së fatkeqësisë natyrore”;
VKM Nr. 709, datë 29.10.2014, “Për miratimin e Strategjisë Kombëtare për Zhvillim dhe Integrim për periudhën 2014-2020”;
VKM Nr. 621, datë 22.10.2021 “Për miratimin e Strategjisë Kombëtare për Arsimin e 2021–2026 dhe të Planit të Veprimit për Zbatimin e Saj”;
Strategjia Kombëtare e Arsimit 2021–2026 Tiranë, tetor 2021;
VKM Nr. 989, datë 9.12.2015 “Për organizimin, funksionimin, kohëzgjatjen e qëndrimit në detyrë dhe shpërbimin e anëtarëve të këshillit të arsimit të lartë dhe kërkimit shkencor”;
VKM-së Nr. 511, datë 24.10.2002, indryshuar me VKM-në Nr. 463, datë 16.06.2011 dhe VKM-në Nr. 867, datë 11.11.2020 “Për kohëzgjatjen e punës dhe të pushimit në institucionet shtetërore”, të ndryshuar;
VKM Nr. 607, datë 31.08.2016 “Për krijimin, përbërjen, organizimin dhe funksionimin e agjencisë kombëtare të kërkimit shkencor dhe inovacionit” (AKKSHI);
VKM Nr. 66, datë 03.02.2017 “Për përcaktimin e kriterëve të procedurave për ngritjen e organizimit të shërbimeve dhe strukturave të hëndësore universitare”;
VKM Nr. 109, datë 15.02.2017 “Për organizimin dhe funksionimin e agjencisë së sigurimit të cilësisë në arsimin e lartë të bordit të akreditimit dhe për përcaktimin e tarifave për proceset e sigurimit të cilësisë në arsimin e lartë”;
VKM Nr. 329, datë 12.04.2017 “Për statusin dhe trajtimin e veçantë të personelit akademik”;
VKM nr. 370, datë 26.04.2017 “Për organizimin dhe funksionimin e kolegjit profesional të lartë”;
VKM Nr. 397, datë 03.05.2017 “Për organizimin dhe funksionimin e agjencisë kombëtare të financimit të arsimit të lartë” (AKFAL) bn;
VKM Nr. 418, datë 10.05.2017 “Për standardet, kriteret dhe procedurat për hapjen, riorganizimin, ndarjen, bashkimin ose bylljen e institucioneve të arsimit të lartë dhe të degëve të tyre”;
VKM Nr. 424, datë 10.05.2017 “Për përcaktimin e kriterëve dhe të procedurës së përzgjedhjes së të mërmimit të drejtuesve të shërbimit në strukturat shëndetësore universitare”;

VKM Nr. 710, datë 01.12.2017 “Përmiratimin e strategjisë kombëtare për shkencën, teknologjinë dhe inovacionin, 2017-2022”;

VKM Nr. 88, datë 14.02.2018 “Përkrijimin e Qendrës Ndërinstitucionale të Rrjetit Akademik Shqiptar (RASH)”;

VKM Nr. 75, datë 12.02.2018 “Përmiratimin e modelit të financimit të institucioneve publike të arsimit të lartë dhe kërkimit shkencor”;

VKM Nr. 41, datë 24.01.2018 “Përelementet e programeve të studimit të ofruara nga institucionet e arsimit të lartë”;

Udhëzimi i Ministrisë së Financave Nr. 30 Datë 27.12.2011 “Për menaxhimin e aktiveve nënjësitë e sektorit publik”, etj.

URDHËRA, UDHËZIME TË MASR, MSHMS, ISHP

- Udhëzim Nr. 8, datë 13.03.2017 “Për organizimin dhe funksionimin e Qendrës së Shërbimeve Arsimore”;

- Udhëzim Nr. 5, datë 19.02.2018 “Për përcaktimin e elementëve për bërë raportimit vjetor dhe afatit për raportimet institucionale të arsimit të lartë”;

- Udhëzim Nr. 1, datë 02.02.2018 “Për disandryshimin e Udhëzimit Nr. 25 datë 10.11.2017 për

regjistrimin e formave të diplomave dhe certifikatave në regjistrin shtetëror të diplomave dhe të certifikatave për arsimin e lartë dhe kërkimin shkencor”;

- Udhëzim Nr. 15, datë 16.04.2018 “Për disandryshimin e Udhëzimit Nr. 17, datë 03.08.2016 “Për procedurat dhe kriteret për njohjen dhe njësimit në Republikën e Shqipërisë, të diplomave, certifikatave, gradave shkencore dhe titujve akademikë të lëshuar nga institucionet e huaja të arsimit të lartë dhe institucionet tjetër të autorizuar, jashtë vendit”, i ndryshuar, etj.

- Urdhëri MSHMS, me Nr. 135, datë 09.03.2020 “Për mbylljen e institucioneve arsimore për parandalimin e përhapjes së Covid 19”;

- Urdhër Nr. 91, datë 09.03.2020 i MASR “Për ndërprerjen e procesit mësimor në të gjitha institucionet arsimore publike dhe jo publike”;

- Urdhëri MASR, Nr. 104, datë 30.04.2020, “Për marrjen e masave për mbylljen e vitit akademik 2019-2020 nga institucionet e arsimit të lartë, për shkak të gjendjes së fatkeqësisë natyrore të shkaktuar nga pandemia e Covid – 19;

- Udhëri MASR me Nr. 175, datë 30.06.2020, “Për zhvillimin e procesit zgjedhor për autoritetet dhe organet drejtuese në institucionet e Arsimit të Lartë”;

- Urdhëri MSHMS, me Nr. 289, datë 04.05.2020, “Për miratimin e udhëzuesit për masat ndaj Covid-19 që duhet të ndërmerren në institucionet arsimore”.

URDHËRA TË KRYEMINISTRIT

Urdhër “Për miratimin e strukturës dhe të organikës së Agjencisë Kombëtare të Kërkimit Shkencor dhe Inovacionit, përfunduar dhe miratuar;

Urdhër “Për miratimin e strukturës dhe të organikës së Agjencisë për Sigurimin e Cilësisë në Arsimin e Lartë” përfunduar dhe miratuar;

Urdhër “Për emërimin e kryetarit dhe anëtarëve të Bordit të Akreditimit” përfunduar dhe miratuar.

Urdhëri Kryeministrit Nr. 44, datë 11.04.2017 “Përemërimin e Drejtorit të Agjencisë për Sigurimin e Cilësisë në Arsimin e Lartë”.

RREGULLORE, VENDIME DHE KËRKESA TË ORGANEVE TË IAL –ve

- Rregullore e MASR Nr. 2459/1 prot., datë 15.03.2016 “Për organizimin e zgjedhjeve të para për autoritetet dhe organet drejtuese në institucionet publike të arsimit të lartë në Republikën e Shqipërisë”;
- Kërkesë për vëni në dispozicion të stafit mjekësor të nevojshëm për zbatimin e masave që duhet të ndërmerren në institucionet arsimore, drejtuar Drejtorit të Rajonaletë Shëndetësisë, Korçë (bazuar në Urdhër Nr. 289, datë 04.05.2020 të MSHMS “Për miratimin e udhëzuesit për masat ndaj Covid-19”);
- Plan i veprimit për përfundimin e vitit akademik 2019-2020, 11 Maj 2020, hartuar dhe përgatitur nga Rektorati, mbipropozimet e secilës njësi kryesore;
- Plan i masave paraprake mbizhvillimin e procesit të mësimdhënies, pranisë së studentëve dhe personelit, për vitin akademik 2020-2021”;
- Plan i masave për fillimin e vitit akademik 2020-2021” (bazuar në shkresën Nr. 5529 prot, datë 30.09.2020, të MASR “Mb

An Application of Solow's Growth Model: Case of Balkan Country

Llambi Prendi

Aleksander Moisiu University, Durres, Albania

llambiprendi@uamd.edu.al

ArmiraLazaj

Polytechnic University of Tirana

alazaj@fim.edu.al

HenrietaThemelko

Agriculture University of Tirana, Albania

hthemelko@yahoo.com

Abstract:

The purpose of this paper is to analyze the factors that will influence the economic growth. The variables that we have taken into consideration are GDP growth, foreign investments, gross capital formation and labor force. We have used the Solow model to see if there is a connection between the variables independent and dependent variables. Through the use of the logarithmic function, we will see if the GDP growth is related with foreign investments, gross capital formation and labor force. The data that we have analyzed are obtained from the World Bank and the IMF. Our results show that there is a statistically significant relationship between gross capital formation, labor force, FDI and economic growth.

Key words: GDP growth, foreign investment, gross capital formation, labor force, Solow model
JEL classification: E1, E10, E17

1. Introduction.

Over time and among various Balkan nations, the region's economies have grown in a variety of ways. Due to a number of issues, including political unpredictability, weak institutions, high levels of corruption, and restricted access to credit and financing for goods, Balkan countries have generally had lower economic growth rates than other regions in Europe. (MilicaUvaluc and Vladimir Cvijanovic. 2018).

However, some Balkan nations have recently seen moderate to rapid rates of economic growth. For instance, the expansion of the construction, energy, and tourism industries has contributed to Albania's economy expanding at an average annual rate of about 4% over the past ten years. Similar to Serbia, Montenegro has also seen rapid economic growth in the past ten years, with an average annual growth rate of about 3.8%, driven by foreign investment in the real estate and tourism industries. (OECD 2021).

Other Balkan nations, including Bosnia and Herzegovina, North Macedonia, and Serbia, have seen slower rates of economic growth over the past ten years, averaging about 2-3% annually. Factors that have impeded investment and economic development in these nations include political unrest, weak institutions, and restricted access to credit and finance. (OECD 2021).

Overall, the region's economic growth and development still have a lot of room for improvement, even though some Balkan nations have made strides in recent years. Higher rates of economic growth and development in the Balkans may be facilitated by policies aimed at enhancing political

stability, bolstering institutions, decreasing corruption, encouraging investment, and expanding access to finance.

2. Literature reviews

The Solow model, also known as the Solow-Swan model, is an economic model that explains long-term economic growth as a result of productivity increases and technological progress. It was developed by Robert Solow and Trevor Swan in the 1950s and 1960s (Alina Koutun and PatrichKarabona, 2013).

The Solow model assumes that an economy's output (or GDP) can be divided into two categories: capital and labor. The model argues that the rate of economic growth depends on the rate of technological progress and the rate of capital accumulation (Karl Whelan, 2014).

In the Solow model, capital accumulation refers to the increase in physical capital stock in the economy, which can come from investment in new machinery and equipment, for example. As the capital stock increases, the economy experiences diminishing returns to capital, meaning that each additional unit of capital adds less to output than the previous unit (Carl-Johan Dalgaard, 2008).

Technological progress, on the other hand, refers to improvements in the productivity of labor and capital. In the Solow model, technological progress is assumed to be exogenous, meaning that it is outside the control of the economy (Chu, Angus C, 2015).

According to the Solow model, in the long run, the rate of economic growth is determined by the rate of technological progress, as increases in capital accumulation eventually lead to diminishing returns. The model predicts that economies that are initially poor will grow faster than those that are initially rich, as the former have more room for capital accumulation and can benefit more from technological progress (Rensman, Marieke, 1996).

The Solow model has been widely used in economics to explain the determinants of long-term economic growth and to assess the effects of policies that affect capital accumulation and technological progress.

3. Methodology

Solow (1956, 1957) applied growth analysis within the neoclassical model. The neoclassical model analyzed the great impact of technological progress on economic growth, while the new growth theories were mainly focused on the creation of technological knowledge and its transmission (Nowbutsing, 2009). The model transformed according to Solow is that of the Cobb-Douglas function: A Cobb-Douglas production function models the relationship between production output and production inputs (factors). It is used to calculate ratios of inputs to one another for efficient production and to estimate technological change in production methods. The general form of a Cobb-Douglas production function for a set of n inputs is:

$$Y=f(x_1, x_2, \dots, x_n)=\gamma \prod_{i=1}^n x_i^{\alpha_i}$$

Where;

Y stands for output

X_i stands for input

γ and α_i are parameters determining the overall efficiency of production and the responsiveness of output to changes in the input quantities.

The Economic Model

The basic equation we will estimate is a log-log Cobb-Douglas production function. The capital factor will be divided into domestic capital and foreign capital. Converting them to logarithmic form, we have the Solow econometric model, as follows:

$$\ln Y = \alpha_0 + \alpha_1 \ln L + \alpha_2 \ln K + \alpha_3 \ln IHD$$

Where:

where, Y is GDP (monetary value of all goods produced within a year),

K, capital - capital inputs - to the monetary value of all equipment, buildings inventory),

L, human capital (total number of people - hours worked in a year),

F is FDI;

Taking the natural logarithm of both sides of the equation yields such that for data on Y, L, K, IHD, the parameters α_0 , α_1 , α_2 , and α_3 can be estimated using Ordinary least Squares. These symbols are unknown parameters that describes the dependence of GDP on capital inputs, human capital and FDI. The value of the symbol α_0 indicates the value of the dependent variable if the independent variables take the zero value. The other parameters measure the change in the value of dependent variable given a unit change in an explanatory variable, all other variables held constant. The sign of the parameters α_1 , α_2 , and α_3 could be positive or negative. An increase of K, L or F leads to an increase in GDP if the parameters are positive. Conversely, an increase of K, L or F leads to a decrease in GDP if the parameters are negative. We expect that these variables will all positively affect GDP. We will use this model to test whether FDI has a positive impact or not on economic growth.

The econometric model

In econometric model to allow the difference between observable variables K, L, IHD and the expected value of GDP, we add a random error term " u ". This random error represents all other factors that affect the GDP other than capital, human capital and FDI. Including this error term gives the model.

$$\ln Y = \alpha_0 + \alpha_1 \ln L + \alpha_2 \ln K + \alpha_3 \ln IHD + u$$

This model provides us a more realistic description of the relationship between the variables.

The assumptions of the model

To make this model more appropriate we will make some assumptions (R. Carter Hill et al, 2011).⁸⁹

$E(u) = 0$. Each random error has a probability distribution with zero mean

$\text{var}(u) = \sigma^2$. Each random error has a probability distribution with variance σ^2 . Errors with this property are said to be homoscedastic

The covariance between the two random errors corresponding to any two different observations is zero. $\text{cov}(u_i, u_j) = 0$

We will sometimes further assume that the random errors e has normal probability distributions

The explanatory variables are not random variables

One of the explanatory variables is not an exact linear function of the others. This assumption is equivalent to assuming that no variable is redundant.

⁸⁹R. Carter Hill et al, 2011. Principles of Econometrics. Fourth Edition p173.

Least square estimation

We will consider the least squares principle of the multiple regression model to estimate α_0 , α_1 , α_2 , and α_3 parameters. We will discuss estimation in the context of the econometric model.

This principle declares that to draw an appropriate line to the data values we should make the sum of the squares of the vertical distances from each point to the line as small as possible.⁹⁰ This rule is simply way to describe a line that runs through the middle of the data.

The intercept and slope of this model are a_0 , a_1 , a_2 , and a_3 , the least squares estimate of α_0 , α_1 , α_2 , and α_3 .

$$\text{Ln}\hat{Y} = a_0 + a_1\text{Ln}L + a_2\text{Ln}K + a_3\text{Ln}IHD$$

The vertical distances are given by:

$$\hat{u}_i = \text{Ln}Y_i - \text{Ln}\hat{Y}_i$$

With the least squares principle, we find those values of (a_1 , a_2 , a_3) that minimize the sum of squared differences between the observed values and their expected values

The least squares estimators a_0 , a_1 , a_2 , and a_3 have the property that the sum of their squared residuals is less than any other options.

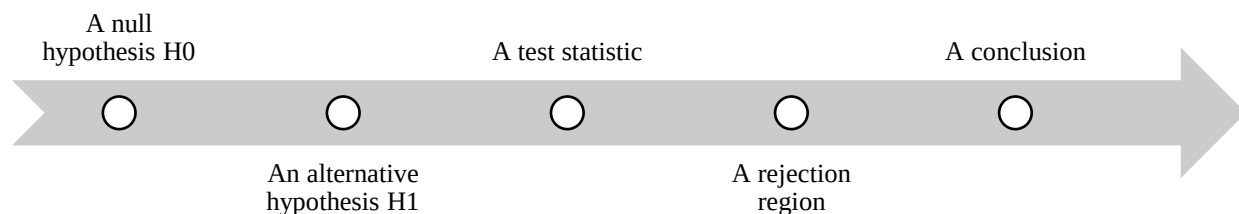
In addition to providing information about how sales change when price or advertising change, the estimated equation can be used for prediction (R. Carter Hill et al, 2011).

Hypothesis testing

For economic decision is require a judgment as to whether or not a parameter is a specific value. Hypothesis testing procedures compare a conjecture we have about a population to the information contained in a sample of data (R. Carter Hill et al, 2011).

To test if the model is statistically significant, we will follow the hypothesis testing components as follows;

Figure 1. Components of hypothesis tests



Source: R. Carter Hill et al, 2011

Fisher's test, F-test, was used to test the significance of the overall model. This type of test serves to prove whether the model is adequate to explain economic growth. The higher the (calculated) F-test value, the better the model is considered. Student's test, t-test, was used to test the importance of the variables. This type of test serves to prove whether or not the variables are adequate to

⁹⁰ Ibid p51

explain economic growth. To find whether the data contain any evidence suggesting GDP is related to Xi (L.K.F), we test the null against the alternative hypothesis

H0: $\alpha_i = 0$

H1: $\alpha_i \neq 0$

The formula of the test statistic is:

$$t = \frac{\alpha_i}{se(\alpha_i)}$$

Description of variables for the model

Gross domestic product

“GDP at purchaser's prices is the total of all resident producers' gross value added, plus any applicable product taxes, less any subsidies that are not reflected in the value of the goods.” (World Bank).

Labor (Human Capital Index)

“The labor force is made up of people who are at least 15 years old and provide labor for the creation of goods and services for a set amount of time. It includes both those who are employed and those who are looking for work right now, as well as first-time job seekers. However, not everyone who works is included. Many times, unpaid employees, family members, students, and members of the armed forces are not included. The number of workers tends to fluctuate throughout the year as seasonal workers come and go.”(World Bank).

Foreing Direct Investment

“The term "foreign direct investment" refers to net investments made to purchase a long-term management interest (10 percent or more of voting stock) in a company that operates in a country other than the investor's own. According to the balance of payments, it is the total of equity capital, reinvestment of earnings, other long-term capital, and short-term capital. Total net FDI is shown in this series. Financial account balances in BPM6 are determined by subtracting the change in assets from the change in liabilities. Net FDI inflows are liabilities, while net FDI outflows are assets. The data are in actual dollars.” (World Bank).

Gross capital formation

“Gross capital formation, formerly known as gross domestic investment, is made up of expenditures for new fixed assets for the economy as well as net changes in inventory levels. Purchasing plant, machinery, and equipment; building roads, railways, and similar structures; and building schools, offices, hospitals, private residences, commercial, and industrial structures are all examples of fixed assets. Fixed assets also include land improvements (fences, ditches, drains, and so forth). Stocks of goods kept by businesses as "work in progress" and to cover brief or unforeseen fluctuations in production or sales are known as inventories. Net acquisitions of valuables are also regarded as capital formation in accordance with the 1993 SNA.”(World Bank).

4. Analysis of results and findings.

Analysis of results and findings refers to the process of examining and interpreting data and information collected from research or experiments. This process involves identifying patterns, trends, and relationships within the data, as well as drawing conclusions and making recommendations based on the findings.

The analysis of results and findings is an important step in any research or experimental process, as it allows researchers to draw meaningful insights from the data and make informed decisions based on the results. Depending on the nature of the study, the analysis of results and findings may involve statistical analysis, qualitative analysis, or a combination of both.

In statistical analysis, researchers use mathematical techniques to analyze and interpret data, such as regression analysis, ANOVA, or correlation analysis. In qualitative analysis, researchers use techniques such as coding and thematic analysis to identify patterns and themes within the data.

Once the analysis of results and findings is complete, researchers may write up their findings in a report, paper, or presentation, which includes a discussion of the implications of the results and recommendations for future research or action.

Implementation of the model

Converting them to logarithmic form, we have the Solow econometric model, as follows:

$$\ln GDP = \beta_0 + \beta_L \ln L + \beta_{IHD} \ln IHD + \beta_K \ln K + u$$

First, let's test if this model is statistically significant, to show the impact that production factors have on economic growth. For this, the raised hypotheses are:

Hipotezanul: $\beta_L = \beta_{IHD} = \beta_K = 0$

Hipoteza alternative: At least one of the coefficients is different from zero, $\beta_i \neq 0$

Fisher's test, F-test, was used to test the hypotheses. This type of test serves to prove whether the model is suitable to explain the economic growth in our country. The higher the (calculated) F-test value, the better the model is considered. Economic growth, foreign direct investments (x2), as part of GDP, gross capital formation (x3) and total labor force (x1) are included in the model. The model is statistically significant at the level of significance $\alpha = 0.05$ ($F\text{-llog} = 152.4321 > F\text{-kr}$ and significant $p\text{-value} < 0.05$). So, we reject the null hypothesis, where we assumed that none of the factors affect economic growth (according to the Solow model). By rejecting H_0 (the null hypothesis) and accepting H_a (the alternative hypothesis), we simply conclude that at least one of the variables in the model is statistically related to GDP, the indicator of economic growth. After testing the model, the next hypothesis under study is the $X_1, X_2, X_3\text{-}Y$ relationship, where we seek to test whether the dependent variables affect economic growth. Null hypothesis: X_i does not affect economic growth Alternative hypothesis: X_i positively affects economic growth. The test used is Student's t-test, t-test. It serves to verify if a coefficient is statistically significant, i.e., does the variable included in the model affect the dependent variable (economic growth). Table 4.1 gives the Solow model.

Tabela 4. 1. Model

Dependent Variable: Y

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.861915	0.063677	13.53573	0.0000
X2	0.003928	0.024964	0.157341	0.8752
X3	0.975659	0.054992	17.74186	0.0000
C	-0.871845	0.495685	-1.758869	0.0811
R-squared	0.789400	Mean dependent var	9.014300	

Adjusted R-squared	0.784221	S.D. dependent var	0.505052
S.E. of regression	0.234607	Akaike info criterion	-0.030580
Sum squared resid	6.714925	Schwarz criterion	0.059461
Log likelihood	5.926544	Hannan-Quinn criter.	0.006001
F-statistic	152.4321	Durbin-Watson stat	0.213205
Prob(F-statistic)	0.000000		

Source: Author

From the table above, we see that FDI has a statistically insignificant impact on economic growth for the Balkan countries in the period 2008-2021. While gross capital formation is statistically significant, which means that the increase of this variable by 1% increases the level of GDP by 0.9%. The labor force variable is also statistically significant, the higher the labor force, the more it affects the GDP level. In this variable, we must assume that the level of unemployment remains relatively constant, but if unemployment were to increase, this variable would give different results.

5. Conclusions

Changes in the labor force participation rate may have a big impact on economic growth, according to the Solow model. A higher participation rate, which indicates more people are actively looking for work, results in a larger labor force and higher output. A decline in the participation rate, on the other hand, results in a reduction in the labor force and a reduction in output. As the only factor of production that increases at a constant rate, labor is essential to the Solow model because it interacts with capital and productivity to determine output level.

According to the model, higher levels of gross capital formation should have resulted in higher capital levels per worker, which would have increased productivity and fueled economic growth. The model does, however, also foresee the existence of diminishing returns to capital, which implies that as the amount of capital per worker rises, the additional productivity gains from more capital will be smaller.

According to the Solow model, FDI can aid in economic growth by raising capital per worker and fostering productivity gains, but the advantages of FDI may vary depending on a number of variables, including the standard of institutions and the accessibility of skilled labor and capital. If the domestic workforce is unable to utilize the new capital and technology introduced by foreign investors, the productivity gains from FDI may be constrained. Furthermore, our study found that FDI had no effect on economic growth by raising the amount of capital per employee and promoting productivity increases.

References.

1. Alina Koutun and Patrick Karabona, 2013. An Empirical Study of the Solow Growth Model
2. Carl-Johan Dalgaard, 2008. Capital accumulation and growth — the Solow model
3. Chu, Angus C, 2015. From Solow to Romer: Teaching Endogenous Technological Change in Undergraduate Economics
4. Karl Whelan, 2014. The Solow Model's Assumptions. Available at: [Notes11.pdf \(karlwhelan.com\)](#)
5. Milica Uvalić and Vladimir Cvijanović, 2018. Towards A Sustainable Economic Growth and Development in the Western Balkans
6. OECD, 2021. Competitiveness in South East Europe: A Policy Outlook
7. R. Carter Hill et al, 2011. Principles of Econometrics. Fourth Edition p173.
8. R. Carter Hill et al, 2011. Principles of Econometrics. Fourth Edition p176.
9. R. Carter Hill et al, 2011. Principles of Econometrics. Fourth Edition p100.
10. Rensman, Marieke, 1996. Economic growth and technological change in the long run
11. World Bank. [Labor force, total | Data \(worldbank.org\)](#); last access 6.4.2023

Implementation of the Agile methods in SME-s in Albania

Dr. Erisa Musabelli

**Department of Management, Faculty of Business
University "Aleksandër Moisiu" Durrës**

E-mail: erisamusabelliu@hotmail.it

Prof. Ass. Dr. Venet Shala

**Faculty of Economics
University "Ukshin Hoti", Prizren, Kosovo**

E-mail: venet.shala@uni-prizren.com

Dr. Olta Nexhipi

**Department of Management, Faculty of Business
University "Aleksandër Moisiu" Durrës**

E-mail: olta.nexhipi@uamd.edu.al

Project management has become the headline these days. The reason for this is the increase in global competitiveness as well as the increase in demand for a variety of complex products and services. Both of these factors have caused companies to be in a constant struggle with the "Time to be in Market" challenge. These last decades have shown that traditional project management is faced with a number of difficulties, so they have turned to other forms of management such as Agile methods. The Albanian market has little knowledge of these modern management methods and the purpose of this paper is to see how small and medium enterprises are aware and apply these methods to solve problems in time in their projects. The study was conducted with a qualitative and quantitative approach in small and medium enterprises in Albania. Data were collected from observations of meetings and interviews conducted in these enterprises. According to the data analysis, we can say that Agile project management not only helps to create strong foundations for the growth and profitability of an organization, but also provides a company with various attributes including visibility, quality, employee satisfaction and customer satisfaction. So, we can say that the use of the Agile method is a new entry in Albanian organizations and is mostly used in medium businesses, experts of IT, programming and by project management.

Key words : *Agile methods, SME, traditional methods, project.*

JEL Classification: *M10, M11, M15*

1. Introduction

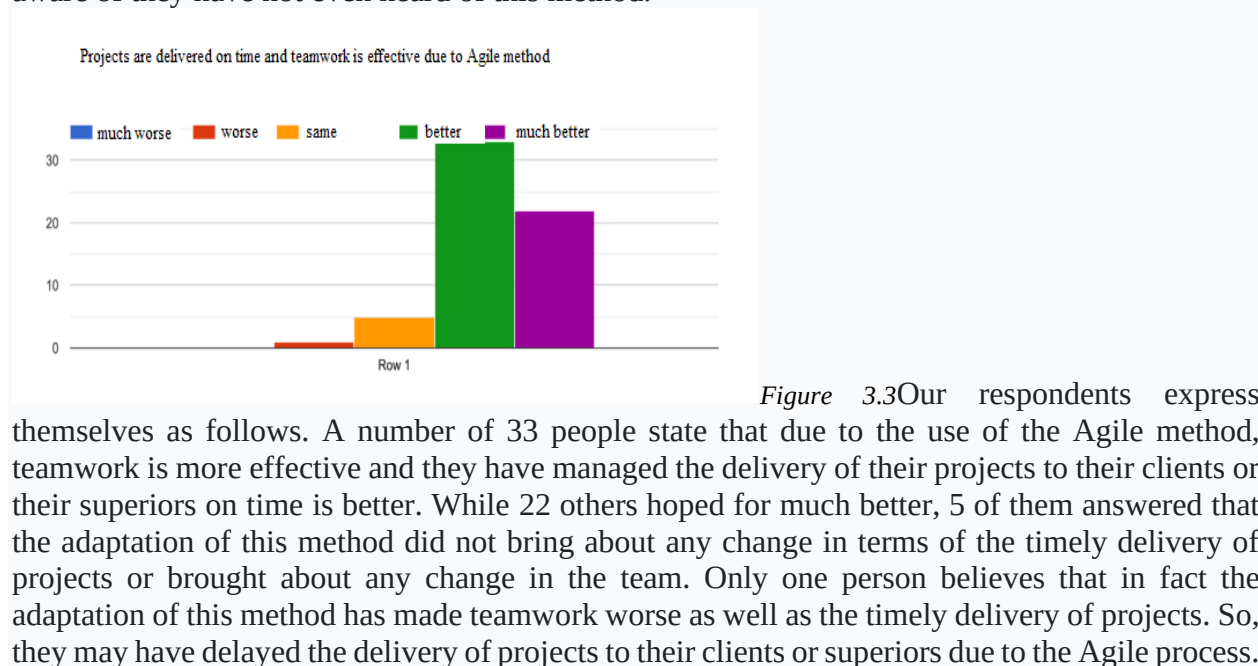
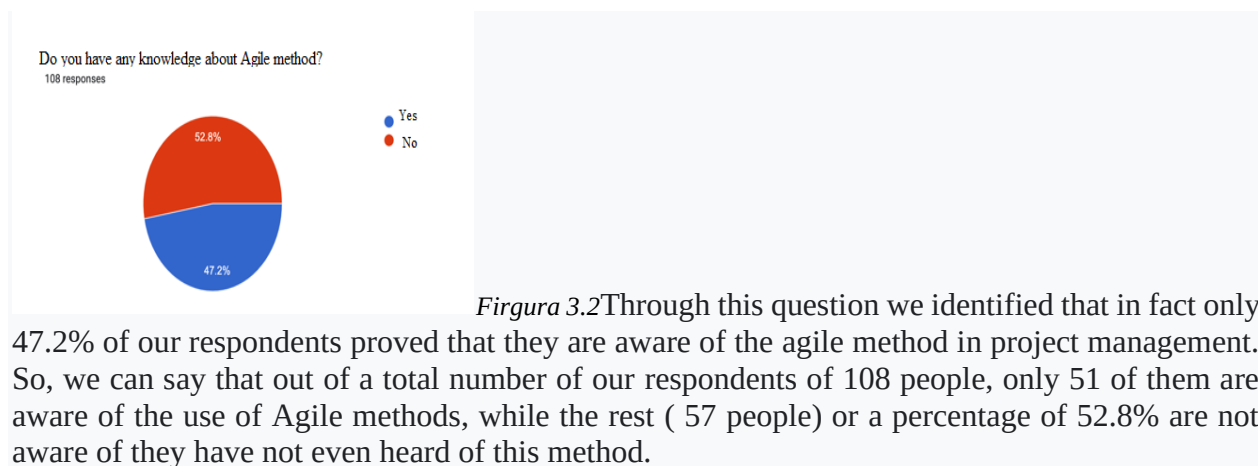
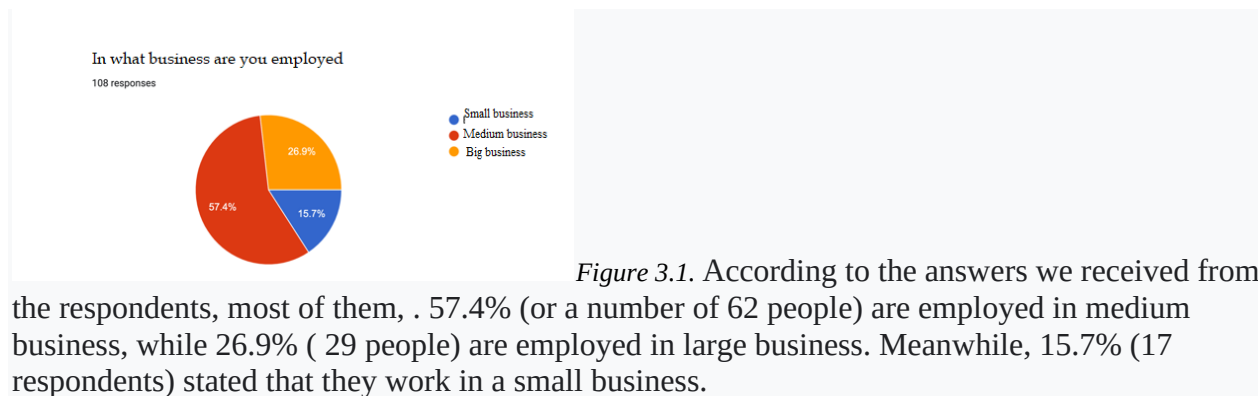
Project management is very important as many companies use it to achieve their objectives and therefore project management methodology is an essential component of any business strategy. According to Ajam (2018), traditional methodologies emphasize rigid planning as well as command and control, while an Agile approach focuses more on flexibility, leadership and team collaboration. In the traditional method, managers considered a project successful when its development was carried out according to the preliminary plan. While in agile methods, a

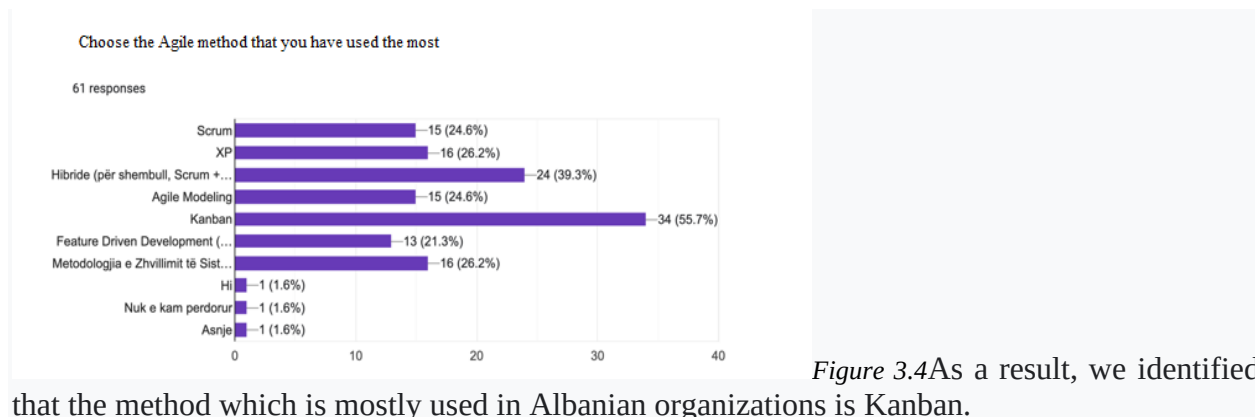
preliminary plan is normally made, but this plan is continuously revised. Agile is the ability to move and respond quickly (Cluster, 2019). So, we can say that the goal of the agile method is to give value to a project more quickly as well as to improve its quality. In the agile method, the value provided by the relevant software is the basis on which the project is considered successful. According to Layton (2020), traditional projects are organized into temporary teams, built to realize specific benefits anticipated in a business. Nowadays, products are considered durable. To produce these long-term products, enterprises will need to create permanent teams to iteratively engineer, design, develop, test, integrate, document and even support the products until business results are achieved. Companies in market industries have shifted their focus to adapting Agile methodology instead of the traditional one, as they can provide more effective and impressive services to their customers (Kashyap, 2018). According to Kashyap (2018), traditional methodologies and Agile methodologies are not different only in terms of satisfaction and faster delivery time of projects or tasks, but also in their basic approach. Also, SMEs are known to make up the majority of a country's market share. According to reports from INSTAT, about 99.8% of businesses in Albania are SMEs (Instat, 2021). We can say that the Agile philosophy facilitates adaptability within the company. Many small and medium-sized enterprises aim for digital and Agile transformations. According to Benea 2021, Agile as a philosophy was established in 2001 by 17 authors (of the Scrum Alliance), and was based on twelve principles and four core values, all stated in the Agile Manifesto. In our opinion, Agile is today's enterprise solution considering how complicated the changes and needs of enterprises are. However, enterprises should consider which of the Agile methods are useful for the company or for their projects.

2. Methodology

This is a research paper in which primary and secondary data were used, which together with all other data were used to reach a conclusion related to the main purpose of the paper, Implementation of the Agile methods in SME-s in Albania. In this study we have used a questionnaire which is shared in 108 SME-s in Albania for a period of 3 months. The participants in this research were selected based on purposive sampling as well as by measuring several control variables. The variables that we considered to be the most important are five, such as: the size of the organization, management support, the experience of team members, the experience of team members in the Agile method in project management and the time in which the organization has adopted the method agile. Management support has been measured through the training they have offered to employees in relation to the agile method as well as the funds they have invested for this purpose. The size of the organization was measured by asking the respondents to express themselves in relation to the enterprise in which they are employed, i.e. whether they work for a small, medium or large enterprise. Meanwhile, the level of experience was measured by asking respondents how long they have been using Agile methods and related software such as Kanban, Scrum, etc. as well as by asking them how long they have been working with agile projects in general. The techniques used to collect research data are quantitative techniques. To collect responses from our respondents we used spreadsheet software such as Microsoft Excel.

3. Results and Discussion





3.1 Traditional project management (Waterfall).

According to Layton (2020), traditional projects are organized into temporary teams, built to realize specific benefits anticipated in a business. According to Haas (2007), Hallin and Karrbom Gustavsson (2015), first the traditional management approach appeared in the defense and aerospace industry where project models were developed. Furthermore, Boehm (2002) and Williams (2005) discuss how traditional project management is known to be useful for projects that are straightforward, predictable, stable (, unfriendly to change) and have a set of boundaries. that facilitate planning. In the project team, work can be easily distributed due to well-defined requirements and good documentation (Fernandez and Fernandez 2008). In other words, traditional project management is a rational, engineering-based model with a high focus on the iron triangle. Its main aim is to complete a project within the scope, budget and planned time so that the project managers can achieve the expected result of the project.

3.2 Agile Methodology Vs. Traditional

Companies in market industries have shifted their focus to adapting Agile methodology instead of the traditional one, as they can provide more effective and impressive services to their customers (Kashyap, 2018). According to Kashyap (2018), traditional methodologies and Agile methodologies are not only different in terms of satisfaction and faster delivery time of projects or tasks, but also in their basic approach. Below we present a table that highlights the difference between the traditional approach and the Agile one.

Table 3.2.1 Agile Methodology Vs. Traditional

Traditional	Agile
The design is done at the beginning	The design is done continuously
The goal is static	The goal is flexible
Low uncertainty	High uncertainty
Avoid the change	Accept the change
Low customer interaction	High customer interaction

According to Donnelly (2019), Agile methodology is defined as a modern and comprehensive approach to project management. The main objective of the Agile methodology is to divide the project into a set of tasks in order to make it simpler and more easily achievable. Thus, the chance of a project's failure can also be reduced. We can say that dividing the project into different groups (also known as sprint) promotes more productivity and creativity among employees leading to the delivery of an innovative final project.

4. Conclusions

- Using the Agile method has a positive impact on project management. To prove this, we conducted a survey which was completed by a number of 108 respondents. This research focused specifically on the impacts of the Agile method on work processes. Consequently, our respondents stated that the use of Agile methods in their work process has had a positive impact such as:
- The adaptation of management in the organizational dimension of the Agile process has an effect in providing a better work productivity.
- Thanks to the Agile process, their projects are delivered on time and teamwork is more effective compared to the traditional method.
- Using the Agile method enables users to complete their tasks faster.
- Using the Agile method has increased effectiveness at work.
- The use of the Agile method has improved the functionality of the projects that our researchers implement in their workplace.
- Using the Agile method has greatly accelerated the development of new projects.
- The use of the Agile method has significantly reduced the number of errors in projects.
- Using the Agile method has made teams more aware of the quality of their projects, as well as making the team itself more productive.
- Using the Agile method has significantly reduced the time they spend on project development.

Another positive impact and among the most important of the use of Agile methods is that the clients of our researchers are satisfied with their projects/products since the businesses have adapted the use of the Agile method in their work processes. Agile methods that are used mostly in Albanian businesses are Kanban as well as hybrids (i.e. Scrum and XP). Our respondents also stated that they mostly use Agile methods in 50-70% of their projects, followed by another large number of respondents who say they use Agile methods in more than 75% of their projects. Most of them also have declared that they use Agile methods mainly in a mix of projects between those small and large projects. Others have stated that they mainly use them routinely or in all their projects. The respondents also expressed that they usually use Agile methods in the requirement specification phase, while another big part of the respondents use it in the Testing phase. In terms of tools that our respondents use to manage agile processes and activities, are Kanban Boards and index cards such as charts, graphs, etc. While other tools that they consider equally important are such as: Wiki, Rally, Scrum VSTS, ScrumWorks, VersionOne, etc. A barrier that we identified during our research was that a significant number of respondents stated that management does not provide funds for training employees so that they can effectively use Agile methods. According to

Cluster (2019), in order for a company to experience success in adapting the Agile method it must train its employees since employees cannot adapt a new practice if they are not yet familiar with it.

5. References

- Boehm, B., Get ready for agile methods, with care, (2002), f.64.
- Cluster, K., Agile Project Management, (2019), f.5, po aty, f.20, 33, 71, 157.
- Conference of the International Group for Lean Construction, (2006), f. 51.
- Cuellar, M., Assessing project success: Moving beyond the triple constraint. (2011), f. 13.
- Fernandez, D. & Fernandez, J. D. Agile Project Management; Agilism versus traditional approaches, (2008), f. 10.
- Haas, K. B., The blending of traditional and agile project management, (2007), f.9.
- Hallin, A. & Karrbom Gustavsson, T., Projektledning, (2015), f.64.
- INSTAT [<http://www.instat.gov.al/al/temat/industria-tregtia-dhe-sh%C3%ABrbimet/statistikat-strukture-t%C3%ABnd%C3%ABrmarrjeve-ekonomike/publikimet/2021/statistika-mbi-nd%C3%ABrmarrjet-e-vogla-dhe-t%C3%AB-mesme-2019/>], hyrja e fundit në 2 Maj 2022
- Ken Schwaber dhe Jeff Sutherland, Software in 30 Days, (2012), f. 55.
- Layton, M., Ostermiller, S., Kynaston, D., Agile Project Management, 3rd edition, (2020), f.8, po aty f.423, f.431.
- Owen, R., Koskela, L., Henrich, G. & Codinhoto, R., Is agile project management applicable to construction? in R Sacks & S Bertelsen (eds), (2006), Proceedings of the 14th Annual.
- Öztürk, V., 'Flexible and Adaptive Life Cycle Framework for Software Development', Journal of Software (2016), f. 943.
- Williams, T., Assessing and moving on from the dominant project management discourse in the light of project overruns. IEEE Transactions on Engineering Management, (2005), f. 497.

Motivation and Social Media as Important part of Business Activity

PhD. Enis Fita

University College of Business, Tirana, Albania

efita@kub.edu.al

OCRID: 0000-0001-7366-333X

Abstract

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be - desire for money.

Social networking sites (e.g., Facebook, LinkedIn, Google+) are one of six types of social media tools identified by Kaplan and Haenlein on the basis of the degree of self-presentation and self-disclosure required, the degree of intimacy and the immediacy of the medium, and finally the amount and the type of information that can be transmitted in a given time (described as media richness). The remaining five categories include collaborative projects (e.g., Wikipedia, Google Docs), blogs and micro-blogs (e.g., WordPress, Blogger, Twitter), content communities (e.g., YouTube), virtual game worlds (e.g., World of Warcraft), and virtual social worlds (e.g., Second Life). In the majority of the organisations interviewed, all of the staff did not have access to social media for business purposes. Several reasons were identified for this and included other work requirements preventing staff from actively participating in social media use. Other suggestions were reluctance of staff to use social media for fear of saying something inappropriate about the business and lack of familiarity with social media in some staff members.

This paper aims to give a clear description of the terms and concepts of social media and motivation in organization and also aims to identify factors that affect the motivation of employees in public administration from the perspective of Expectancy Theory of Vroom. Motivation and Social media is a hypothetical construct that is used to explain behavior and it should not be equivalent to it.

Key words: Social Media, Motivation, organizational performance, Expectancy Theory.

JEL classification: M31, M54, O33

1. Introduction

Motivation is what explains why people or animals initiate, continue or terminate a certain behavior at a particular time. Motivational states are commonly understood as forces acting within the agent that create a disposition to engage in goal-directed behavior. It is often held that different mental states compete with each other and that only the strongest state determines behavior. This means that we can be motivated to do something without actually doing it. The paradigmatic mental state providing motivation is desire. But various other states, such as beliefs about what one ought to do or intentions, may also provide motivation.

Various competing theories have been proposed concerning the content of motivational states. They are known as *content theories* and aim to describe what goals usually or always motivate people. Abraham Maslow's hierarchy of needs and the ERG theory, for example, posit that humans have certain needs, which are responsible for motivation. Some of these needs, like for food and water, are more basic than other needs, such as for respect from others. On this view, the higher needs can only provide motivation once the lower needs have been fulfilled. Behaviorist theories try to explain behavior solely in terms of the relation between the situation and external, observable behavior without explicit reference to conscious mental states.

Motivation may be either *intrinsic*, if the activity is desired because it is inherently interesting or enjoyable, or *extrinsic*, if the agent's goal is an external reward distinct from the activity itself. It has been argued that intrinsic motivation has more beneficial outcomes than extrinsic motivation. Motivational states can also be categorized according to whether the agent is fully aware of why he acts the way he does or not, referred to as conscious and unconscious motivation. Motivation is closely related to practical rationality. A central idea in this field is that we should be motivated to perform an action if we believe that we should perform it. Failing to fulfill this requirement results in cases of irrationality, known as akrasia or weakness of the will, in which there is a discrepancy between our beliefs about what we should do and our actions.

Most of the businesses in the survey made use of analytics tools to track whether social media resulted in conversions to customers. However, three of the businesses described the difficulty of effectively monitoring how social media interaction converts to value for the business. Motivation and social media, being at the same time very complex and contradictory, is probably one of the management of which much has been written because a working environment with a high motivation staff is alive, energetic, collaborative, and flexible where everyone finds pleasure to work there. A demotivated working environment is drab and listless, full of conflicts, characterized by abstention and low productivity and is uncomfortable (J.Carlopio et al 2008) [1]. The study of motivation and its role in the dynamics of each activity is increased continuously in recent years and currently motivational issues today have regained the attention of various scholars, both in theoretical and in practical terms. These gained experiences have stimulated intensively the development of different motivational theories. This means that currently most of today's researchers and researches on motivation conclude that in this regard there are enough gaps and deficiencies, which must be repaired.

2. Social media and marketing

Scholars have established the relationship between SM usage and business motivation [2]. A study by Annisa & ER (2019) revealed that SMEs used SM to enhance their business processes and innovations. Modern businesses have employed social media analytics practices (SMAP) to assess the effectiveness of SM on business performances. For instance, empirical evidence from Garg et al. (2020) established a significant positive relationship between SMAP and business performance [3]. The research work of Öztamur & Karakadılar (2014) also indicated that social media play active role in SME's business process and motivation [4]. In addition to that, organizations use social media to engage customers and align products and services to meet their expectations [5]. SM usage has an impact on organizational performances [6]. The findings from the study show a positive relationship between SM usage and organizational performance. The study further revealed SM enhances business processes and development through information search, knowledge sharing and advertisement [7]. Recent work of Zhang & Zhu (2021) revealed a significant positive relationship between SM strategic capability and business model innovation. These findings have provided extensive evidence on the effects of SM on business processes and motivation [8].

Marketers target influential people on social media who are recognised as being opinion leaders and opinion-formers to send messages to their target audiences and amplify the impact of their message. A social media post by an opinion leader can have a much greater impact (via the forwarding of the post or "liking" of the post) than a social media post by a regular user. Marketers have come to the understanding that "consumers are more prone to believe in other individuals" who they trust (Sepp, Liljander, & Gummerus, 2011) [9]. Use of [social media](#) platforms and [websites](#) to promote a product or service is very important in market economy. Most of these social media platforms have their own built-in data analytics tools, which enable companies to track the progress, success, and engagement of ad campaigns. Companies address a range stakeholder through social media marketing including current and potential customers, current and potential employees, journalists, [bloggers](#), and the general public. On a strategic level, social media marketing includes the management of the implementation of a marketing campaign, [governance](#).

SM plays a significant role in enabling organizations to achieve effectiveness and its budget is expected to increase by ninety-one percent (91%) in the next three years (Newberry & Dawley, 2020) [10]. According to Aggarwal et al. (2012), SM platforms have different purposes including recruitment, marketing, product testing, research, criticism, and financing. SM has made it possible for firms to collaborate with customers and other stakeholders [11]. Thus, SM platforms help in engaging directly with the target customers through self-interrogation, self-disclosure and innovation (Muslim et al., 2020) [12]. In the context of SMEs, Öztamur & Karakadılar (2014) confirmed that SM has been adopted to promote goods and services and connect with customers. Additionally, Amoah & Jibril, 2021 added that SM provides a channel of communication to the target market and respond to customers' concurrently [13]. An empirical observation by Fan et al. (2021) indicated a positive relationship between SM adoption and SME performance.

Conversely, SM affects employees' performance since excessive use during working hours negatively affects their output (Liang & Turban, 2011) [14]. Besides, Ahmad et al., (2019) also highlighted that managerial lack of planning, investment and expected performance results have an adverse effect on SM usage, especially at the maturity stage of the organization [15].

From the literature, we note that a firm's specific usage of SM platforms is crucial in evaluating its impact on business performance at each stage.

3. Data collection

A social media marketing strategy is a summary of everything you plan to do and hope to achieve on social media. It guides your actions and lets you know whether you're succeeding or failing.

The paper was conducted in both institutions, such as the Institute of Health Care Insurance and the Treasury Department of Tirana, in Tirana city. Entrance to these institutions was mediated through the authorization and permission of the director of the relevant institution and then the procedures were eased in order to establish contact with the employees of these institutions. The method of data collection has been through face to face interviews in order to complete the questionnaires and in some cases the questionnaire was left to be filled by employees themselves. Firstly, to the employees were explained the purpose of the study and the fact that it is anonymous, as well as its rights to stop at every moment that he didn't want to continue and as well to ask for any confusion that may have. After this explanation, to employees were asked the approval for participating in this study. After the approval has been preceded with the completion of the questionnaire, which lasted about 15-20 minutes. In some cases the questionnaire was left to be filled in work environments and is taken in a second time after it was completed. At the same time in this case the necessary explanation is given to unclear questions. At the beginning of each questionnaire, employees were explained about the purpose of the relevant questionnaire, referring to his instructions, and the way in which to respond which varied according to the survey.

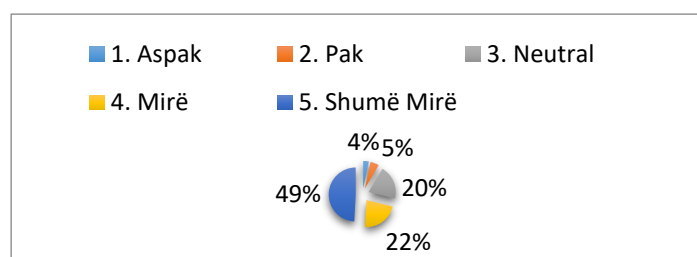
Analysis of the third section of the questionnaire (Measurement of motivation of employees in the organization)

The third section of the questionnaire has as its goals to measure the motivation of the employees in the organization. The third section is divided into three issues: 1. Connection: Efforts – Performance, 2. Connection: Performance - Reward and 3. Realization of expectations.

5. *Expectancy (E): Effort → Performance (E→P).*

Graph 1: If you work hard, are you able to achieve maximum performance? (Fig.1)

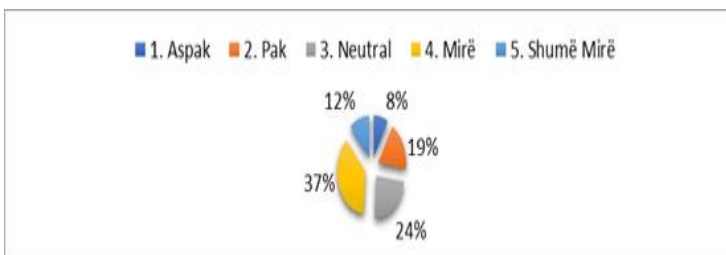
Fig.1.
Source: Author



Based on the analysis made to the data of this question resulted that 2 persons or 4% of respondents answered *No*, 3 persons or 5% of the respondents answered *a little*, 12 individuals or 20% of the respondents answered *neutral*, 13 individuals or 22% of the respondents answered *good* and 29 individuals or 49% of the respondents answered *very good*. From these data it appears that the majority of respondent's 49% or 29 individuals stated that, if they work harder, they have the potential to reach a maximum performance at work.

Graph 2: *If you achieve higher performance are the mechanisms for you to achieve your expectations at a higher level?* (Fig.2.)

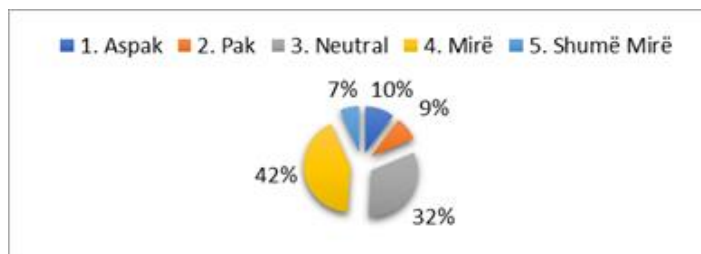
Fig.2.
Source: Author



In this question, based on the responses of the respondents, it was found that 5 individuals or 8% of the respondents answered Not at all, 11 individuals or 19% of the respondents answered A little, 14 individuals or 24% of the respondents answered Neutral, 22 individuals or 37% of the respondents answered Good and 7 individuals or 12% of the respondents answered Very Good.

Graph 3: *If you achieve high performance do you get that expectation priority or others?* (Fig.3.)

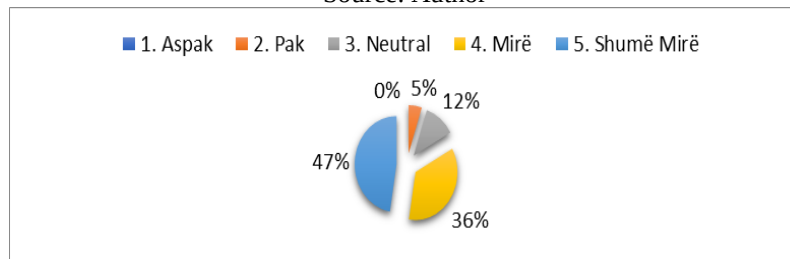
Fig.3.
Source: Author



From the processing of the data it was found that the majority of the respondents, 42% answered Good, so the employees are not very satisfied with the reward they receive if they achieve a higher performance, their expectations are not fully met. 32% of the respondents preferred to be Neutral in their answers and only 7% and 100% expressed that they are very satisfied with the reward that is given to you as a result of achieving a performance at a higher level, their expectations are maximally fulfilled.

Graph 4: *Are you clear about the method of monetary and non-monetary reward? (Fig.4.)*

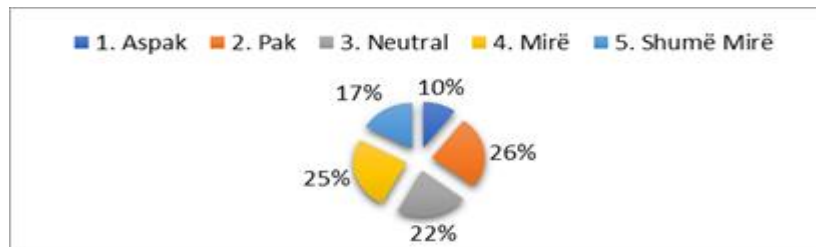
Fig.4.
Source: Author



For this factor, it resulted that 3 individuals or 5% of the respondents answered Little, 7 individuals or 12% of the respondents answered Neutral, 21 individuals or 36% of the respondents answered Good and 28 individuals or 47% of the respondents answered Very Good answer. So the majority of the respondents, 47%, answered Very Good, so the employees of the public administration are very clear about the monetary and non-monetary remuneration method.

Graph 5: *Are reward-performance linkage systems stable (or do they change along the way)?(Fig.5.)*

Fig.5.
Source: Author



From the data collected from the questionnaires, it was found that 6 individuals or 10% of the respondents answered Not at all, 15 individuals or 26% of the respondents answered A little, 13 individuals or 22% of the respondents answered Neutral, 14 individuals or 25% of respondents answered Good and 10 individuals or 17% of respondents answered Very Good.

From the graph above, it was found that the majority of respondents, 26%, answered Few. This means that the employees in the public administration, mainly in the two institutions that I studied, say that the reward-performance relationship is a little stable. So the reward-performance link changes along the way.

6. Conclusions

Popular social media such as Facebook, Twitter, LinkedIn, and other social networks can provide marketers with a hard number of how large their audience is nevertheless a large audience may not always translate into large sales volumes [16].

Social networking websites are based on building virtual communities that allow consumers to express their needs, wants and values, online. Social media marketing then connects these consumers and audiences to businesses that share the same needs, wants, and values. Through social networking sites, companies can keep in touch with individual followers. The purpose of this paper was based on contemporary literature in the field of motivation, to build a picture of the reality regarding the motivation of employees in public administration, according to the Expectancy Theory of Vroom, and to see which factors affect motivation of employees in the public sector.

At the end of this work we are able to realize that motivating employees is a very important element, which has a direct influence on the economic success of the companies, but not only that, it also improves the emotional and psychological state of employees making them more willing to work and to improve their performance. Also, we are able to identify some of the techniques of motivation, as well as factors that make it necessary the employee motivation. Motivation, being at the same time very complex and contradictory, is probably one of the management issues of which much has been written because a working environment with a high motivation staff is alive, energetic, collaborative, and flexible where everyone finds pleasure to work there. A demotivated working environment is drab and listless, full of conflicts, characterized by abstention and low productivity and is uncomfortable (J.Carlopio at al 2008) [17]. The study of motivation and its role in the dynamics of each activity is increased continuously in recent years and currently motivational issues today have regained the attention of various scholars, both in theoretical and in practical terms.

Literature

- [1] Carlopio, J. at al (2008, 2021). Developing management skills: A comprehensive guide for leaders. Bond Business School Publications.
- [2] Annisa, L. H., & ER, M. (2019). Impact of Alignment between Social Media and Business Processes on SMEs' Business Process Performance: A Conceptual Model. *Procedia Computer Science*, 161, 1106-1113.
- [3] Garg, P., Gupta, B., Dzever, S., Sivarajah, U., & Kumar, V. (2020). Examining the Relationship between Social Media Analytics Practices and Business Performance in the Indian Retail and IT Industries: The Mediation Role of Customer Engagement. *International Journal of Information Management*, 52, 102069.

- [4] Öztamur, D., & Karakadılar, İ. S. (2014). Exploring the Role of Social Media for SMEs: As a New Marketing Strategy Tool for the Firm Performance Perspective. *Procedia—Social and Behavioral Sciences*, 150, 511-520.
- [5] Thoumrungroje, A. (2014). The Influence of Social Media Intensity and EWOM on Conspicuous Consumption. *Procedia—Social and Behavioral Sciences*, 148, 7-15.
- [6] Charoensukmongkol, P., & Sasatanun, P. (2017). Social Media Use for CRM and Business Performance Satisfaction: The Moderating Roles of Social Skills and Social Media Sales Intensity. *Asia Pacific Management Review*, 22, 25-34.
- [7] Paniagua, J., & Sapena, J. (2014). Business Performance and Social Media: Love or Hate? *Business Horizons*, 57, 719-728.
- [8] Zhang, F., & Zhu, L. (2021). Promoting Business Model Innovation through Social Media Strategic Capability: A Moderated Mediation Model. *European Management Journal*, 40, 56-66.
- [9] Sepp, Liljander, & Gummerus, (2011) Strategies for Increasing Motivation.
- Newberry, C., & Dawley, S. (2020). The 5 Most Important Social Media Trends to Watch for in 2021. *Hootsuite*.
- [9] Aggarwal, R., Gopal, R., Sankaranarayanan, R., & Singh, P. V. (2012). Blog, Blogger, and the Firm: Can Negative Employee Posts Lead to Positive Outcomes? *Information Systems Research*, 23, 306-322.
- [10] Muslim, A., Harun, A., Ismael, D., & Othman, B. (2020). Social Media Experience, Attitude and Behavioral Intention towards Umrah Package among Generation X and Y. *Management Science Letters*, 10, 1-12.
- [11] Amoah, J., & Jibril, A. B. (2021). Social Media as a Promotional Tool towards SME's Development: Evidence from the Financial Industry in a Developing Economy. *Cogent Business & Management*, 8, Article ID: 1923357.
- [12] Liang, T. P., & Turban, E. (2011). Introduction to the Special Issue Social Commerce: A Research Framework for Social Commerce. *International Journal of Electronic Commerce*, 16, 5-14.
- [13] Ahmad, S. Z., Abu Bakar, A. R., & Ahmad, N. (2019). Social Media Adoption and Its Impact on Firm Performance: The Case of the UAE. *International Journal of Entrepreneurial Behavior & Research*, 25, 84-111.
- [14] Eric, J. (2004). Strategies for Increasing Motivation. *Nicros*.
- [15] Carlopio, J. at al (2008).Motivation and management skills.

An overview of e-government development in Albania

M.Sc. Ermelinda Satka⁹¹, Prof. Dr. Fadil Zendeli⁹², M.Sc. Ervi Kosta⁹³

Abstract

The development of public service digitalization in Albania has been a crucial area of focus for the government in recent years. The country has made significant progress in the digitalization of public services, with various e-government initiatives and digital platforms being introduced to enhance service delivery and increase transparency. This paper provides an overview of the digitalization efforts in Albania, highlighting key achievements, challenges, and opportunities for further development. The study draws on a range of sources, including government reports, academic literature and journal articles to provide a comprehensive analysis of the current state of public service digitalization in Albania. The findings suggest that while Albania has made notable progress in this area, there are still significant challenges that need to be addressed, such as the need for greater inter-agency coordination, improved infrastructure, and increased public awareness of e-government services. Finally, the paper proposes recommendations for policymakers and stakeholders to further advance the digitalization of public services in Albania, with a view to enhancing service delivery and improving the quality of life for citizens.

Key words: e-government, digitalization, public services, e-Albania platform.

JEL classification: H11, H70, O38.

⁹¹ **Corresponding author:** Assistant Lecture, Agricultural University of Tirana/Faculty of Economy and Agribusiness, Department of Rural Tourism Management, Tirana, Albania, esatka@ubt.edu.al
PhD. Candidate, South East European University /Faculty of Contemporary Social Sciences, Tetovo-Macedonia, es30510@seeu.edu.mk

⁹² Professor, South East European University /Faculty of Contemporary Social Sciences, Tetovo-Macedonia f.zendeli@seeu.edu.mk

⁹³ Guest lecturer, Agricultural University of Tirana/Faculty of Economy and Agribusiness, Department of Finance-Accounting,/ Bank of Albania, Tirana, Albania. ervikosta10@gmail.com

I. Introduction

The digitization of services implies the substitution of digital processes for manual ones. The use of ICT by the public sector to improve access to information services is known as e-government. Through the creation of new connections, modern administration seeks to improve communication, service delivery, and interactive involvement.

E-governance is the process of using technology and the internet to improve administrative efficiency and carry out transactions electronically, obviating the need for individuals to physically visit government buildings.

Since the 1960s, organizations in the public sector have used new technology to manage their workloads more effectively. This covers the use of online forms for data entry as well as the storing and retrieval of citizen data shared in databases. The context in which citizens and public employees engage has altered because of digitized public services, changing the location of public meetings from a public official's office to a technological device.

Public organizations are embracing digital technologies to streamline public gatherings and interactions between the general public and public officials. This study explores the relationships between citizens, government agencies, and digital public services, which are those that are offered or mediated by the internet. It calls for an analysis and conceptualization of how the digitization of public services has affected and continues to affect the interaction between citizens and public authorities. The analysis of prospective effects of digital public services on public meetings, as well as the provision of a research agenda for further exploration, are the paper's main objectives.

The review process involves categorizing pertinent ideas, discoveries, and contributions, using analytical tools, a critical appraisal, an evaluation of the current level of knowledge, and a continual search for new material to aid in the study and comprehension of the in-issue phenomena. The analysis and interpretation of data was linked to the literature search, which was directed by our study purpose. We found that new digital technologies have the potential to shorten service delivery times, increase process transparency, and offer seamless services across organizations. However, they can also be used to restrict access to public services, limit citizen behavior, and track citizen movements.

In the other hand, *digitization of services* means replacing manual processes with digital ones to provide faster, easier and better quality services. Today, the Internet and the use of ICT has become a necessity and a very important aspect in the development of digitalization of public services in the country.

This paper aims to identify important aspects of public service digitization and the e-government that changed our understanding of the interaction between citizens and government. Thus, this paper provides an overview of the digitalization efforts in Albania, highlighting key achievements, challenges, and opportunities for further development.

From the perspective of public policy, digitalization facilitated the approach to innovation in administration and public services and brought services closer to the citizen. During the last 16 years (2005-2021), the use of information technology for the benefit of public service

administration innovation has gained particular importance, supported by a framework of policies, plans, regulations, and new institutions. In this 16-year span (10.09.2005-17.09.2021)⁹⁴, there has been a "straightforward policy" approach regarding the significance and utility of information technologies to digitize state databases and enable online administration services by using an inventive approach with the citizen as their beneficiary.

II. Albanian Digitalization and e-Government

Albania's digitalization has advanced at a relatively satisfactory rate, with the majority of businesses and employees using computers for work-related activities. According statistics institute (INSTAT)⁹⁵ 96.8% of businesses have access to the Internet, and 7.1% of businesses sell goods online. Cyber systems have developed, with 16 commercial banks serving 7,911 digital devices. In 2017, almost 11% of the population used the Internet to make payments, amounting to \$551 billion. Individual commercial enterprises are investing in digital technology to benefit from its advantages. Also, a wide range of public services are in the process of digitization, providing not only convenience, but also cost reduction for both the state and the citizen (*e-Albania* - The government platform of interaction is a key platform for realizing the interaction of the systems of institutions in Public Administration).

According to United Nations research⁹⁶, the number of nations delivering digital services rose to 71% between 2014 and 2018, depending on the type of service. Due to a global trend toward implementing e-government programs, this percentage is anticipated to rise in the future.

The Internet and computer technology have altered market signals, changed the structure of existing sectors, and enabled the penetration of e-business by businesses⁹⁷. Pioneers in electronic commerce, such as Yahoo, Galileo, Amazon.com, eBay.com, and Google.com, have become market leaders for a brief period of time. This has altered the idea of competitiveness, as an electronic company now competes with every other company in the globe. Businesses offer a wide variety of products and services, and these offerings change frequently. Internet technologies have increased the dynamism of change in both traditional and electronic marketplaces. This development trio serves as the cornerstone for all modern business development and has produced excellent prospects for starting new firms or transforming existing ones to the contemporary market.

The Albanian government's intentions for online services and the development of digitalization as a potent weapon for the transparent and effective supply of services to citizens and local companies were highlighted by the National Agency of the Information Society. Additionally, a focus on the

⁹⁴ Council of Ministers Order no. 63, date 27/05/2005, " For the creation of the Central Group for monitoring the implementation of the reform for the removal of administrative obstacles in the field of investments (Official Gazette no. 39, year 2005, page 1423).

⁹⁵ INSTAT (2016). Report - Information Technology and Communication in Enterprise.

⁹⁶ Department of Economic and Social Affairs.(2018). United Nations E-Government Survey 2018. New York. [publicadministration.un.org
https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2018-Survey/E-Government%20Survey%202018_FINAL%20for%20web.pdf](https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2018-Survey/E-Government%20Survey%202018_FINAL%20for%20web.pdf)

⁹⁷ Beqiri, Dr.sc.& Edmond E. (2005).“ Electronic Business", University of Pristina, FSHAB, Pejë.

significance of maintaining a holistic strategy was made in order to overcome the divisions brought on by digitization and to care for the most vulnerable groups. A top goal is still the adoption of data protection laws compliant with the EU General Data Protection Regulation. The National Agency of the Information Society (AKSHI)⁹⁸ has increased the number of electronic services offered online with an impact on 1,781,700 users, including citizens, businesses and administration workers.

Electronic governance (e-governance) is a term used in public administration to refer to both the usage and deployment of IT by the administration and governance through IT. It is a recognized enabler of good governance as it lowers the cost of running the government and makes it easier for residents and businesses to use public services. The information revolution and the governance revolution are two global revolutions that are centered on e-governance. The most significant advancements in e-governance concern a few administrations, such as e-management, e-trade, e-justice, e-education, and e-health. The application of contemporary ICT trends with a tendency to move them closer to the most developed countries of the European Union and the developed digital world must be the foundation for the development of digital services.

The development and use of information and communication technologies has resulted in the creation of the information society, increasing the interaction between institutions and the business community. Electronic business is a contemporary form of organization that relies on the use of ICT and the support of information systems. Digitization of services has replaced manual processes with digital ones to offer businesses faster, easier, and better-quality services. The pace of these business changes is on an unstoppable rise, and their use should increase to have more profitability. Digital services for businesses are constantly being redesigned to offer better quality services, especially online offers.

At the end of the 1990s, public administrations launched e-government projects to provide electronic information and services for citizens and businesses. The main goal of contemporary administration is to improve the exchange of information, the provision of services, and interactive participation through the introduction of new partnerships between citizens, businesses, and institutions.

The guidelines for creating a quality service are provided by the e-services standards⁹⁹. The e-services standards document explains how service development staff should work to build quality and unified e-services in functionality by meeting 14 standards. The standards contain requirements for providing a connected experience with all communication channels, developing an easy-to-use service, ensuring that everyone can use the service, creating a secure service that protects user privacy, and providing a connected experience with all communication channels. These standards are necessary to ensure that public services as a whole are functional and that citizens' trust in the government is maintained. The government has a legal obligation to protect personal data, and staff responsible for analysis, development, and provision of electronic services

⁹⁸ AKSHI.,(2020). Cross-Sectoral Strategy - Albania's digital agenda 2015-2020. Monitoring Report. Council of Ministers, December.

⁹⁹https://akshi.gov.al/wpcontent/uploads/2022/11/STANDARDET_E_SHERBIMEVE_ELEKTRONIKE_1.1.pdf

must actively identify security and privacy threats, collect and process users' personal data in a secure manner, and provide a quality and reliable service. Service analysis and development staff must be able to implement improvements to the services without significant disruption, carry out quality testing regularly, and test the services in a lively environment (AKSHI, 2021).

Among the sectors affected by digitization in Albania, we emphasize:

The digitization of financial services, especially banking operations, has led to an increase in the number of POS and ATMs, as well as the massification of the use of cards and banking applications. This has resulted in a transfer of services from countries with higher salaries to Albania, resulting in a decrease in unemployment.

The transfer of services: The growth of the "call center" sector, which uses digitization to transfer services from high salary countries to Albania, has transferred a part of the unemployment from a developing country to developed countries. Benefits for tourism include increased capacity and quality of tourist service, and the increasing use of portals such as Booking and AirBNB.

Digitization of public services: Albania has a satisfactory level of digitization of public services, offering an ever-increasing range of services in real time and at minimal cost. This includes certificates, health cards, proof of contributions, means of transport, information, certificates, and permits related to real estate.

Digitization is being implemented in medicine and education, with combined platforms for teaching, organizing, and controlling knowledge electronically, providing information and notifications through websites and social networks, and opening personal accounts for university students to get online and real-time information.

Digitization in education in Albania is in its early stages, but it is already affecting financial services, especially banking operations. This is reflected in the total digitization of banking services, the increase in the number of POS and ATMs, and the ever-increasing mass use of cards and banking applications.

The impact of digitization on the labor market in Albania is expected to have a contraction of jobs and difficulties keeping personnel over 50 years old in their jobs. The Internet and computer technologies have disrupted market signals and changed the importance of many key factors in traditional business. The success of first-movers in electronic business, such as Yahoo, Galileo, Amazon.com, eBay.com, and Google.com, has changed the traditional way of doing business by selling virtual products and/or services, acting as sales intermediaries, selling advertising space on the Internet, offering "everything¹⁰⁰ for free", being a place where others could carry out their activities, and many other actions. Studies show that online visits of customers and data of visits play an increasingly important role in the behavioral manifestations of actors. Internet technologies have created opportunities to establish new businesses or adapt existing businesses to the new environment, creating new companies with new business models but with the same goal as

¹⁰⁰ Vargo, S. L., Maglio, P. P., & Akaka, M. A. (2008). On value and value co-creation: A service systems and service logic perspective. *European Management Journal*, 26(3), 145–152.

traditional businesses: winning through customer satisfaction. The development trilogy is the foundation upon which all business development is built today.

III. SWOT ANALYSIS

STRENGTHS ▪ The young age of the population makes it simpler to receive training for new job fields using modern digital tools. ▪ The level of technology navigation is raised by Albanian businesses' close ties to their international counterparts. ▪ Government support. The Albanian governments have taken a constructive stance toward the digitalization of public services and tried to promote and use it more and more for public services as a result of the improvement in service quality and, concurrently, the public's favorable opinion of it.	WEAKNESSES ➤ Population and labor force reduction: Like many other nations, Albania's population is no longer increasing. - Being the sole consumer of digital goods necessitates spending an extensive amount of money on technology. ➤ "Brain drain." Although less so than in previous years, Albania continues to lose competent professionals and talented individuals to western nations where the evaluation is better.
OPPORTUNITIES ▪ Cost-free labor. The level of service transfer from nations with high labor costs to Albania is anticipated to increase with the introduction of more services using digital devices. ▪ High level of language proficiency. Fortunately, Albania inherits a long tradition of effective foreign language instruction. ▪ Lack of a saturated labor market. Albania's labor market is not fully occupied. Still open are opportunities for fresh investments and employment.	THREATS ➤ Increasing the average age of population. The average age of the population in Albania has increased as a result of social and demographic changes. - The “import” of unemployment. There is the possibility that many domestic products will be competed with by mainly Asian producers, who offer competitive prices for goods and services. This threatens the labor market in Albania. ➤ Protectionist policies of EU countries.

▪ European integration. Being a member of the EU would give Albania a competitive advantage when selling goods and services to other EU nations, promoting job growth and economic digitization at the same time. ▪ Reduction of population and labor force Taking into account the low number of births and the high level of emigration of young people during the last years, a decrease in the labor force is expected in the coming years, which will lead to an increase in the unemployment.	The possibility of drafting and implementing protectionist economic policies in the countries of the European Union threatens the companies that offer services from Albania to these countries.

IV. Conclusions and Recommendations

The above paper reflects on some areas of services that have been affected by e-government, where the movement and super-fast developments in the use of technology in the service of citizens require both a response at the infrastructural level, as well as in education, assistance for citizens in

The research found that the level of trust and security of digital services for businesses is average. The interaction between the municipality and businesses that use digital services is not at the desired level. Institutions and municipalities must provide ongoing assistance and guidance to businesses regarding the safe use of digital services. The advantages offered by these services are multidimensional, but businesses must submit their requests in a single place and follow the trend of developed businesses to gradually transform e-services into m-services.

Albania has made strides in the digitization of the services offered in relation to ownership concerns by lowering information-delivery deadlines and improving the effectiveness of the service. ADISA was established to raise the level of efficiency and transparency in the administration.

Also, in Albania, there are great needs for improvement in the fields of real estate registration and market guarantee. The registration system must continuously develop the technical-legal regulatory environment to ensure the safety of the property market. The public sector must use digitization and the network of public institutions to provide the right information to tourist operators and potential visitors.

Digitization in tourism should ensure greater interaction with tourists to identify and address their needs. Combining e-services with educational ones is a must.

Investments in digital infrastructure are needed to accelerate the effective use of ICT in teaching and learning.

The labor market in Albania has benefited from digitization in recent years.

In Albania, there are advantageous parameters regarding the future of digitization, such as the relatively young age of the population and the satisfactory level of education. The digitization of work has created many new professions that require high technical preparation and occasional training to adapt to new technology and the high dynamics of digital developments. There is a need for legal adjustments to adapt to the changes and challenges that the digital revolution will bring, such as legal protection of the "victims" of this revolution and a lack of coordinated laws on a global level.

The research found that the interaction between institutions and businesses that use digital services is not at the desired level, the businesses should feel greater benefits, staff training should be continuous, digital services must be more secure, businesses should be protagonists in the research and development of applications, and periodic measurements should be taken to measure the provision of digital services.

Research studies should be undertaken to identify other factors that may influence the increase in the use of digital services.

The government portal e-Albania offers 600 electronic services and 36 documents with an electronic seal, significantly reducing the financial and time costs of obtaining services. However, there are many challenges to face in terms of internet service coverage in rural and less developed areas and improving infrastructure and institutional coordination.

Digitization and map unification can be used to improve real estate security in Albania. Digital maps are faster, more accurate, and less expensive than paper-based maps.

The e-Albania portal is an innovation in providing digitalized public services, such as ownership certificates and proofs of ownership. However, the security of the real estate market requires further development. Digitizing property information attempts to control the quality of the information and raise the speed of operation, but it cannot replace the legal value of information in paper form.

References :

AKSHI.,(2020). Cross-Sectoral Strategy - Albania's digital agenda 2015-2020. Monitoring Report. Council of Ministers, December.
Beqiri, Dr.sc.& Edmond E. (2005).“ Electronic Business”, University of Pristina, FSHAB, Pejë.

Council of Ministers Order no. 63, date 27/05/2005, “ For the creation of the Central Group for monitoring the implementation of the reform for the removal of administrative obstacles in the field of investments (Official Gazette no. 39, year 2005, page 1423).

Department of Economic and Social Affairs.(2018). United Nations E-Government Survey 2018. New York. publicadministration.un.org

Heeks., R. (1999). Information And Communication Technologies, Poverty And Development. Institute for Development Policy and Management. Manchester. ISBN: 1 9025 1826 8

INSTAT (2016). Report - Information Technology and Communication in Enterprise.

Kumar, V., Aksoy, L., Donkers, B., Venkatesan, R., Wiesel, T., & Tillmanns, S. (2010). Undervalued or Overvalued Customers: Capturing Total Customer Engagement Value. Journal of Service Research, 13(3), 297–310

Matheus., R, Janssen., M & Maheshwari., D. (2018). Data science empowering the public: data-driven dashboards for transparent and accountable decision-making in smart cities. Government Information Quarterly.Vol.37, Issue.3. <https://doi.org/10.1016/j.giq.2018.01.006>

United Nations Department of Economic and Social Affairs. (2022).E-Government Survey 2022-The future of the Digital Government. United Nations New York. 1-311

Vargo, S. L., Maglio, P. P., & Akaka, M. A. (2008). On value and value co-creation: A service systems and service logic perspective. European Management Journal, 26(3), 145–152. <http://dx.doi.org/10.13140/RG.2.2.18673.84324>

Internet sources

https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2018-Survey/E-Government%20Survey%202018_FINAL%20for%20web.pdf

https://akshi.gov.al/wpcontent/uploads/2022/11/STANDARDET_E_SHERBIMEVE_ELEKTRONIKE_1.1.pdf

https://akshi.gov.al/wpcontent/uploads/2022/11/STANDARDET_E_SHERBIMEVE_ELEKTRONIKE_1.1.pdf

https://akshi.gov.al/wpcontent/uploads/2022/11/STANDARDET_E_SHERBIMEVE_ELEKTRONIKE_1.1.pdf

<https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2018>

<http://www.mjedisi.gov.al/wp-content/uploads/2019/06/Strategjia-Komb%C3%ABtare-e-Turizmit-2019-2023.pdf>

<https://www.opengovpartnership.org/about/>

<https://pcworld.al/penetrimi-i-internetit-ne-zonat-rurale-problem-ne-shqiperi/>

Price Controls in Emerging Markets and Developing Economies: Impacts and Reforms.

Brunela Trebicka

Prof.Asoc.Dr, University Aleksander Moisiu, Department of Statistics and Applied Informatics, Durres, brunelat@hotmail.com

Taulant Kullolli

Phd Cand, University Aleksander Moisiu, Department of Marketing, Durres, taulantkullolli@gmail.com

Abstract:

The utilization of price controls is prevalent in emerging markets and developing economies, particularly for food and significant commodities both imported and exported. Despite being occasionally used as a means for social policy, price controls can hinder investment and growth, exacerbate poverty outcomes, lead to heavy fiscal burdens for countries, and complicate the effective execution of monetary policy.

Instead of relying on price controls, implementing more extensive and targeted social safety nets while instituting reforms to promote competition and a stable regulatory framework can promote growth and assist those in need. These reforms must be communicated and sequenced carefully to guarantee acceptance from both political and social spheres. In situations where price controls are in place, they should be transparent and supported by well-funded stabilization funds or national hedging strategies to ensure fiscal sustainability.

Keywords: Price controls; Social safety nets; Regulatory environment; Economic growth; Fiscal sustainability

JEL classification: O11, O13, D43

I. Introduction

According to the World Trade Organization (2019), price distortions occur when prices and production deviate from the level that would exist in a competitive market. One of the sources of such distortions is the imposition of price controls, which has a long history dating back to Revolutionary France (Morton, 2001). Although generalized price controls have fallen out of favor since the 1980s, controlled pricing for certain goods and services, such as rent and pharmaceuticals, still exist (Morton, 2001).

Price controls can be imposed through various means, including price ceilings, price floors, or as a result of other policies such as preferential exchange rates or non-tariff barriers. In emerging markets and developing economies (EMDEs), price controls are often implemented to address

market failures or subsidize the cost of essential goods, protect vulnerable consumers, or maintain the incomes of producers (Stiglitz and Newbery, 1979; Newbery and Stiglitz, 1982).

Recent studies have focused on the effects of price controls in EMDEs, particularly in the petroleum and food industries (Verme and Araar, 2017; Kojima, 2013; Devarajan, 2013; Murphy et al., 2019; Shi and Sun, 2017; Clements, Jung and Gupta, 2007; Ghosh and Whalley, 2004). The World Bank's Energy Sector Management Assistance Program (ESMAP) has also conducted in-depth studies of subsidy reforms for energy markets in EMDEs (ESMAP, 2019; Ore et al., 2018). The use of price controls for pharmaceutical products, wages, and rent has been widely studied in advanced economies (Coyne and Coyne, 2015; Nguyen et al., 1994), as well as in individual EMDEs such as China, Indonesia, and several MENA countries (Shi and Sun, 2017; Clements, Jung and Gupta, 2007; Verme and Araar, 2017).

In this paper, we aim to investigate the prevalence of price controls in emerging market and developing economies (EMDEs). Our research contributes to the existing literature on price controls by presenting the results from a new dataset that covers almost all EMDEs. To determine the prevalence of price controls, we extracted the list of products subject to price controls from the latest Trade Policy Reviews of each EMDE member country of the World Trade Organization, using existing legislation and additional information provided by country authorities. This dataset provides a rough estimate of the extent of price control measures across countries and also gives an indication of imports and exports that could potentially be subject to these measures.

Our findings show that while price controls are rarely imposed on goods in advanced economies, they are almost universal in EMDEs and low-income countries (LICs) in particular. Furthermore, this study aims to identify the challenges that price controls pose for growth and development and government policies. Although price controls may be introduced with good intentions to improve social outcomes, available evidence suggests that they often hinder growth and development, impose fiscal burdens, and weaken the effectiveness of monetary policy.

Price controls lead to a shift in consumption towards the subsidized good and away from other non-subsidized goods. Additionally, when international prices trend upwards and interact with barriers to entry, price control measures frequently transform into distortive subsidy regimes, resulting in social, fiscal, and environmental costs, as well as adverse consequences for investment, employment, and productivity growth.

II. The price control

Price controls are commonly implemented in both advanced economies and emerging market and developing economies (EMDEs) with varying degrees of prevalence and restrictiveness. EMDEs tend to have a higher prevalence of price controls compared to advanced economies, particularly for energy and food-related goods (Economic Perspectives, 2022). However, the extent of price controls varies significantly among economies, with LICs having a more prevalent implementation of price controls compared to other EMDEs.

While advanced economies have a greater prevalence of price controls for services, such as telecommunications, the use of price control regimes for goods other than energy, food, and construction materials are less common in EMDEs that have become middle-income countries (MICs) since 2001. In contrast, virtually all EMDEs impose price controls on energy products, while basic foodstuffs are frequently subject to price controls, especially in LICs (Economic

Perspectives, 2022). In fact, almost all LICs impose price controls on some food items compared to three-quarters of other EMDEs. Finally, a minority of EMDEs apply price controls to construction materials, with LICs having a significantly higher prevalence compared to other EMDEs. Beyond LICs, price controls on construction materials are most common in the Middle East and North Africa (MNA) and Sub-Saharan Africa (SSA) (Economic Perspectives, 2022).

III. Price control on exports and Imports

Many emerging market and developing economies (EMDEs), including low-income countries (LICs), frequently implement price controls on both import and export goods (Ghosh and Whalley 2004). Governments may choose to impose controls on imported goods to stabilize domestic prices, support local producers, or mitigate price volatility. In LICs, there is a higher proportion of potentially price-controlled energy imports, approximately 67 percent, compared to other EMDEs (Figure 4.A-B). However, food and beverage imports are less likely to be subject to price controls in both LICs and other EMDEs. Notably, the difference between LICs and other EMDEs lies in the proportion of construction-related imports potentially subject to price controls, with LICs accounting for a quarter of imported construction materials subject to controls, compared to nearly none in other EMDEs. Unlike EMDEs, advanced economies have a negligible amount of imports that are potentially subject to controls.

EMDEs also commonly impose price controls on exportable commodities, with some countries relying on a monopoly marketing agency that purchases from domestic producers at a fixed price and resells to foreign purchasers at the world price. Such an arrangement implicitly taxes producers when the resale price exceeds the purchase price, or it may subsidize producers when the resale price falls below the purchase price. In particular, approximately 25 percent of EMDEs that rely heavily on a single export commodity group with more than 10 percent of goods exports impose price controls on it.

Furthermore, although not included in the price control data set, the financial sector is also a frequent target of price controls. Approximately 60 EMDEs have implemented ceilings on interest rates (Figure 5.B), often driven by a desire to provide targeted support to strategic industries or shield consumers from financial exploitation. For instance, Zambia implemented controls from 2012 to 2015 to mitigate perceived over-indebtedness risks and expand access to credit (Maimbo and Gallegos 2014).

IV. Price control regimes in emerging market and developing economies (EMDEs)

Since the 1980s, many countries have reduced price controls in favor of competition policies and regulations. Highly indebted poor countries (HIPC) have been encouraged to liberalize prices through policy lending programs and debt relief efforts. Some countries, such as Mexico, Rwanda, and Côte d'Ivoire, took advantage of declining oil prices to reduce petroleum subsidies, while others eliminated controls on food prices after a decline in food prices from cyclical highs.

Reforms in the MENA region varied depending on the prevailing economic conditions. Social tensions during the Arab Spring led to the introduction or tightening of food price controls in 2011 in some cases. However, high oil prices and fiscal pressures encouraged some MENA countries, such as Egypt, Morocco, and Tunisia, to reform price controls and related subsidies on energy

between 2010 and 2014. These reforms have been associated with reductions in inequality and poverty rates, as well as improvements in the ease of doing business.

Morocco gradually liberalized most energy products, starting in 2013 with a transition to price indexation for petroleum products. In August 2014, prices of household utilities increased as part of a multi-year effort to liberalize electricity prices. The reforms were implemented without triggering social unrest despite the absence of cash transfers to households. The fiscal savings from the reform were instead used to fund other reforms.

Tunisia reduced its energy subsidies, which had become unsustainable, beginning in late 2012 in tandem with reforms to social benefits. The government introduced an automatic price formula for gasoline in 2014 and agreed to further reduce subsidies in 2016 as part of a reform program supported by IMF lending. Energy prices were increased several times since then, with the goal of fully eliminating energy subsidies by 2022. Over the years, measures were implemented to cushion the impact of reforms on vulnerable households, including expanded social housing and higher income tax deductions.

Egypt took a sequential and gradual approach to reform, especially for products such as liquified petroleum gas (LPG), which account for a disproportionately large expense for the poor. Comprehensive reforms to fuel and electricity prices in Egypt resulted in significant inflationary pressure, which raised the poverty rate and inequality. However, the government has put in place some mitigating measures for the poor, including expanding food subsidies and increasing expenditures on healthcare and education provision.

Ukraine raised natural gas prices in 2015-16, coupled with targeted social assistance measures to cushion the impact on low-income households. The reforms allowed public utilities to achieve cost recovery, with the poverty rate estimated to have decreased. In India, starting in 2012, the government reformed its LPG subsidy regime, gradually increasing prices while implementing a targeted cash transfer mechanism. The program eliminated distortions in the LPG market with limited negative effects on the poor, and the fiscal savings fully offset the costs of the targeted cash transfer.

Difficulties associated with implementing price controls

Price controls, although often introduced with good intentions, can have significant negative impacts on growth and development. One of the main reasons for this is that price controls can shift consumption towards subsidized goods and away from other non-subsidized goods, causing distortions in the market. This can lead to a range of negative consequences, including reduced competition and innovation, chronic shortages, substitution towards lower-quality alternatives, and the formation of black markets with elevated transaction costs.

In addition, price controls can discourage domestic and foreign investment, reduce productivity, worsen income inequality, and inhibit the adoption of new technologies. Market-oriented structural reforms that reduce price controls and their related subsidies have been associated with improved firm-level productivity in emerging market and developing economies.

Price controls in the financial sector, such as interest rate ceilings, can distort financial markets, reduce the supply of credit to safer borrowers and small and medium-sized enterprises, increase non-performing loans, and limit access to lending for the poor. Price controls and subsidies on energy products can also heighten vulnerability to climate change and inhibit the transition to a low-carbon economy.

Overall, while price controls may be introduced with the intention of improving social outcomes, they often have unintended negative consequences that can undermine growth, development, and environmental sustainability.

V. Challenges of Price Controls

Policy challenges arise when governments implement price controls, which can have significant social, fiscal, and monetary implications. Price controls, when combined with subsidies, are an inefficient tool for income redistribution, as they tend to benefit wealthier segments of the population and become a fiscal burden on the government. In developing countries, price controls are more common and can represent a large portion of government expenditures, leading to mounting fiscal challenges. Price controls also pose challenges to the conduct of monetary policy, particularly in developing countries, as they complicate the choice of inflation target, raise inflation, increase the stickiness of the inflation process, and reduce the ability of monetary policy to affect financial conditions.

The regressive nature of price controls and subsidies is a significant social policy challenge. Studies have shown that the wealthiest segments of the population benefit disproportionately from price controls due to their greater consumption of the price-controlled goods compared to rural consumers and producers (Baffes et al. 2015; IEG 2008; Coady et al. 2006). As a result, price controls and subsidies are considered inequitable and inefficient tools for income redistribution (Devarajan 2013; Coyne and Coyne 2015).

Furthermore, price controls impose a fiscal burden on the government, which can be particularly high in low-income countries (LICs) due to their more widespread use of these policies. In some cases, subsidies for products subject to price controls, such as petroleum, can exceed 10 percent of GDP in emerging market and developing economies (EMDEs) like Algeria and the Islamic Republic of Iran (World Bank 2014b). The enforcement of price controls may also require additional regulations to constrain consumption and production, adding to the fiscal burden.

Lastly, price controls pose challenges to the effective conduct of monetary policy. In advanced economies and many EMDEs, monetary policy has played a major role in reducing inflation to a low, stable rate, often in the context of an explicit inflation-targeting regime. However, in LICs, the monetary policy challenges go deeper. The wider use of price controls complicates the choice of inflation target by weakening the usefulness of the overall consumer price index (CPI) as a measure of underlying inflation pressures. Moreover, volatility in headline CPI inflation is amplified by the high proportion of food in the LIC consumer basket. Food prices are liable to frequent large fluctuations from variations in local harvests and international supply and demand. One-off changes in controlled prices can have persistent effects on inflation in LICs, where inflation expectations are less well anchored, leading to higher inflation (Ha, Kose, and Ohnsorge

2019a; BIS 2003). Price controls in the financial sector, including ceilings on interest rates, can also reduce the ability of monetary policy to affect financial conditions.

In conclusion, price controls can cause significant policy challenges, including social policy, fiscal, and monetary implications. Governments should carefully weigh the benefits and costs of implementing price controls and consider alternative policy tools for income redistribution and price stabilization.

Moving beyond price control

Price controls have been implemented in many countries as a means of mitigating the impact of commodity price volatility on vulnerable populations. However, the long-term effectiveness of price stabilization policies is often limited, resulting in costly and distortionary subsidies that can pose significant challenges to growth, development, and macroeconomic policy. Thus, there is a need to consider alternative policy instruments that can achieve social protection objectives in a more sustainable and effective manner.

One potential alternative is to replace price controls with expanded and better-targeted social safety nets, complemented by structural reforms. This approach can be both pro-poor and pro-growth, as policies aimed at reducing subsidies that underpin price controls have been associated with higher per capita output growth. Savings generated by lower subsidies can be directed towards productivity-enhancing investments in education and infrastructure, which can boost economic growth and provide lasting benefits.

However, the removal of price controls needs to be carefully sequenced and communicated, as poor households, who spend a higher share of their income on products subject to price controls, may experience real income losses when price restrictions are lifted. Therefore, targeted support for those segments of the population that might be adversely affected is crucial. For instance, the removal of price controls in India was accompanied by targeted cash transfers, while in Brazil, targeted assistance was provided to low-income households for energy conservation.

Another alternative is to improve the competitive environment, which can be a more effective means of lowering costs for both consumers and producers. Sound legal and regulatory frameworks favoring competitive markets, including antitrust laws and consumer protection legislation, are essential components in supporting market mechanisms. The removal of price controls and barriers to entry can significantly increase competition and lower costs in various sectors. For instance, the removal of price controls in the transportation sector in Rwanda led to increased competition and lower transportation costs, even for incumbent firms that maintained outsized market shares.

In conclusion, while price controls have been used to protect the most vulnerable members of society, they often result in costly and distortionary subsidies that pose significant challenges to growth, development, and macroeconomic policy. Alternative policy instruments, such as expanded social safety nets and structural reforms or improving the competitive environment, may be more effective in achieving social protection objectives in a sustainable and lasting manner. Careful sequencing and communication are crucial in implementing such policies, ensuring that the most vulnerable populations are not left behind in the transition.

VI. Conclusions:

Price controls are a widely adopted policy measure in emerging market and developing economies (EMDEs) and low-income countries (LICs), especially for energy commodities. Though these policies may be implemented with the intention of promoting social welfare, they often have unintended consequences that distort markets and impact economic growth, poverty reduction, and government policies in the long run. To mitigate these negative impacts, countries can consider replacing price controls with more effective and targeted social safety nets, alongside measures to promote competition and establish sound regulatory frameworks. Studies indicate that a comprehensive price control reform can be both pro-poor and pro-growth. However, it is critical to ensure that reform efforts are sequenced and communicated carefully to gain political and social acceptance.

In countries where price controls are already in place, policymakers can ensure that these regimes are transparent and supported by well-capitalized stabilization funds or national hedging strategies. Such measures can help ensure fiscal sustainability and avoid unintended economic consequences. Additionally, expanding social safety nets can provide more effective support to vulnerable populations and promote inclusive economic growth.

To successfully implement price control reforms, policymakers should prioritize effective communication to build support and consensus, particularly among key stakeholders such as businesses, labor groups, and civil society organizations. Reform efforts should also be sequenced strategically to ensure that they do not have a disproportionate impact on any particular group.

In conclusion, while price controls may be well-intentioned, they often have unintended economic consequences that distort markets and negatively impact economic growth, poverty reduction, and government policies. A comprehensive price control reform that replaces price controls with more effective social safety nets and promotes competition can be both pro-poor and pro-growth. However, policymakers must sequence and communicate reform efforts carefully to gain social and political acceptance. Countries with existing price control regimes can ensure that these policies are transparent and supported by well-capitalized stabilization funds to ensure fiscal sustainability.

References:

- Baffes, John, et al. "The Poverty Impacts of Higher Oil Prices: A Survey." World Bank Policy Research Working Paper, no. 7395, 2015.
- Baffes, John, M. Ayhan Kose, and Franziska Ohnsorge. 2018. "The Political Economy of Energy Subsidy Reform." IMF Working Paper 18/101, International Monetary Fund, Washington, DC.
- Clements, B., Jung, H., & Gupta, S. (2007). Real and Distributive Effects of Petroleum Price Liberalization: The Case of Indonesia. IMF Staff Papers, 54(2), 270-297.

Coady, David, et al. "The Magnitude and Distribution of Fuel Subsidies: Evidence from Bolivia, Ghana, Jordan, Mali, and Sri Lanka." IMF Working Paper, WP/06/247, 2006.

Coyne, J. G., & Coyne, M. P. (2015). Price controls. In *The encyclopedia of public choice* (pp. 1-5). Springer US.

Deichmann, U., & Zhang, F. (2013). Price subsidies, cash transfers and energy-saving equipment for low-income households in Brazil. *Energy Economics*, 36, 361-370.

International Energy Agency (IEA). (2020). Energy subsidies in the time of COVID-19. Retrieved from <https://www.iea.org/commentaries/energy-subsidies-in-the-time-of-covid-19>

International Institute for Sustainable Development (IISD). (2021). Reforming fossil fuel subsidies in the G20 and beyond: Tracking the progress of G20 countries. Retrieved from <https://www.iisd.org/publications/reforming-fossil-fuel-subsidies-g20-and-beyond>

International Monetary Fund (IMF). (2020). Energy subsidy reform during the COVID-19 crisis: Fiscal and welfare impacts. Retrieved from <https://www.imf.org/en/Publications/WP/Issues/2020/09/14/Energy-Subsidy-Reform-During-the-COVID-19-Crisis-Fiscal-and-Welfare-Impacts-49838>

Kojima, M. (2013). The impact of food subsidies on poverty in Iran: A CGE analysis. *Energy Economics*, 36, 76-87.

Kovacic, W. E. (1995). Antitrust policy under a rule of reason. *Antitrust Law Journal*, 63(1), 1-19.

Ma, G., & Valencia, F. (2018). Price stabilization in the presence of trade restrictions: Lessons from Peru's experience. *Journal of Development Economics*, 131, 14-27.

Maimbo, S. M., & Gallegos, L. A. (2014). Interest rate caps around the world: Still popular, but a blunt instrument. Washington, DC: World Bank.

Morton, F. L. (2001). Price controls: A lesson from history. *The Freeman*, 51(2), 19-22.

Mundaca, G. (2017). Energy subsidies, public investment and endogenous growth. *Journal of Environmental Economics and Management*, 83, 197-215.

Newbery, D. M., & Stiglitz, J. E. (1982). Pareto inferior trade. *Review of Economic Studies*, 49(2), 253-273.

Reference: Economic Perspectives. (2022). Price controls in emerging market and developing economies. Retrieved from: <https://www.imf.org/en/Publications/REO/EME/Issues/2022/05/04/emerging-market-and-developing-economies-economic-outlook-may-2022>

Teravaninthorn, S., & Raballand, G. (2009). Transport prices and costs in Africa: a review of the main international corridors. The World Bank.

World Trade Organization. (2021). Trade Policy Reviews. https://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm

Public Procurement as a Demand-Side Innovation Policy Tool

Rezart Prifti Ph. D¹

¹Barleti University, Department of Economy, Entrepreneurship and Finance

Abstract

The purpose of this paper is to lay groundwork for academic and public policy discussion of a demand side innovation policy that engages government initiatives supporting sustainable innovation in Albania. The analysis goes through OECD innovation manual and a wide literature on the topic and tries to set a conceptual framework of an unexplored terrain related with public procurement and innovation. The implications of this article are academic for research purposes and practical for government organizations. Data from analyzing similar policies in EU and wider show that public procurement can stimulate sustainable innovation when standardized and optimized for the purpose, and it can affect different industries such as manufacturing, tourism, and technology. Laying down an academic background for analyzing the relationship between public procurement and innovation, and a framework for using it to support innovation is important for the Albanian economy and particularly the innovation ecosystem.

Keywords

Innovation, public procurement, policy tool, measurement framework

JEL: O31, Q55,

Introduction

Innovation is pivotal factor and driver of economic growth, market competitiveness, and economic sustainability. Recent research shows significant developments in innovation theory with new approaches and frameworks emerging. Globalization beside that for such a long time enabled organizations worldwide to optimize their value chains economically (Gölgeci et al., 2020), it also laid down the blue print for collaborative platforms that created products and services in unprecedented scale around the world. From the innovation theory perspective, this movement was defined as open innovation theory. The most influential pioneer that developed and structured the shift towards a more open and collaborative approach to innovation and creation was (H. Chesbrough, 2017; H. W. Chesbrough, 2003). Later, open innovation theory was further studied with main innovation theories investigating their antecedents, innovation output, strategic implications of the theory and practical implications (Fink et al. 2020; Bogers et al. 2017; West and Bogers 2014). In this including approach, “system of innovation” has gained relevance in research by moving the analyzing perspective from individual organizations to a network of organizations bringing it to a systemic level (Geels, 2004).

Innovation theory has been marked by another important development such as ambidexterity theory. The main principle of this theory is that organizations to achieve sustainable innovation, they must weight a good balance between exploration and exploitation activities. Different authors path the ambidexterity theory in different contexts such as digital innovation (Teece, 2018), social innovation (Nicholls, 2019), and sustainability. Authors, (Gupta et al., 2021; Ritala et al., 2020; Tantalø, 2014) have analyzed in different organizational settings the antecedents, outcomes, and managing ambidexterity.

An important theoretical development in understanding the innovation framework has been the institutional theory. In principle, the theory emphasizes the role and importance of social norms, rules, and beliefs in shaping innovation behavior and outcomes. There has been wide research covering the role of institutions in promoting or impeding innovation, and substantial implications of institutional pressures on business organizations (Hinings et al., 2018; Vadera & Pratt, 2013). Overall, late developments in innovation theory emphasize the importance of openness, balancing exploration and exploitation in firm resources, and institutional context for sustainable innovation achievement. By embracing these frameworks, business organizations can better understand

factors, drivers, and outcomes of innovation, and develop strategies or small-scale approaches that commit to their values and long term goals.

Innovation is an important driver of economic growth, new products and services, competitiveness, and sustainability. Recent developments in innovation theory have not been aside of developments in industries and market operations. Research identifies several emerging trends, especially with the unfolding of the pandemic. The most prominent is the growing importance of digital technologies, their evolvement and widespread transformation that these technologies are causing. Technologies such as artificial intelligence, big data analytics, blockchain, etc., are driving innovationfrontiers with new market applications. (Sheng et al., 2021) reveal in their study that companies that are prone to adopting digital technologies have a higher propensity to introduce new products and services and aim for higher levels of innovation.

As noted earlier, open innovation has spurred collaborating platforms that include wider scope of stakeholders such as customers, suppliers, and higher education institutions in product and service development. Increased flexibility, reduced costs, access to unprecedented knowledge resources are some of the benefits of oppen innovation approach (Chesbrough & Bogers, 2014). In addition, companies that adopt sustainable innovation strategies have the same benefits in relation to innovation (Golgeci & Yildiz, 2020). COVID -19 pandemic, had also an impact on innovation and digital technologies by rushing firms to adapt to new challenges and opportunities. However, resilience, agile frameworks, and innovation are important in responding to the pandemic challenges (Audretsch et al., 2022). Overall, companies all over the world have used technology and open innovation solutions to thrive emerging changing business environment.

1. Literature Review

Innovation theory and practice developments have also a practical perspective in relation to the government, and specifically public procurements. The OECD has put forward a framework of analyzing the relationship of public procurement and innovation and the role it has on it as policy tool. As a definition “public procurement” is *the purchase by government and state-owned enterprises of goods and services*(Appelt & Galindo-Rueda, 2016), and in relation to innovation it creates a demand-side innovation policy instrument (Edquist et al., 2015). Demand side innovation has been in discussion for a long time now and demand role as an innovation source and enabler

has been a persistent topic of discussion in economics (Izsak & Edler, 2011), in addition the sheer size of general government expenditures and the economic significance of procurements make it a relevant topic of discussion and object of interest as an innovation policy tool among others (Uyarra & Flanagan, 2009). In theory, demand can be responsive to innovation, or it can trigger it. Whichever happens, needs to be in consideration another dimension that deals with standards and standardization processes as they formalize buyer's expectations and facilitate market growth. Research shows that in raising innovation performance, government has a role through its procurements and demanding regulatory standards (Izsak & Edler, 2011).

In theory this remains a topic of discussion with many approaches and illustrations that demonstrate both, the benefits, and costs of public procurements as a demand side innovation policy. The role of government is broad, especially when it comes to government specific conditions. However, for the purpose of this paper the definition of demand side innovation policy that we will use is as defined by (Edler & Georghiou, 2007a) "*a set of public measures to increase the demand for innovations, to improve the conditions for the uptake of innovations or to improve the articulation of demand in order to spur innovations and allow their diffusion*". Research shows government decision-making related with public procurement has innovation as a strategic pillar in the process (Appelt & Galindo-Rueda, 2016). On the other side, public procurement as an innovation policy tool has its drawbacks when it comes to limited examples not being representative of public purchasing, a tendency to downplay procurement practices, or whether it misrepresents its public policy objectives (Uyarra & Flanagan, 2009).

OECD analysis show that across OECD countries, the percentage of firms that delivered goods or services to public authorities (2010-2012) varied from 9% to 34%. What is most important is that the greater the firm size, the greater the percentage supplying to public sector. This is a rule of thumb that can be detected even in Albania, when analyzing public procurement despite the lack of data. On the other hand, while analyzing the relationship between public procurement and innovation a study in UK finds out that the effect of acting as a significant driver of innovation was evident particularly in small and mid-sized companies (Mina et al., 2013). In theory, it is presumed that governments can exercise an extensive role on innovation within firms, by leveraging their purchasing power. Governments create demand for innovative goods and services (DARPA and NSA style), thus spurring innovation and enabling the development of new products

and technologies. Edler & Georghiou (2007) analyzed the relationship between public procurement and innovation in the EU, and they found that the previous can be used to stimulate the former. Most importantly, public procurement investments in innovative products and services can help firms override impediments while attempting to innovate (De Fuentes et al., 2019; Edler & Georghiou, 2007). As mentioned earlier, standardization and criteria can be artificially helpful to innovation if governments set standards that affect the products and purchases made that specify innovative conditions. According to data 14% to 36% of companies that dealt with public procurement activities reported to have carried out an innovation activity as a part of the contract (Appelt & Galindo-Rueda, 2016).

Overall, literature suggests that public procurement can be helpful tool and an innovation driver for firms, especially in small and medium enterprises, and economies with weak innovation systems. In addition, public procurement can also play a substantial role in emphasizing sustainable innovation by determining standards, procedures, and criteria for the products and services they purchase.

2. A framework for Albania

In Albania, during the last decade have been many attempts to build an innovation ecosystem. Millions have poured as donor money in innovation related agendas; however, they all have failed to create an ecosystem. Investment sources when they are not organized to create synergy, they produce a shadow innovation system like the one in Albania. What is more important than the system itself, is that many ecosystem stakeholders have failed to notice the absence of a national innovation system. Despite this, all have continued to pour investments in industry therefore producing mirages of the process. In Albania, public procurement has gone through fundamental changes. In 2009 the Albanian government received the second prize of the UN Public Service Award for excellence in public service (IDM, 2015). Reforms and evolvments in this regard has been carried out in compliance with general principles of EU law and public procurement principles of EU such as free movements of goods, services, freedom of establishment, etc. (AIS,

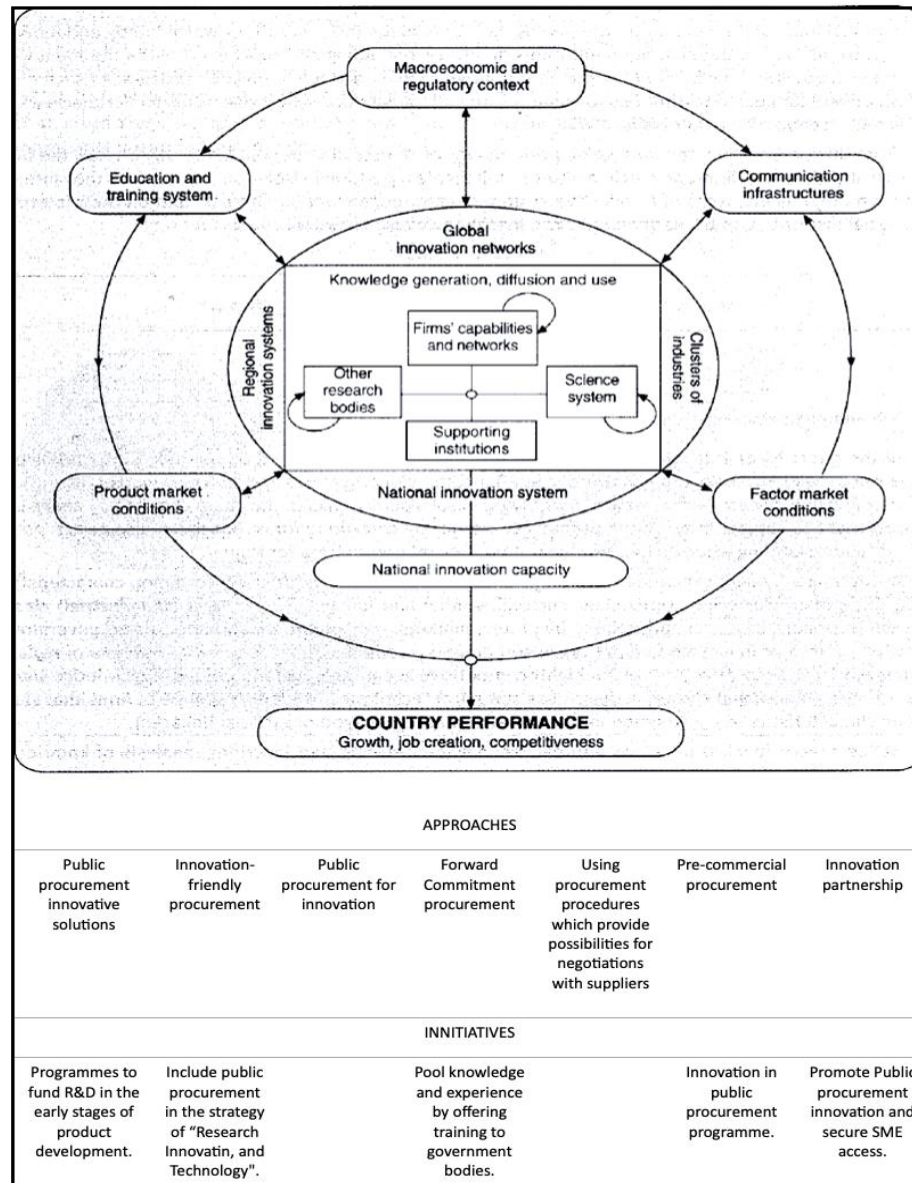
2022), and always has been analyzed from the integrity approach (AIS, 2022), but never from the economic standpoint or the perspective of innovation.

During the last decade the interest in innovation policy and innovation as a practice has grown significantly. This specific niche in the innovation theory makes for the Albanian Government a gap in policy making that needs to be analyzed and addressed. We clarified that this tool is related with demand side innovation policies and the need to standardize, regulate, and put forward market incentives that drive innovation initiatives. Many countries have put forward active innovation policies for decades now (Appelt & Galindo-Rueda, 2016), and it looks appropriate now that Albania does the same thing with an advanced technology system of public procurements in place.

The framework proposed for initial academic discussion and institutional practice is conceptual structure based on the OECD national systems of innovation framework, approaches from

literature, and country based best initiatives (Box, 2009; Lenderink et al., 2022; Uyarra & Flanagan, 2009).

Figure 1 Preliminary Conceptual Framework



3. Policy implications and future research

Literature shows that there are a variety of concepts mentioned in academic research to describe and analyze the phenomenon of stimulating innovation with a policy tool such as public procurement. In addition, it demonstrates many approaches, successful and unsuccessful cases that

have produced know-how in the process, concepts, and typologies of public procurement initiatives that stimulate innovation.

Beside the conceptual and theoretical basis, literature identifies many contextual factors that evaluate the efficacy of each approach and how sustainable it will be in the long run. Some main elements noticed as important factors are the characteristics of the procurement organization, the demand side of the process meaning what is to be procured, and technology, product, or service characteristics related to maturity or market readiness, or the maturity of the solution that might be offered by a specific supplier.

This article supports the idea that public procurement policy in Albania should consider an approach to stimulate innovation. For that to be systemic, public organizations should be open to discussion and to allocate temporary resources to sharpen such a public policy tool. Public procurement can be an instrument to foster innovation and competitiveness, not a sole one, but taking in consideration the sheer amount of activity that the government does it can be very helpful and impactful at the same time. In a government context the initiative shall consider the fundamentals of a national innovation system. With a national innovation system in place, it is a sign of sustainability that additional integrations occur while a considerable structure is in place. Being at such an early-stage policy wise and institutionally makes it a necessary condition to start with the creation of a national structure carefully embedded in government institutions and wider.

Regarding future research, this paper is a first modest attempt to discuss the notion of public procurement as a demand side innovation policy tool. Several theoretical implications must be researched in this perspective. More research should be carried out investigating many details including nominal values of public procurement, their composition in time, relations with different industries, company sizes, and many more factors. Research and academia must work closely together to fill the gap of a blind spot in literature, and most importantly the lack of skills, knowledge and resources in public organizations that has been a considerable barrier not only for the use of public procurement as innovation stimulator but also wider.

References

- AIS. (2022). *Public Procurement Albania through the lens of European Integration*. <https://ais.al/new/wp-content/uploads/Public-Procurement-Policy-Paper-AIS.pdf>
- Appelt, S., & Galindo-Rueda, F. (2016). Measuring the Link between Public Procurement and Innovation. *OECD Science, Technology and Industry Working Papers*, 3. <https://doi.org/10.1787/5jlvc7sl1w7h-en>
- Audretsch, D., Belitski, M., Caiazza, R., & Desai, S. (2022). The role of institutions in latent and emergent entrepreneurship. *Small Business Economics*, 58(4), 2025–2042. <https://doi.org/10.1016/j.techfore.2021.121263>
- Bogers, M., Zobel, A.-K., Afuah, A., Almirall, E., Brunswicker, S., Dahlander, L., Frederiksen, L., Gawer, A., Gruber, M., Haeffliger, S., Hagedoorn, J., Hilgers, D., Laursen, K., Magnusson, M. G., Majchrzak, A., McCarthy, I. P., Moeslein, K. M., Nambisan, S., Piller, F. T., ... Wal, A. L. J. Ter. (2017). The open innovation research landscape: Established perspectives and emerging themes across different levels of analysis. *Taylor & Francis*, 24(1), 8–40. <https://doi.org/10.1080/13662716.2016.1240068>
- Box, S. (2009). OECD WORK ON INNOVATION – A STOCKTAKING OF EXISTING WORK .*Science and Technology Policy* ,2.
- Chesbrough, H. (2017). The future of open innovation. *Research Technology Management*, 60(1), 35–38. <https://doi.org/10.1080/08956308.2017.1255054>
- Chesbrough, H., & Bogers, M. (2014). Explicating open innovation: Clarifying an emerging paradigm for understanding innovation. *New Frontiers in Open Innovation*, 3–28. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2427233
- Chesbrough, H. W. (2003). *Open innovation : the new imperative for creating and profiting from technology* (I). Harvard Business School Press. <https://www.worldcat.org/title/open-innovation-the-new-imperative-for-creating-and-profiting-from-technology/oclc/50721042>
- De Fuentes, C., Dutrénit, G., Gras, N., & Santiago, F. (2019). Determinants of innovation and productivity across manufacturing and services sectors: micro evidence from Mexico. <https://doi.org/10.1080/2157930X.2019.1622248>, 10(3), 323–345. <https://doi.org/10.1080/2157930X.2019.1622248>
- Edler, J., & Georghiou, L. (2007a). Public procurement and innovation—Resurrecting the demand side. *Research Policy*, 37(7), 949–963. <https://www.sciencedirect.com/science/article/pii/S0048733307000741>
- Edler, J., & Georghiou, L. (2007b). Public procurement and innovation—Resurrecting the demand side. *Research Policy*, 36(7), 949–963. <https://doi.org/10.1016/J.RESPOL.2007.03.003>
- Edler, J., & Georghiou, L. (2007c). Public procurement and innovation—Resurrecting the demand side. *Research Policy*, 36(7), 949–963. <https://doi.org/10.1016/J.RESPOL.2007.03.003>
- Edquist, C., Vonortas, N., Mikel Zabala-Iturriagoitia, J., & Edler, J. (2015). *Public Procurement for Innovation* (C. Edquist, N. Vonortas, J. Mikel Zabala-Iturriagoitia, & J. Edler, Eds.). Edward Elgar Publishing. www.e-elgar.com
- Fink, L., Shao, J., Lichtenstein, Y., & Haeffliger, S. (2020). The ownership of digital infrastructure: Exploring the deployment of software libraries in a digital innovation cluster. *Journals.Sagepub.Com*, 35(3), 251–269. <https://doi.org/10.1177/02683962200936705>

- Geels, F. W. (2004). From sectoral systems of innovation to socio-technical systems Insights about dynamics and change from sociology and institutional theory. *Research Policy*, 33, 897–920. <https://doi.org/10.1016/j.respol.2004.01.015>
- Gölgeci, I., Yildiz, H. E., & Andersson, U. (2020). The rising tensions between efficiency and resilience in global value chains in the post-COVID-19 world. *Transnational Corporations*, 27(2), 127–141. <https://doi.org/10.18356/99B1410F-EN>
- Gupta, S., Saha, R., Kaur, J., Kathuria, S., & Paul, J. (2021). Factors impacting innovation performance for entrepreneurs in India. *International Journal of Entrepreneurial Behaviour and Research*, 27(2), 356–377. <https://doi.org/10.1108/IJEBr-09-2020-0612/FULL/XML>
- Hinings, B., Gegenhuber, T., & Greenwood, R. (2018). Digital innovation and transformation: An institutional perspective. *Information and Organization*, 28(1), 52–61. <https://doi.org/10.1016/J.INFOANDORG.2018.02.004>
- IDM. (2015). *Independent Reporting Mechanism Albania 2011 - 2013*. www.gjykata.gov.al
- Izsak, K., & Edler, J. (2011). Trends and challenges in demand-side innovation policies in Europe. *Thematic Report*. <https://research.manchester.ac.uk/en/publications/trends-and-challenges-in-demand-side-innovation-policies-in-europ>
- Lenderink, B., Halman, J. I. M., & Voordijk, H. (2022). Innovation and public procurement: from fragmentation to synthesis on concepts, rationales and approaches. *Innovation: The European Journal of Social Science Research*, 35(4), 650–674. <https://doi.org/10.1080/13511610.2019.1700101>
- Mina, A., Lahr, H., & Hughes, A. (2013). The demand and supply of external finance for innovative firms. *Industrial and Corporate Change*, 22(4), 869–901. <https://doi.org/10.1093/ICC/DTT020>
- Nicholls, C. D. (2019). Innovating the Craft of Phenomenological Research Methods Through Mindfulness. <https://doi.org/10.1177/2059799119840977>, 12(2). <https://doi.org/10.1177/2059799119840977>
- Ritala, P., Schneider, S., & Michailova, S. (2020). Innovation management research methods: embracing rigor and diversity. *R and D Management*, 50(3), 297–308. <https://doi.org/10.1111/RADM.12414>
- Sheng, J., Amankwah-Amoah, J., Khan, Z., & Wang, X. (2021). COVID-19 pandemic in the new era of big data analytics: Methodological innovations and future research directions. *Wiley Online Library*, 32(4), 1164–1183. <https://doi.org/10.1111/1467-8551.12441>
- Tantalo, C. (2014). Value creation through stakeholder synergy. *Strategic Management Journal*, 37(2), 314–329. <https://doi.org/10.1002/smj.2337>
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40–49. <https://doi.org/10.1016/J.LRP.2017.06.007>
- Uyarra, E., & Flanagan, K. (2009). Understanding the Innovation Impacts of Public Procurement. *Manchester Business School Working Paper*, 574. <http://www.mbs.ac.uk/research/workingpapers/>
- Vadera, A. K., & Pratt, M. G. (2013). Constructive Deviance in Organizations: Integrating and Moving Forward Forward Citation Citation. *Journal of Management*, 39(5), 1221–1276. <https://doi.org/10.1177/0149206313475816>

West, J., & Bogers, M. (2014). Leveraging external sources of innovation: A review of research on open innovation. *Journal of Product Innovation Management*, 31(4), 814–831.
<https://doi.org/10.1111/JPIM.12125>

Importance and Features of tourism economics development in the Municipality of Peja

1. Author :Dr.sc.Fatmire Shala Dreshaj

University of Business and Technology, Kosovo

fatmire17@hotmail.com

1.a. Correspondent Author: Dr.sc. Sali Krasniqi

University of Business and Technology, Kosovo

sali.krasniqi@ubt-uni.net

1.b. Correspondent Author :Dr.Sc. Kushtrim Dreshaj

University of Business and Technology, Kosovo

kushtrimdreshaj85@gmail.com

Abstract

The difference between the words tourist and tourism, taking into consideration that it is built by differences in experience, are real and true because they are a description of an experience. Tourism can be defined as an entirety of different individual experiences upon relationships that are built with fulfilling human needs, which usually we call touristic needs.

One of the most acceptable definitions of tourism has been given from Swiss authors, Kunziker and Krapf, a definition which is known even from The International Association of Social Experts in Tourism (AIEST).

“Tourism is the whole of all relationships and phenomena that are born from travels and vacations of the visitors of a country, if in that vacation a permanent residence is not built and if with that vacation they have not taken any action connecting them to their workplace”.

Keywords:Tourism, development, different factors,economics,Municipality of Peja

Introduction

In the french language dictionary, of E.Litre of the year 1885 for the first time the term tourist is explained where it is expressed that “Tourists are those people who travel to foreign places because of curiosity and entertainment where they make a tour of the places their compatriots have visited before”.

The term tourism is used for travels, mainly entertainment, it is the entirety of human actions done in function of these travels, which serves to satisfy a tourists needs. Tourism, as one of the most important sectors of the economy, is a process in continuity and one of the sectors with the fastest economic growth on a global level, which with its expansion in development, during these last 50 years, has been transformed into a global industry.

During its sectoral development, not so rarely, tourism has been quite underestimated, these past times with its contribution in economic development, it has been a central component in economic,social and cultural displacement, which has left its marks worldwide in the last two decades. Stable tourism includes social responsibility, a strong description towards nature and integration of locals in every operation or touristic development.

Tourism as an activity shows up only when a certain socio-economic development level of a country has been reached. It is born and developed then, when conditions are made possible for people to temporarily leave their permanent place and temporarily to reside in a place for entertainment, vacation or other touristic motives.

The birth and development of tourism comes as a result of some different factors, which furthermore encourage and make this development possible. The circumstances that made the birth and development of tourism are called factors of tourism development and are of different natures. A group of touristic factors affect the touristic flux; others help with the raise of volume in touristic circulation whereas the other group of factors contributes in forming new types of touristic movement.

Based on that the city of Peja and its vicinity is one of the places with the biggest opportunities of touristic economical development on the basis of high potential of resources of touristic develop.

Albanian alps with their beautiful nature with high ecological, geomorphological value, with its rich flora and fauna, extraordinary landscaped, lakes and rivers which show the attractive natural beauty which is rare in Europe, and also the big number of historical and cultural monuments that the municipality of Peja has had since prehistoric times to this day. The Municipality has compiled the Strategy for its Economical development in its framework which has given the priority to touristic development which will be a promoter of development in other branches of economics. In this aspect, based on its current state of development and little to no opportunities in the budget, with the development politics, the Municipality has been orientated in the stimulation of foreign capital investments. For this purpose it has compiled some project idea for touristic development like:

- The project of the Center for Tourism, sport and recreations “PEJA”;
- Project for touristic development promotion;
- Project for the research of the caves in Rugova and Radac;

All these factors can be listed in three groups:

- Trigger factors or factors of touristic requests;
- Host factors or factors of touristic offers;
- Mediatory factors

This separation is done on purpose to differentiate the factors that have an effect on people to be tourists from the factors that make possible the touristic movement and destinations.

The demand driving factors

The demand driving factors represent that group of factors that affect the creation of appropriate conditions for the birth of touristic needs. Demand driving factors show up in permanent touristic habitats and heavily affect the tourist flux. Viewed from the market aspect these are the factors that form touristic demand.

Demand driving factors are separated as below:

- Objective factors and
- Subjective factors

Objective demand driving factors act independently from individual acts.

These factors affect the creation of touristic movement but for it to not be affected by specific people. One of the objective demand driving factors are:

Medical condition;

Living standards;

Free time;

Environment where they live and work.

In the forming of touristic demand, apart from highlighted factors these other factors also have an effect: a country's political situation, the role of the state in the taking of measures for progress in tourism etc.

Subjective factors of demand, they are expressions of individual possibilities of individuals for touristic movement. These factors are made of a human's acts and have a psychological character. A characteristic for these factors is the fact that these show up and act only after the existence of objective factors. It often happens that even when an individual has free time and free tools, they will not use them for touristic purposes. One of the subjective factors that boosts touristic demand can stand out from others, like:

- Tradition;
- Cultural and educational level of a population;
- Style;
- Actions;
- Prestige etc.

Apart from highlighted factors, there exist other subjective factors like notable religious feelings of some populations, political destabilization of a country, rise in crime, natural happenings, like earthquakes, illnesses etc.

Offer factors

Since offers and touristic demand make two sides of the touristic market, which act in the direction of placing an equilibrium in this market. Offer factors act in a way to attract as many people as possible in touristic regions by making possible touristic transport by ensuring a good system and a nice holiday. These factors directly create the conditions for people to go on with their travels. Touristic offer factors are separated in two big groups:

- Attractive factors
- Accepting factors

Attractive factors, make those factors from which the tourism quality of a place is dependent on. Attractive factors are an expression of geographical environment and human activities which in touristic literature are known with the terms touristic motives or touristic sources. With the term touristic sources we mean attractive activities and natural beauty which have an attribute to encourage touristic movement and to fulfill the needs for entertainment and also those cultural. Attributes of these factors to attract a tourist and fulfill their touristic needs emanate from the attributes they have in themselves. Attributes that make the attractive strength of touristic sources are:

- Entertainment,
- Special cases,
- Aesthetic.

Touristic development creates economic profit and costs from place to place and from region to region. This attributes mainly to different economic structures of places or regions of touristic destinations and from their geographical position. The biggest and most known difference is between those already developed countries and those in development.

Characteristics of the countries in development are, low level of income, non equal dispersion of income and riches, high level of unemployment, low level of industrial development, huge dependance of economics on profit from agricultural sector, from exports and a high level of foreign ownership in the industry and in the businesses that offer services.

The aforementioned characteristics are accompanied by huge regional inequality in economic richness, through most of the developing countries, since there is a high level of population, a huge leak of profits towards developed countries and missing resources. Much of the economic problems that developing places are faced with are the same as those of developed places, but the difference between them can be found in different economic factors which cause them.

Tourism in developing countries, in most cases, is almost a new economic activity, which is reached in considerable levels, in a short period of time. This orients economies of those countries that increase efforts towards creation of touristic infrastructure and orienting human resources in the touristic sector. Many times actual touristic infrastructure is not capable of facing the fast increase in tourism.

Places in development support development of tourism, because tourism can transform their economies from traditional agriculture economy to industrial economy and to begin the process of development. This transformation needs resources for huge capital investments. For many places in development, the needed expenses are supported from exports of wares from the first sector or from export of touristic services. So, many governments of countries in development orient systematically towards development of tourism.

This usually transforms in decisions or public politics, which are favorable for tourism. Support of the community is important for tourism, because it is an activity that affects the whole community.

Tourism can have different effects like economical, socio-cultural and environmental in local or regional communities. It stimulates and diversifies the economy, when it is supported on a relatively limited basis and makes possible the improvement in infrastructure. So, the challenge is to find tools to support the stable development of tourism. Like it has been demonstrated by UNEP and UNWTO, investments in green and stable tourism are a tool to create employment and to reduce poverty, while improving environmental results.

Stable tourism is defined from World Tourism Organization (WTO), Council of Tourism (WTTC) and from the Earth Council like: “Stable development of tourism which fulfills the needs of tourists and host countries, while protecting and strengthening possibilities for the future. It means management of all resources in a way that it fulfills economic, social and aesthetic needs, while protecting the cultural integrity, base ecological processes, biological diversity and life support systems. Stable touristic products are those products which work in harmony with the environment, the community and local culture, in a way that these are profitable and not victims of development in tourism”

Tourism development factors

For the tourism development factors of a country, or differently named touristic potential of a country, are made of the appointing factors for the security of “produce” of the produce community and touristic services, or they can give the name of some different places or zones as touristic destinations.

These factors are:

Natural resources;

Historical assets;

Artistic and cultural;

Human resources,

Infrastructural and capital resources.

Depending on the usage and good management of a country's resources, it can be explained the positioning which takes place in tourism's global market, in accordance with the best development and management models.

Peja's touristic economic is characterized by factors that make it suitable for the market:

- The image of the country has been weakened because of the war, and its consequences and level of service,
- Hotels not only have been planned like "uniform industrial product", but have not adapted to the market evolution, on the average they have been built 30-70 years ago. Some of them were non functional, because they had been caught by KFOR or UNMIK.
- Rentability of hotels has been threatened. Only a few hotels are able to invest with their own tools,
- Private investments of a whole generation had been allowed only a small volume. Lack of experience and traditions for official tourism jobs. Qualified workforce has migrated,
- Yugoslav market has been lost in these 10-15 years. Local market is small. Albania's and Macedonia's markets are not strong financially.
- No matter how clean inside, the outside look of hotels has been ruined from wild deposits of garbage and non existing regulations of sewage and also from uncontrolled construction.

A base characteristic of the tourism industry is its seasonal variation. Tourism activity is under a seasonal fluctuation like, in touristic movement, employment and yearly rhythmic cycle of jobs in touristic units, which is repeated continuously and with a normal frequency that is shown as the "peak period" and "dead period". Seasonality of tourism created problems in the level of services done and in the development scale of existing produce factors, which also reduces this industry's efficiency.

Tourism's seasonal behavior changes in accordance with the origin of the tourists, because of different products that they consume, length of vacations etc.

Seasonality is caused from customs of a tourist, climatic situation, national traditions and some other outside factors (yearly school holidays, permission from the employer). Problems which are caused from seasonality of tourism, are directly connected with the procedures of touristic service

offerings, meanwhile at the same time they affect in the planning of those produce industries, which are directly and indirectly connected to tourism.

TOURISTIC ACTIVITIES WITH INTERNATIONAL ELEMENTS

Contract upon touristic service offerings in the sphere of international circulation is a contract with which the one who offers services is obligated, with compensation, to offer certain touristic services (e.g. Settlement, food, travel organizing etc) for foreign tourists or for foreign tourism organizations.

The law upon the circulation of wares and services with foreign countries contains this definition: “With touristic activities with the outside world we mean especially those activities connected with the sphere of international touristic circulation: selling hotel services (settlement, food etc), organizing and developing of touristic travels and flights with the outside world, organizing of cultural or economical visits, organizing of fishing and sport hunting, and offering of services in communication with the circulation sphere of international tourism.

Activities of offering touristic services in the sphere of international circulation is done by touristic businesses and local hotels but also economic organizations which are registered at competent bodies for doing the job of international transport of goods and services with the foreign world.

In the international aspect, the activity of touristic organizing has been regulated by the approval of select kinds of contracts and overall conditions (for example international regulation for domestic order which had been done by International organization of hotels and international linking of travel agencies). These define the rights and obligations of agencies and hotels in the cases of accepting guests and offering their services to them. First of all, these regulations help with the cases of convictions and contracts and panels in case of not respecting contractual obligations.⁸

International touristic practice has created a series of contracts which regulate touristic services in the international field. It has been said that contracts upon offering of touristic services are pretty complicated and that they regulate the relationships in these relations: User of touristic services - tourism agency; tourism agency - hotel and hotels service user. In the touristic affair the most important relations are those in between touristic agency and hotel, especially those which have characteristic for the seasonal affair character. Here dominate: contract upon rent of hotelier objects, contracts on the basis of researching and proving of reservation and contract upon allotment.

Social impact

Social and cultural impacts of tourism have a need for careful sorting, because they can have a positive or negative impact upon the community. The flux of tourists brings different values for the community and an impact in daily life. Also, individuals and the community can try to entertain the tourists or even to imitate their behavior. Interaction between inhabitants and tourists can result in the creation of new opportunities or on limiting individuality. Visitor interest and satisfaction for the community often makes inhabitants thankful towards local resources.

Tourism activities have the tendency to make tourists live in a more interesting and emotional place.

Environmental impact of tourism

Development of tourism has to be more stable and efficient from an energetic aspect. It has to be give priority to the investments in transport vehicles and efficient touristic infrastructure from an energetic aspect, in reducing trash and pollution, encouraging biodiversity and in usage of technological progress to minimize greenhouse gas emissions. However, public authorities have to support associations that work for protecting nature, by ensuring, in this way, that the public will take responsibility for environmental issues.

Economic impact of tourism Gradually, the economic importance of tourism has been seen by many nations. The industry of tourism is transforming into a tool to spread and promote economic profit.

Many nations and destinations have had success, by increasing the number of visitors. Positive impact of tourism development is obvious in the considerable rise in employment or an increase from currency exchange. According to Tosun & Jenkins, marketing is a primary tool to increase positive economical impact. Today, marketing techniques are still dominant even in tourism planning. As time passes, the marketing techniques used are getting more and more complicated, including considerations and understanding of touristic behavior, segmentation and consumer choice. For the positive impacts of tourism in the economy, Mathieson and Wall & Hughes, in their publications emphasize that economical positive impact can be seen in articles and texts dedicated for tourism's economic analysis. So, techniques like this, like multipliers and input-output models, are advanced. This line of thought had a purpose for a better finding, measuring of that which exactly tourism can contribute, or for a fact has contributed in economic development of a destination.

Conclusion

The physiognomy of attractive elements of Peja clearly instructs in highland regions, touristic transit directions, complexes and assets of natural and cultural heritage, locations for hunting and villages. Starting by actual trends and anticipated demand trends, international and touristic, real opportunities for getting touristic offers in international markets, this can be expected in the regional center of Peja, in the highlands, in international road transit direction, in very valuable natural and cultural heritage complexions and in places of high importance for hunting. Local tourist demand even further will be done in the big cities of Kosova and in rehabilitation places, but it is anticipated that there will be an increase for highland, village, tourism but also for tourism in regions with natural and cultural heritage. In the first stage of tourism development an emphasis will be put in the concentration of offers that are well placed in the high request spots for tourism, so that the biggest part of the capacity to be located near those who want to be found in nature, develop alpinism, deal in hunting and winter sports. Here flows a conclusion that the first capacities of winter tourism have to be organized in highland regions and in skiing spaces with gradual extension in the highest places and in a direction of creating big centers and winter

touristic complexes. In this way an offer like this can satisfy the diverse clientele in the framework of popular tourism and even after affirmation, later the activity in the most exclusive and sensitive markets will increase, but also with a smaller risk in investing. Since spatial opportunities of Peja are so much bigger than the force of the tourism and economic market and valorism in this period of the plan have been reserved and those natural values that will appear later on in the market.

Peja is a well known touristic center in the region, but also the whole of Kosova has to remember this place. Solely the region of Bjeshket e Nemuna has to be used for the organizing of a whole touristic offer through the entire year (especially during summer and winter), Beside development in all kinds of winter sports in heights over 1.000M. Offer ideal opportunities for summer highland tourism but also development of healthy tourism. The Highland region of Bjeshket e Nemuna is a region bigger than the region of Sharri. So here exist the conditions for forming some zones that will gather highland centers of Kopraniku in the south up to Mokna, Rusolia and Hajla in the north.

From their physiognomy Bjeshket e Nemuna can be classified in potential natural, highland and touristic regions that can offer opportunities for forming complete touristic offers, that are supported in the extraordinary and attractive highland potential. According to natural characteristics and specifics, especially after their qualities, of the many biogeographic kinds of extraordinary water resources, of the beautiful landscapes and the environment, Bjeshket e Nemuna, without a doubt, are the most unique highland massive in Western Balkan.

Literatura

1. Dr. Musa Gashi , “Bazat e Turizmit” ,Prishtinë 1986.
2. Vjollca Bakiu Ekonomia e Turizmit 2011 Tiranë
3. <http://www.iadk.org/ArkivaeLajmeve/tabid/77/articleType/ArticleView/articleId/522/categoryId/70/language/sq-AL>
4. Turizmi dhe ndikimi I tij në treguesit makroekonomik për ekonomin shqiptare, RakelaThano 2014
5. http://www.coastlearn.org/al/tourism/con_tourism.html
6. Gazeta Zyrtare e Republikes Federative tëJugosllavisë nr.15/1977
7. Armand Krasniqi, KonventatnëekonomidheTurizem, Pejë 2008

Financial Planning through Cash Management Applications

Dr. Rovenia Troplini Vangjel

Phd, Aleksander Moisiu Durres, Business Faculty- Finance Accounting Department,
rovenatroplini@uamd.edu.al

Jonida Lamcja

²Msc, Aleksander Moisiu Durres, Business Faculty- Finance Accounting Department, jonidalamcja@yahoo.com

Merjeme Zyko

Msc, Aleksander Moisiu Durres, Business Faculty- Finance Accounting Department,
zykomeri@gmail.com

Abstract

Managing personal finance through smartphone applications especially for people in low-income households', results in improvement of financial behaviour, increase of financial knowledge and skills, attitudes and motivations. Being led by financial planning provides options for the future. The lack of financial management leads to failure in setting measurable financial goals and making financial decisions without understanding the impact of the decisions. Financially responsible behaviour changes include improvements in budgeting and managing unforeseen expenses. On the other hand, proper implementation is seen important in establishing an effective planning and organizing household expenditure. This study will analyse the changes brought by the use of two different cash management applications in a group of students of Aleksander Moisiu University for a period of three week usage. In the end through a survey we will be able to define if user's engagement with finance apps manifested in being better able to keep track of finances and manage unexpected bills.

Key words: Personal finance, financial behaviour, cash management.

JEL classification: G51, G53, G59

1. Introduction

Personal finance management consists of a person's financial choices and activities, such as budgeting, insurance, saving, investing, paying off debt, getting a mortgage, and more (Vintere, Balkytė, & Budrienė, 2017).

Because they are involved in work in every aspect of life, satisfying personal desires and paying obligations, money is necessary. Most households are always interested in different types of attractive real estate, which are significantly influenced by the household's financial situation. Financial experts agree that although people today have considerably more money than previous generations, the knowledge of managing that money has not kept up at all (Fogarty, 2012). Everyone should be responsible for organizing, managing, and putting their finances into practice. We need to understand how to manage our finances. It serves not only to create our household budget but also to save money for the future and create retirement plans and investments.

The globalization of financial markets and ongoing, unpredictable economic changes demonstrate the need for personal financial management. Using financial planning provides families with options to deal with unexpected future situations. At its most basic, personal financial management is the process of understanding your financial situation to maximize your resources in your current life and your future planning (Jurevičienė & Ivanova, 2013).

On the other hand, people often have misconceptions about financial management, such as not being able to set measurable financial goals, making financial decisions without understanding the impact of their choices, being confused by financial planning activities that are also investment activities, and believing that financial planning is for adults only, waiting for economic chaos to start doing financial planning and expecting unrealistic financial results.

To complete effective personal finance management, it is essential to have a general awareness of the various opportunities and methods to maximize personal finance success. The Personal Financial Planning and Management application was launched so that people save and spend wisely. Individual finance apps for smartphones aim to support personal budgeting and improve spending habits. According to various studies, people who used these apps showed better abilities, self-control over financial decisions, and financial literacy. The budgeting process and handling of unexpected costs have improved due to changes in financially responsible behavior. However, the spread of these applications and information about them still needs to grow. User engagement with financial apps can be increased by targeting users who have a specific problem with making financial decisions, personalizing apps through push notifications to encourage ongoing user engagement, and including game machines.

This study will focus on financial management apps' usage, taking into analysis a group of the population considered to be delicate in their income funds and cash management. Students in the first year in the Accounting and Finance profile at the University of 'Aleksander Moisiu' will be our focus sample. Our goal will be for this focus sample to use one of the many personal finance management applications and then through a survey to gather information on whether this application has been helpful to them and in what manners.

2. Literature Review

In 2006, Volpe conducted research and concluded that the transition from physical and bank money to electronic payments and mobile money allows users to transform how they spend, save,

and organize their finances with various public finance management tools. To better understand how people interact with such systems, Volpe conducted a study of financial activities. He tracked people's transactional activities over time and asked about their habits, interpretations of needs and desires, fears, and prejudices related to current and emerging economic innovations field (Volpe, 2006).

According to Spinelli, the specialized financial services sector and its complexity contain many factors, and consumers must manage their budgets effectively. The most common problem is that clients need help understanding the basics of finance and the tools to make the best decisions about their financial security. Clients should have the appropriate knowledge to actively engage to successfully manage their money in an industry that is simultaneously complex and specialized with specific financial services. (Spinella, 2007).

In 2019 another research was conducted which concluded that obtaining practical budgeting skills can only be achieved through the preparation of careful financial planning. Keeping a financial journal is the first step to effectively managing your money. This form brings your income and expenses to being organized with details over a period, for example, a week or more. Managing your financial flows or of your family, based on a decision or future aim completes personal finance management. All money-related choices and actions, including budgeting, mortgage, insurance, savings, and retirement planning, are contained within personal finances.

2.1 Being Financial Informed

Financial literacy is necessary to know financial topics, financial planning, money management, and other related topics. A study conducted in Malaysia, which focuses on areas such as risk management, retirement planning, and cash flow management, finds that around 92.7% of participants in the study are aware that saving precedes spending, but 83.7% of participants allow this to happen, meaning that their expenses exceed income. In comparison, 81% know that they may need to work after retirement to fulfill their living, and 57% believe they do not need to be part of private pension funds as a type of future insurance (Mokhtar, 2018). The author finds improving financial education very important. Promoting financial literacy, it is found to be a necessity for a wide range of people. According to Firlis' 2017 study, financial literacy includes financial knowledge as an essential ingredient, but it is also influenced by age, life purposes, and goals (Firli, 2017). According to another study, financial education from an early age significantly impacts financial literacy (Isomidinova, G. & Kartar Singh, J. S, 2017). This idea is also supported by (Yong, 2018), who emphasizes the importance of providing proper financial education to youth and claims that financial education significantly affects financial literacy.

Raising financial skills and literacy is being considered a priority for governments worldwide. The measurement of the financial ability of the UK population found that literacy was at the lowest levels expected (Spencer, 2015). According to a UK study, about 30% of people must plan a budget. One in six people needs help reading the bank statement's balance. Almost half of UK adults admit that their social life has increased their debt problems. Nearly 90% of UK adults acknowledge they have never read the full terms and conditions before signing up for financial products.

Financial skill development requires more than just financial literacy; it also requires other factors (Van Rooij, 2011). Financial literacy is the ability to apply one's financial knowledge in a way that encourages producing favorable financial outcomes. In contrast, financial literacy measures one's level of knowledge about various financial topics (Spencer, 2015). Suppose we studied

Mundy's paper in 2015. In that case, we can state that someone can have the knowledge, understanding, and needed skills to manage their finances, in other words, be financially literate even without necessarily being financially capable (Mundy, 2011). Hershfield makes the case that our financial capacity is influenced by our motivations and biases that form our economic behavior (Hershfield, 2011).

2.2 Understanding the basic skills of personal finance

The cornerstones on which financially intelligent behavior is built are financial knowledge, understanding, and basic financial skills, which many classify as financial literacy (Lusardi, 2007). According to a large body of research, financial literacy has been linked to better economic outcomes. A lack of understanding of interest rate calculations is linked to higher debt loads, more expensive fees, defaults, and late payments (Campbell, 2006). A tendency to overspend and worry about finances is strongly correlated with having poor money management skills (R.B. & H. Dittmar, 2012). Planning for retirement, saving money, and accumulating wealth positively correlate with financial literacy (Hastings & Mitchell, 2011).

Economic literacy Field also predicts investment behaviors such as participation in the stock market and selecting a low-fee investment portfolio (Choi, Laibson, & Madrian, 2009).

For the most part, performance test questions have been used by researchers to assess the various aspects of financial literacy (Lusardi, 2007). These six questions measure your knowledge and comprehension of the crucial factors when choosing between savings and investments. This includes calculating interest rates, knowledge of inflation, and understanding portfolio diversification. To measure financial literacy, about one-third of studies also employ self-assessment techniques and performance test questions (Hastings & Mitchell, 2011). According to the literature, a positive correlation exists between performance test-based measures and self-reported financial capabilities (Lusardi & Mitchell, 2014).

2.3 Spending Behavior and cash management

Spending habits are one of the contributing factors to financial hardship. According to a study conducted in the Philippines in 2017, students' most female students spend the most money on things related to their education, such as textbooks, tuition, projects, and assignments (Bona, 2017). Most importantly, this demonstrates that more resources are required for schools and students to consider alternative strategies to deal with the rising cost of resources. According to Mathews, a study of college students in the Indian district of Idukki in 2017 found that most respondents spent the most on expensive clothing and footwear (Mathews, 2017). In contrast, Sorooshian & Tan 2014 found that phone expenses are the most significant in the spending behavior (Sorooshian, 2017). In Malaysia, a study reveals that students spend their money primarily on food and transportation.

Additionally, it is crucial to point out that some of the research statistics from Sorooshian and Tan stood out from the rest. The journal reports that 33% of respondents prefer to buy a car and wear expensive clothing. Only 15% of respondents said they would rather spend money on school supplies than go out clubbing, which is another interesting statistic.

Depending on one's financial situation, spending habits can vary worldwide. According to Ramya & Mohamed Ali in 2016, which supports, economic factors can affect consumer behavior due to personal income, family income, or even other economic factors like inflation and tax (Ramya,

2016). Additionally, the authors mentioned that consumer behavior is influenced by economic factors such as income expectations. It occurs when a person purchases more items when they anticipate an increase in their income. Mokhtar 2018 supports the above by discovering that 83.7% of survey participants in Malaysia permitted their expenses to be greater than their income (Mokhtar, 2018).

Even though not part of our study, working adults, as a following example of youngsters, also have problems with their spending behavior. According to a study that focused on the habits built among employees of both women and men, women tended to have a more structured spending behavior through plans. However, men needed to catch up, making this way a manageable distance from women. From this, we can conclude that working adults are more knowledgeable and responsible for their finances. It is crucial to emphasize that everyone can spend money however they see fit. However, concerns about these students' financial literacy and whether their money would be better spent elsewhere or saved in a bank might be raised.

The dynamics of money management within the family seem to be more complicated than the decisions made by a single person (Bertocchi, Brunetti, & Torricelli, 2014). Different researchers have also made a gender differentiation on who is responsible for money management in a family. They found that women were more accountable for day-to-day spending, whereas men were more engaged in decisions dealing with investment.

Different studies that focus has been on cash management policies have concluded that consumers are more likely as they find more comfortable the use cash rather than other types of payment instruments. 'Cash First' is one of the policies analyzed by Alvarez and Lippi in 2015, where according to the study, consumers tended to use cash any time they had enough (Alvarez & Lippi, 2015).

2.4 Technology and financial capability

Digital literacy, according to different studies, is the ability to locate, assess, and obtain information efficiently using various technologies. Cash management applications can improve money management abilities and maintain financial control to identify the primary sources of income and outcomes (Bagwell, Hestbaek, Harries, & Kail, 2014). Studies have found a positive relationship between financial capability and digital literacy, where the dependent variable is financially capable behavior. Using and interacting with online or mobile games improve confidence in personal financial fields (OECD INFE, 2018). Other ways digital technologies can motivate consumers to act include using automated reminders to save money or repay a loan and to trigger their financial behavior to change through providing virtual price and product comparisons.

A few studies have analyzed the effectiveness of smartphone apps in enhancing financial capability, and we will bring to this paper two of them. Servon and Kaestner (2008) and Piercy (2018) evaluate the impact of alternative technologies on financial capability. In the study of Servon and Kaestner in 2008, the relationship between financial information and access to a financial program with the possibility of low and moderate-income people becoming better economic actors was analyzed. As a result, only a few changes were noticed, meaning not a strong relation (Servon, 2008). The study Piercy conducted in 2018 analyzed the effectiveness of online-

assisted digital transactions in improving financial skills. The study's conclusion showed that through the development of financial skills using technology, people's confidence was increased, helping their future economic (Piercy, 2018).

3. Methodology

3.1 Reason for the Study

In this chapter, our study will delve deeply into the effectiveness of cash management application usage. This analysis will focus on testing a selected application (one of the applications found with the highest ratings) from first-year students of the Finance - Accounting profile at 'Aleksander Moisiu University. The impetus for this study comes from the difficulties found in this group of students in managing their low monthly income. This finding has come from the collection of essays from a group of about 50 students on the topic of 'Facing financial challenges in the student's aspect,' where almost 90% of them have expressed that the disparity between income and expenses is one of the main challenges in their student life.

Thereby, considering that this is a broader problem that affects not only this group of students, we aimed to support the application of a project consisting of testing the application 'Budget.' At the end of this project, we will be able to define whether using a cash management application solves the student's challenge.

After about two weeks of the application, we gathered information through the conduction of a survey which was spread to those students that used and did not use the application. The purpose of the study will be to understand if the user has made a difference in cash management, and this will be achieved only if we compare survey results between the two groups of students.

Our sample consists of students in the first year of Finance and Accounting profile, a total of three classes where the survey was spread. Forty-three students completed the study in full. Before the distribution of the survey, questions were tested by two students to be understood by the targeted group.

3.2 Survey Design and Analysis

During the construction of the survey, it was important for each question to be understood by the students; for this reason, the question was explained in detail where needed. The survey is divided into two parts to include both categories of students, those who have used the application for cash management and those who have yet to, to gain an insight into the reasons for not using a such application and the feedback from those who use it. In our survey analyses, we will divide each part into sections to explain the objectives for each question.

Table 1. Survey section A questions and objectives

Questions	Objectives
Section A - Demographics	
1. Your monthly income are:	To understand the student typology
2. Your main source of income is:	

3. Which of the following categories do you think you spend the most on:	Understanding how good do the student know their spending and what are their priorities

By creating a student typology, we mean having information regarding their income level and where they get these incomes to understand better the responses given in the following questions and if students can be more flexible in their financial planning.

The third question gives us information on which category of expenses the students thought they spent the most money on. The objective of this question relates to the following question, the answer of which is required based on the information in the cash management application. This way, we understand if students have become more conscious of their main expenses after using the cash management application.

Table 2. Survey section B questions and objectives

Questions	Objectives
Section B - Student's Financial Planning	
4. During your student period, was your monthly income sufficient for every need/desire:	- To understand if student spend smartly to meet every expense they have with the available incomes. - To study if students apply budget planning. - To study if students have a good savings habits.
5. In monthly plans, have you ever planned your expenses based on your income:	
6. Have you managed so far to save a part of your income thus creating your savings fund:	

Within this section, we tend to gather information on students' financial planning level, how engaged they are in managing their incomes with or without applications, and if until now they have established to save a part of their income.

Table 3. Survey section C questions and objectives

Questions	Objectives
Section C –Technological Resources	
7. How often do you use your mobile device:	To study smartphone usage habits of participants
8. Have you ever heard of cash management apps (apps that allow you to track your daily income and expenses)	To understand the technological resources available to the participants.

9. Have you used or are you currently using applications for financial planning (except the 'Budget' application advised by the lecturer):	

Students' approach to technological resources shows us if they need help using cash management applications. Using these applications requires registering your day-to-day transactions, which means they must have a close relationship with their phone. Gathering information regarding other financial planning applications helps this study evaluate other suggestions for the rest of the students.

Table 4. Survey section D questions and objective

Questions	Objectives
Section D - 'Budget' Application engagement and reasons	
10. Specify if you have been a user of the 'Budget' application advised by your lecturer for managing income and expenses:	• Separation of students using and not using the application. • To study the reasons that have led to non-use of the application or the interruption of it.
11. If you haven't used the Budget app, what was the main reason:	
12. If you stopped using the Budget app, what was the main reason:	

Section D of part one of the survey gives us information on the students that have been using or not the application and the reasons for this. Understanding the causes will help us find other applications more appropriate to them or help them overcome the obstacles shown this time.

Table 5. Survey section E questions and objective

Questions	Objectives
Section E - 'Budget' Application Suitability	
13. While using the Budget app, have you found it easy to classify all your expenses based on the categories provided by the app:	• To study the suitability of the chosen application for this study
14. While using the Budget app, have you found it easy to classify all your incomes based on the categories provided by the app:	

In this section, we understand how manageable the application type chosen for students' day-to-day activities is.

Table 6. Survey section F questions and objectives

Questions	Objectives
Section F - 'Budget' Application usage feedback	
Using the Budget app has increased your information on your daily expenses, better identifying your main categories of expenses:	To study the changes brought by using the Budget application.
Which category of expenses resulted as the one with the highest amount for the period of use of the application:	
Has using the Budget app helped you develop your income plans:	
After starting to use the Budget app, and identifying your main expenses, have you changed the channeling of your income by reducing costs for specific categories that you could spend less on:	
Do you think using the Budget app has improved your finances:	

Budget application usage, as explained above, has the intention of helping students to manage their finance better, so we must measure if this aims, according to our sample, was achieved or not.

Table 7. Survey section G questions and objective

Questions	Objectives
Section G - 'Budget' Application usage feedback	
Will you continue to use the Budget app even after completing this study:	To understand if the application has been useful or not

With this question, we understand if the application has been so helpful for the student that they will continue to use it. If so, it means positive feedback for this research and that this type of application positively affects its users.

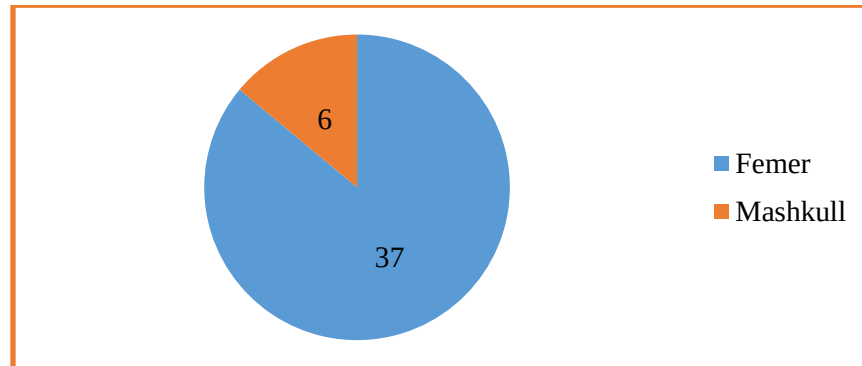
3.3 Results Analyses

This section will present results from the survey, comparing and analyzing the causes that might have affected the selected answers. For each question of the survey, above will be given the answer collected with a brief analysis.

1. Gender

With the spread done, this survey achieved fulfillment at a higher level by women. 37 of 43 of the responses were from females and six males. This is also affected by the fact that classes where the survey was spread, were at the highest rate with female students.

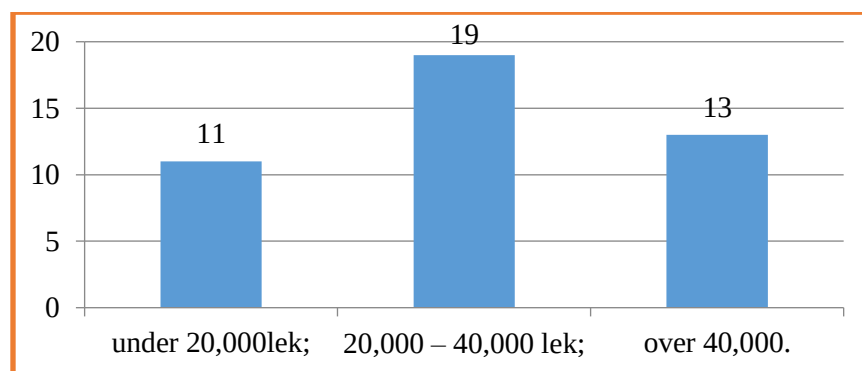
Chart. 1. Gender of survey participants



Source: Survey (authors elaboration)

2. Monthly Income

Chart. 2. Monthly income of survey participants

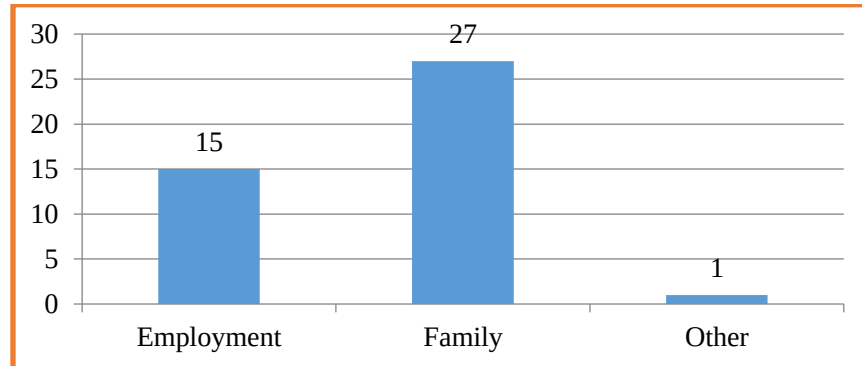


Source: Survey (authors elaboration)

Most of the students encountered a medium level of monthly income. The maximum income of this level, 40.000ALL, also presents the minimum gross wage in Albania by law, so it can be considered a good level of income. Of the participants in the survey, 19 of them had a monthly income at the level 20.000 – 40.000 ALL, 11 of the respondents were at the lowest level of under 20.000ALL, and 13 of the respondents were at the level of over 40.000ALL.

3. Income Sources

Chart. 3. Income Sources of survey participants

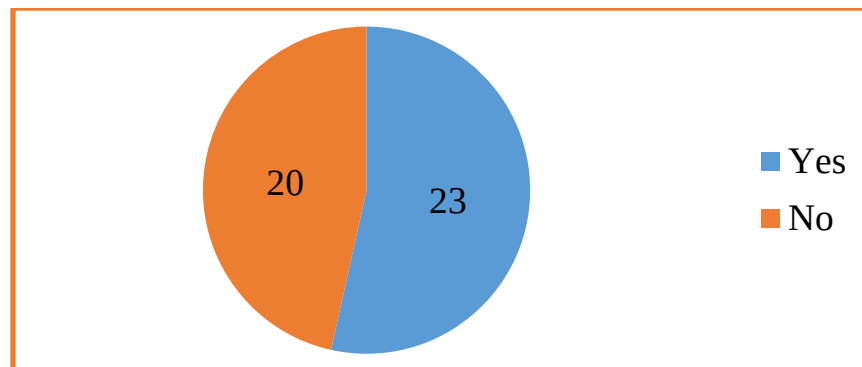


Source: Survey (authors elaboration)

For their age, survey participants in this paper resulted in a good relationship with employment, compared to what was expected. From 43 responses, 15 insured their incomes from working, 27 from their family, and one from other sources (the response involved employment againbut, in this case, was self-employment). Students being employed or self-employed are expected to have more control over their expenses, assuming they will be stricter over their own money.

4. Savings culture

Chart. 4. Saving experience of survey participants

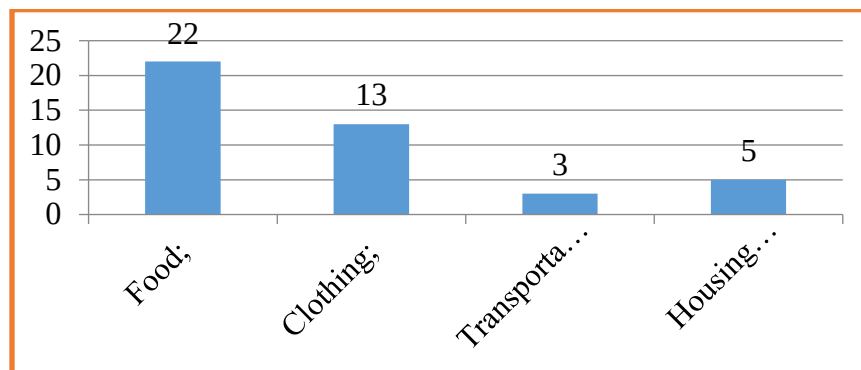


Source: Survey (authors elaboration)

Based on students' monthly income, they were asked if they had saved any money, creating their own savings fund. Twenty-three participants had achieved creating a savings fund, whereas 20 had yet to consider or complete it as a process.

5. Expenses categories among students

Chart. 5. Expenses categories of survey participants

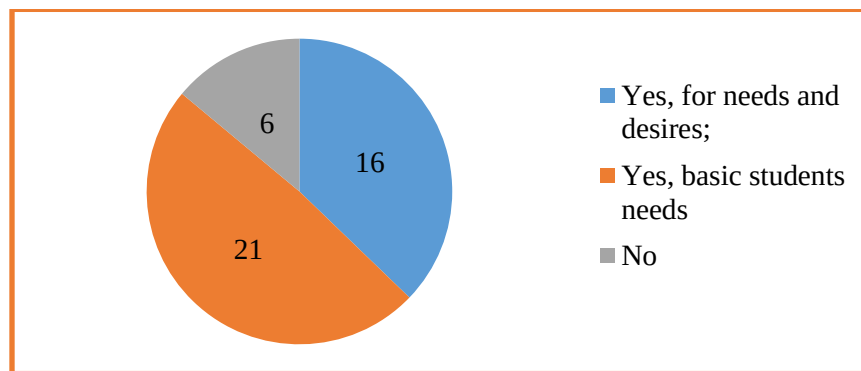


Source: Survey (authors elaboration)

Getting to know the expense categories of students shows us their priorities in spending money and what is considered to have more importance in their student life. Twenty-two respondents classified 'Food' as the category with the highest expenses, followed by clothing, with 13 respondents organizing this category as the second, and five respondents ranked third as housing (this includes students that live in a rented house without their parents). The last comes transportation (shows the low prices of transport and the fact that most students live in Durrës, close to the university). Other categories, such as gifts, sports, health care, etc., have not been chosen by anyone.

6. Income sufficiency

Chart. 6. Income Sufficiency among survey participants

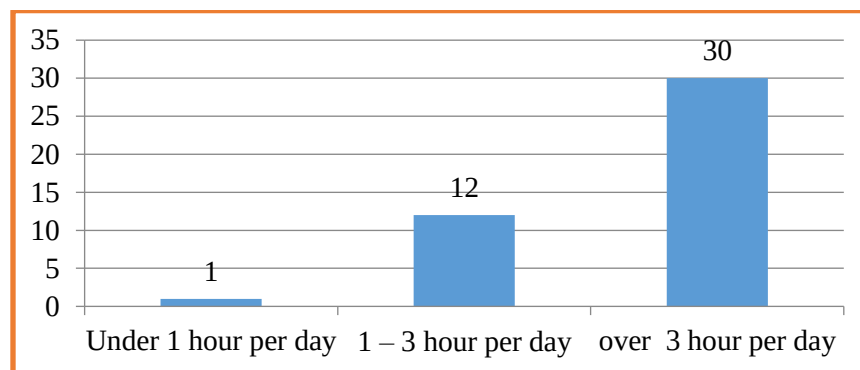


Source: Survey (authors elaboration)

Income sufficiency shows us a fulfillment of the primary student needs, where 21 of the students have achieved in completing with their monthly income all their basic student needs, 16 of the students show that their monthly payment has been enough to fulfill their needs and desires as well and 6 of the students have not had sufficient incomes for their daily transactions.

7. Mobile Usage

Chart. 7. Mobile Usage of survey participants

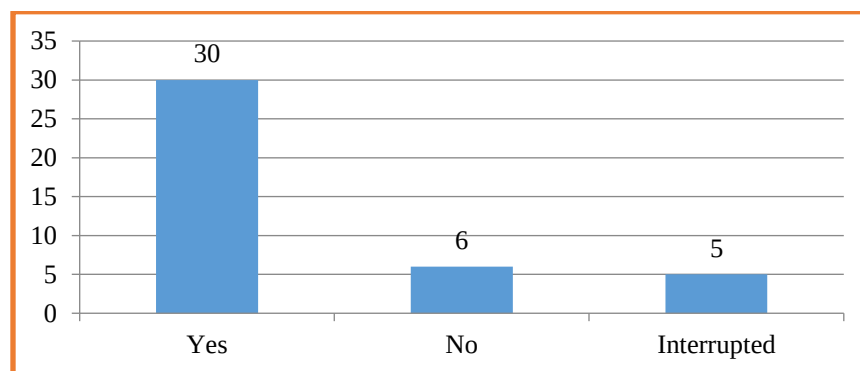


Source: Survey (authors elaboration)

Knowing mobile usage among students serves this paper to understand the connection between survey participants and their phones. Of 43 participants, 30 of them are using their phone for over 3 hours per day, were making a simple calculation of 7 – 8 hours of sleep, 7 – 10 hours in the university, 1 -3 hours of studying, over 3 hours in the phone occupies a significant amount of time in their day. Twelve students spend around 1 to 3 hours on their phones, and only one student spends under 1 hour. These results help the paper in the conclusion and the recommendation given.

8. 'Budget' Application usage

Chart. 8. 'Budget' Application usage by survey participants

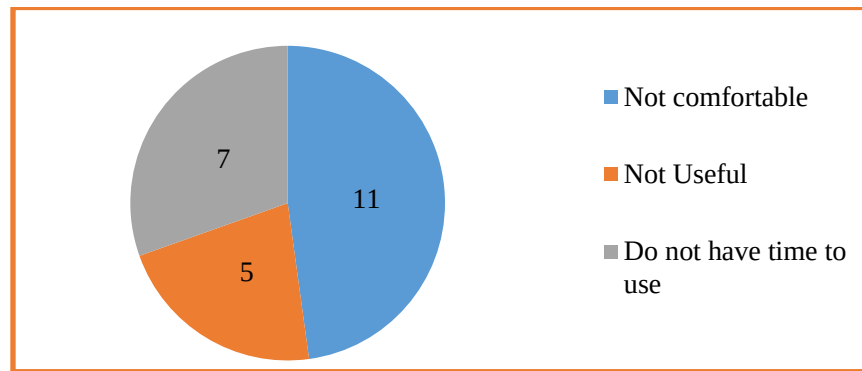


Source: Survey (authors elaboration)

After gathering general helpful information for this paper in determining the conditions of the environment where the study took place, we are known for the spread of a cash management application such as the 'Budget' Application. The 'Budget' application is one of these applications, which is used to record income and expenses. The application offers several classifications for both expenses and income. Users can also see a graphical representation of their costs. After the recommendation of the application, 35 started to use the application, whereas 6 of the students did not seem convinced to use the app. Of 35 students, 5 interrupted the use for reasons we will analyze above, and 30 continued utilizing the application.

9. Reasons for 'Budget' App non-usage

Chart. 9. Reasons for 'Budget' App non-usage from survey participants

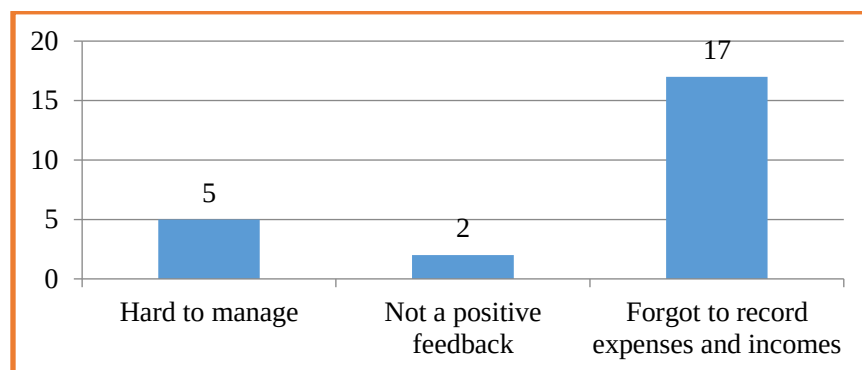


Source: Survey (authors elaboration)

Acknowledging why students stopped not using the cash management application is essential. Eleven students expressed they were uncomfortable using this application (this shows us that they may be open to using another application with the same purpose), and seven students needed more time. Five students needed help finding it helpful (showing they are not interested in what cash management apps aim to achieve).

10. Reasons for Interruption

Chart. 10. Reasons for 'Budget' App interruption from survey participants

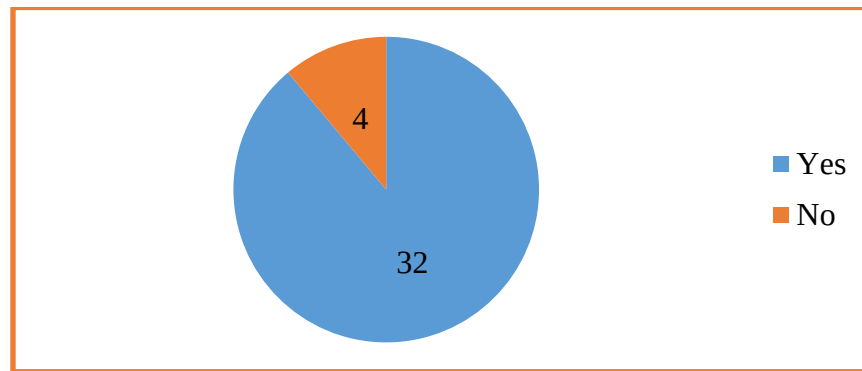


Source: Survey (authors elaboration)

Students that interrupted the use of the application for this paper show a positive approach towards this kind of opportunity offered. Knowing the reasons that lead them not to use the app anymore helps give better future recommendations. Seventeen students responded that the main reason was the habit of not being used in registering their expenses and incomes in the application leading to the gathering of incomplete information, five students were hard to manage, and two students did not seem to get any positive feedback from the application.

11. Budget App Expenses Categories suitability

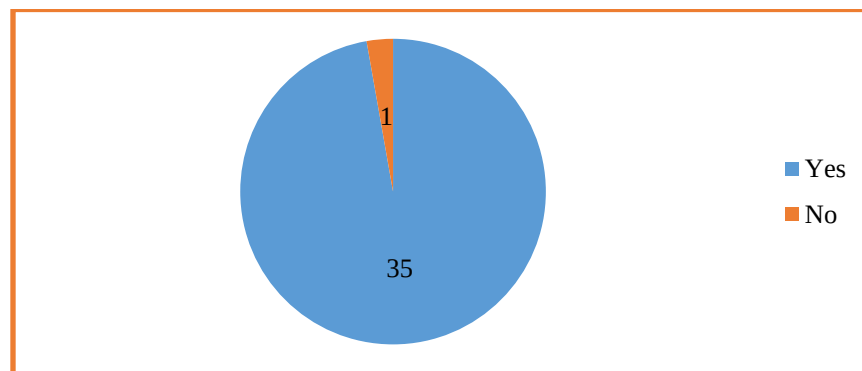
Chart. 11. Budget App Expenses Categories suitability for survey participants



Source: Survey (authors elaboration)

12. Budget App Income Categories suitability

Chart. 12. Budget App Income Categories suitability for survey participants

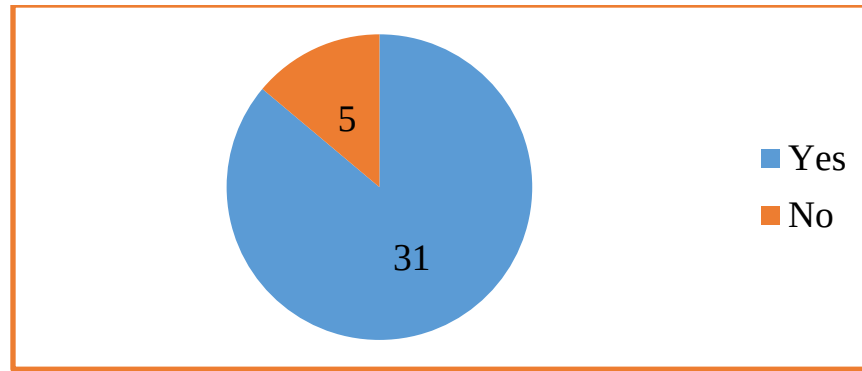


Source: Survey (authors elaboration)

The explanation for points 11 and point 12. The application offers different categories of expenses and incomes, meaning that it has given the effort to meet anyone's lifestyle. Again, the study must see if students have found the app practicable in categorizing their expenses and incomes. In the central part, with 32 students, Budget App expenses categories are suitable according to students' daily transactions, and for the income categories, 35 students are eligible.

13. Increased Expenses Information

Chart. 13. Increased Information on Expenses for survey participants

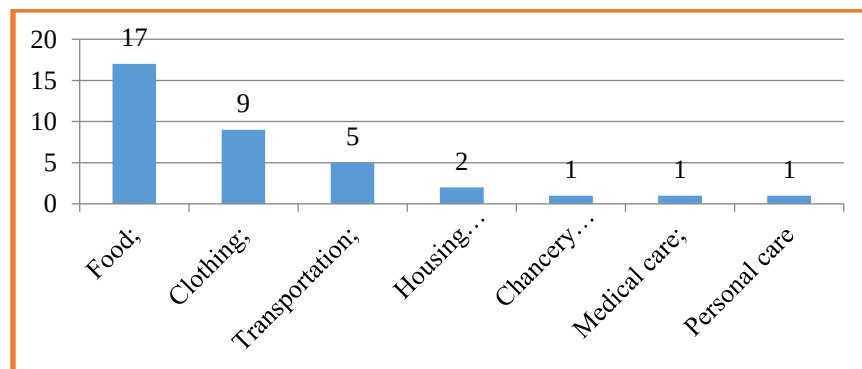


Source: Survey (authors elaboration)

Using a cash management application as its main aim or goal has increased awareness of the transactions of the app user. Through questioning the participants whether if with the use of the application, their information over expenses had raised, we learned the effectiveness of the application choice. Thirty-one students responded that using the application had increased information on what they were spending their money on, showing positive feedback on the main reason for using this type of application. In contrast, only five students remained neutral without showing to have gotten increased information from the use of the 'Budget' application.

14. Expenses Category highest value

Chart. 14. Expenses Categories after the use of the 'Budget' Application

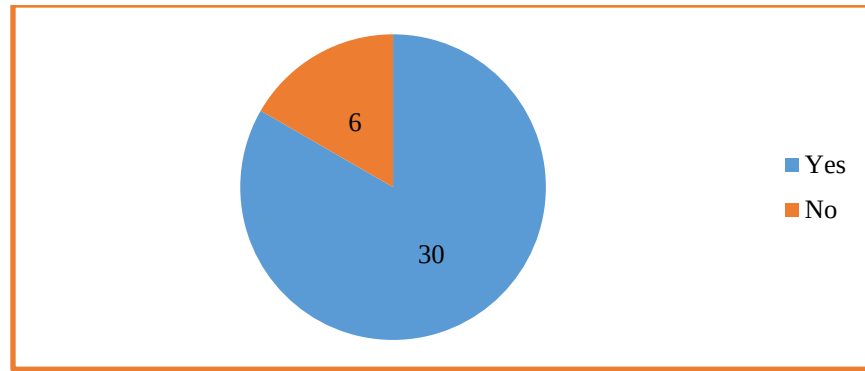


Source: Survey (authors elaboration)

After being questioned about their most significant expense categories at the beginning of the survey, on what they thought was the category they were spending the most at, participants following the use of the cash management application for two weeks were asked about the expense categories resulted with the highest value. We can see that there are shown and presented categories than the answer to the question in the first part, resulting in more information for the users, making them more self-conscious about their monthly transactions. Food stands again as the most chosen category, whereas categories such as medical care, personal care, and university spending appear newly in the expenses categories.

15. Budget App Income Planes development

Chart. 15. Development of Income after Budget App Use for survey participants

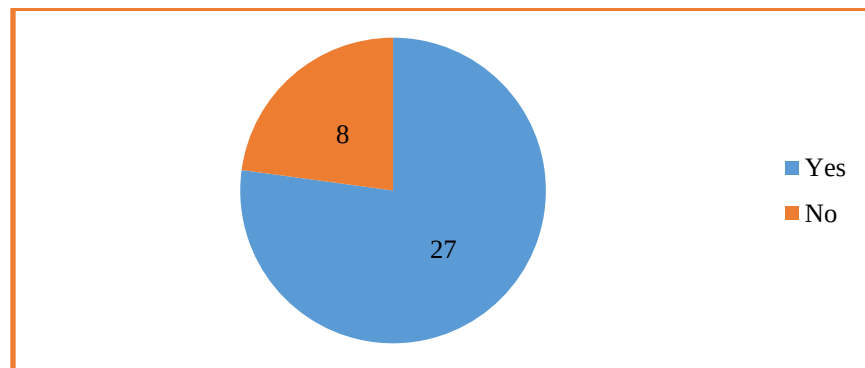


Source: Survey (authors elaboration)

After getting more information about their expenses, users of the Budget Application could have a higher possibility and flexibility in creating an income plan. The answers of our participants also support this. Thirty students said they applied income planning more often after using this application. Only six students have yet to be influenced in developing income planning even after using the application.

16. Expenses Reduction

Chart. 16. Reduction of expenses for application users

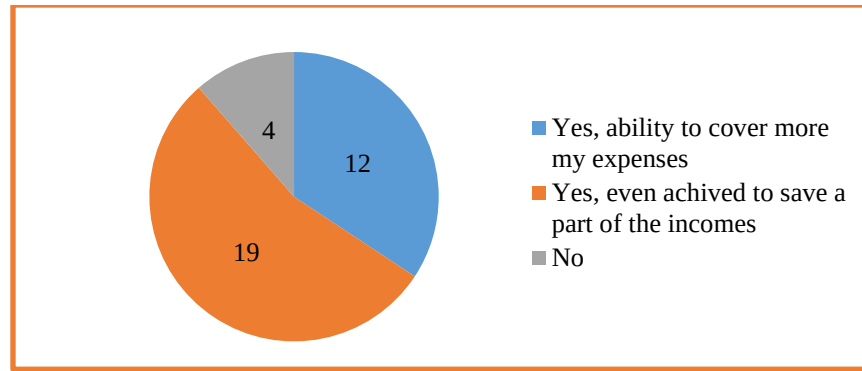


Source: Survey (authors elaboration)

After gathering general information in the university auditor for students challenged with their low incomes, we found it necessary to see if students had managed to reduce and quiet their expenses to have a better balance at the end of the month. Twenty-seven students responded that they had cut down some of their costs after seeing the transactions they had spent on, and eight still needed to reduce their costs.

17. Improved Finances

Chart. 17. Reflection on improved finances for the application users

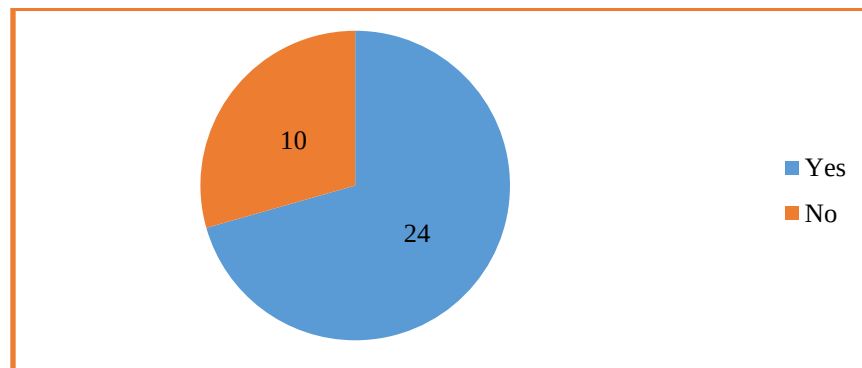


Source: Survey (authors elaboration)

Students in this question are asked if they have seen their finances improve after using therecommended application. Nineteen students answered that through this application, they had managed to cover all their expenses and save a part of their incomes, therefore showing improved finances, 12 students indicated that they could cover a more significant amount of their costs, and four students showed they had not improved their finances even after the use of the app.

18. Budget App continuing Usage

Chart. 18. Usage of the 'Budget' App after the end of the project by students



Source: Survey (authors elaboration)

The most important part of this paper lies in implementing a new culture among youngsters, which is taking advantage of the new opportunities offered bytechnology. Achieving a high rate of students that would choose to continue using this application or any other similar is the best positive feedback for this paper. Twenty-four students from 34 who used the cash management app answered that they would continue using the 'Budget' Application, and ten responded that they would stop using it.

4. Conclusions

Cash Management Application Spread and the Influence of mobile usage among Youngsters.

Cash management applications are a new financial habit that needs to make its way into becoming widely spread among students and families. The problems stand in many aspects of the application usage, where we can mention the unsuitability in registering each transaction a person makes over a day which also brings the interruption of these types of apps, difficulty found in the management of the applications, the scheduled time and the fast live people have making it inappropriate in creating such a close relationship with an app. On the other hand, all these are helped and faded with the high amount of time people are now spending over their phones, and since this is an online application, the conduction with these types of services offered by the new technology will be easy.

Increased information on expenses using a cash management application.

Even though it is seen in this study that the spread of these applications, but also every new approach offered to simplify today's life, is complicated, those that accepted the use of these services found very positive feedback in the information they now had over their expenses, assuming an increase in their knowledge over their spending. This was achieved after the registration of every transaction daily and the possibility to review them even in a graphic mode.

Improved finance and the continuation of the application, the best feedback of the paper

Students, even though in a small number, brought a very positive approach to what they had gained from a two-week usage of a cash management application. Through the increased information on the expenses, the student applied a reduction of their spending and income planning which resulted in their possibility of covering more costs and creating a savings fund. In this way, cash management applications increase the likelihood of improving our financial health.

5. Recommendations

To be more financially conscious, new methods should be found to aim for an increase in financial literacy, helping to understand the importance of exploiting new technological opportunities. New online and on-site informative 'spots' should be founded to promote these opportunities. Students firstly and a more comprehensive range also families should start applying the use of cash management applications firstly in short terms. The placement of short-term objectives and realizing them by aiming to use these applications would be the first approach to creating a new habit. Smartphones should start to be used intelligently. Everyone should now benefit better from all online possibilities and are reachable through a smartphone.

Bibliography

1. OECD INFE. (2018). Digitalization and financial literacy.
2. Alvarez, F., & Lippi, F. (2015). Cash Burns - An Inventory Model with a Cash-Credit Choice. EIEF Working Papers Series 1502.
3. Bagwell, S., Hestbaek, C., Harries, E., & Kail, A. (2014). Financial capability outcomes framework. London.
4. Bertocchi, G., Brunetti, M., & Torricelli, C. (2014). Who holds the purse strings within the household? The determinants of intra-family decision making. *Journal of Economic Behavior & Organization*.
5. Bona, J. T. (2017). Spending Behavior Among College Students.
6. Campbell, J. (2006). Household Finance. *Journal of Finance*.
7. Choi, J., Laibson, D., & Madrian, B. (2009). Mental Accounting in Portfolio Choice: Evidence from a Flypaper Effect.
8. Firli, A. (2017). Factors that Influence Financial Literacy: A Conceptual Framework. 1st Annual Applied Science and Engineering Conference.
9. Fogarty, M. (2012). Save, Invest, Grow. *Readers Digest*.
10. Hastings, J., & Mitchell, O. (2011). How Financial Literacy and Impatience Shape Retirement. Working Paper 16740, National Bureau of Economic Research.
11. Herschfield, H. E. (2011). Increasing Saving Behavior Through Age-Progressed Renderings of the Future Self. *Journal of Marketing Research*.
12. Isomidinova, G. & Kartar Singh, J. S. (2017). Determinants of financial literacy: a quantitative . *Electronic Journal of Business & Management*.
13. Jurevičienė, D., & Ivanova, O. (2013). Behavioural finance: theory and survey.
14. Lusardi, A. a. (2007). Baby Boomer Retirement Security: The Roles of Planning, Financial Literacy, and Housing Wealth. *Journal of Monetary Economics*.
15. Lusardi, A., & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence.
16. Mathews, M. J. (2017). An Analysis On Spending And Saving Pattern Of College Students In Indukki District. *International Journal of Management (IJM)*.
17. Mokhtar, N. M. (2018). Mokhtar, N., Moga Dass, T. A/L., Sabri, M. F. & Ho, C. S. F. *Journal of Wealth Management & Financial Planning*.
18. Mundy, S. 2. (2011). Financial capability: Why is it Important and how can it be Improved? Perspective Report. CFBT Education Trust.
19. Piercy, L. (2018). . Changing behaviour around online transactions.
20. R.B., G., & H. Dittmar, H. (2012). Baby Boomer Retirement Security: The Roles of Planning, Financial Literacy, and Housing Wealth. *Journal of Economic Psychology*.
21. Ramya, N. &. (2016). Factors affecting consumer buying behaviour. *International Journal of Applied Research*.
22. Servon, L. J. (2008). Consumer financial literacy and the impact of online banking on the financial behavior of lower-income bank customers. *The Journal of Consumer Affairs*.
23. Sorooshian, S. &. (2017). Spending Behaviour of a Case of Asian University Students. *Asian Social Science*.
24. Spencer, N. J. (2015). Wired for Imprudence.
25. Spinella, M. Y. (2007). Development of the Executive Personal Finance Scale. *International Journal of Neuroscience*.

26. Van Rooij, M. A. (2011). Financial Literacy and Stock Market Participation. *Journal of Financial Economics* 101.
27. Vintere, A., Balkytė, G., & Budrienė, L. (2017). *Personal Finance Management, Handbook for Social Workers*. Lithuania: Klaipeda State University of Applied Sciences.
28. Volpe, R. P. (2006). An Analysis of the Importance of Personal Finance Topics and the Level of Knowledge Possessed by Working Adults.
29. Yong, C. C. (2018). *Financial Knowledge, Attitude and Behaviour of Young Working Adults in Malaysia*. Institutions and Economies.

The financial impact of the increase in the price of fuel in Albanian businesses

Prof.Asoc.Dr. Shqipe Xhaferri¹, Mikael Xhaferri²,

¹*Lecturer and Researcher, University “Aleksandër Moisiu” Durrës, Albania, shqipexhaferri@uamd.edu.al*

²*Student and Researcher, University “Aleksandër Moisiu” Durrës, Albania, mikaelxhaferri@gmail.com*

Abstract

This paper aims to reflect the financial impact of the change in fuel prices due to COVID-19, the earthquake of November /26/2019 and the war in Ukraine. After a difficult period for at least two years, our country suffered two consecutive defeats, the first is related to the earthquake of November /26/ 2019 and the second pandemic, which spread throughout the world COVID-19. The world today is facing a deadly threat in every possible aspect. Immediately after the outbreak of the Russia-Ukraine conflict, which shook the foundations of peace in the world, not leaving out our country, a galloping increase in the prices of the basket and fuel was noticed. The governing board since March 2022 until now has changing the ceilings for fuel prices from time to time. For two weeks, fuel has been leading with a price of 206 ALL/litre, such a price that is technically unaffordable for Albanians, since the level of wages in Albania does not reach satisfactory levels to afford a normal life, it has forced many Albanians to reduce vehicle movements to the point of sale.

Keywords: *Albanian economy, the change of price, fuel.*

JEL classification: E26, P26, Q35

INTRODUCTION

Over the years, decades or centuries, war and crisis have connected people with it all their lives, it seems, and will continue to haunt them in the future. The world today again feels on the brink of death in every possible way. A new day with uncertainty and strong dilemmas about our future. The financial impact that was accompanying the fierce war between Russia and the stories continue to be a big thing about its truth, its continuity, and when others do¹⁰¹.

At the beginning of this year, a significant increase in prices was observed, which in March was followed by a galloping increase in prices. The outbreak of the Russia-Ukraine conflict brought an immediate increase in the price of oil to high levels.

The challenge that Albania is currently facing is how to amortize such an increase in fuel prices and not only, at a time when our country has a significant lack of economic capacity to amortize a crisis of this level.

Undoubtedly, this created turmoil would not leave Albania behind either, the financial impact has created turmoil and has given its alarming signals in some of the strongest points of the Albanian economy. After a difficult period for at least two years, our country suffered two consecutive defeats. The first tragedy is related to the earthquake of November 26, 2019, while the second one involves the COVID-19 pandemic. Despite the crisis that affected the whole world, the inflation that affected our country during the two years of the pandemic is considered at moderate inflation levels, the consumer's pocket it was not burdened to the levels it has been affected recently.

The war in Ukraine and ongoing sanctions could push energy, food and commodity prices even higher, reducing household purchasing power and consumption. Additional risks include new, vaccine-resistant variants of Covid-19, tighter global financial and trade conditions and new travel restrictions. Public investment to increase productivity is essential to boost growth, but will require stronger revenue mobilization.

Government spending is expected to fall gradually, in line with fiscal consolidation plans. However, higher spending may be needed to guarantee energy supply through more costly energy imports and support for fragile state-owned energy enterprises.

A key medium-term reform priority is the need to boost revenue collection and achieve fiscal consolidation, while creating room for substantial spending to boost growth.

THE PURPOSE OF THE PAPER

The purpose of the paper is to study and document the relationship between the final price of oil, the initial price of oil and the additional price in relation to its growth, under the conditions of the impact of the global crisis on the fuel sector in Albania.

¹⁰¹E.Rucolli,(Financial Impact Caused by the Price of Diesel), 2022

OBJECTIVES

The paper aims to explain the cause-effect relationships of the political, cultural and social stalemate in the economic and financial issues of a developing country, such as the case of Albania.

The aim of this paper is to provide some new perspectives and modest suggestions for managing the financial situation in this difficult period of war.

RESEARCH QUESTION

What is the financial impact of the change in oil prices in the Albanian economy as a result of the post-Ukraine-Russia situation?

METHODOLOGY

The research method used in the study for the collection of information is the creation of two online questionnaires carried out through Google Forms. This quantitative method is an easy-to-use and effective tool to obtain respondents' opinions and

NOVELTY OF WORK

Evidencing the appropriate policies for increasing the financial and economic aspects in reducing costs and expenses to design a new development plan for the country's recovery and recovery.

The main importance of this study is the research of variables that are affected by the effects of the global crisis, including also the effectiveness of fuel companies, risk management in relation to the global crisis, the impact on the purchasing power of consumers, which is also reflected in our country, as well as identifying strategies to minimize and overcome these consequences as easily as possible, which should not be allowed to negatively affect the normal course of business.

LITERATURE REVIEW

Our country has been leading the top 20 countries with the highest oil prices for months, Albanians pay 5 types of fuel taxes, thus accounting for 52.2% of the final price of oil. Currently, consumers pay for 1 liter of diesel:

38 ALL excise duty for fuel,

27 ALL/liter turnover tax

3 ALL/liter carbon tax

VAT of 20%making the total about 100.2 ALL/liter just taxes, without considering other costs

Accounting treatment of oil production

An integrated oil company is one that is involved in exploration and production activities, as well as at least one of the other functions.

- Purchasing activities
- Research activities
- Developmental activities
- Production activities

Costs incurred by oil

- Acquisition costs include: costs incurred in acquiring the property, i.e. costs incurred in acquiring ownership to discover, drill and produce oil and natural gas, brokers' fees, and legal costs.
- Exploration costs include: costs incurred in exploring the property, costs of surveys and studies (such as aerial, geological, geophysical, geochemical and seismic surveys), costs of environmental clearance, protection clearance, salaries and other expenses of geologists etc.
- Development costs include: costs incurred in preparing proven reserves for production, i.e. costs incurred to gain access to proven reserves and to provide facilities for the extraction, treatment, collection and storage of oil and gas,

Methods of calculating oil costs

- Best efforts method: (does not include unsuccessful costs, recognizes them as sunk costs)
- Full cost method: (includes unsuccessful costs in calculating oil costs)

Expences	Best efforts method	Full cost method	Income	Best efforts method
Acquisition costs	400.000	-	Income	24500
Dry Well Exploration Costs	1.800.000	-	Net Loss	210000
Production Cost	75.000	75.000		
Amortization	70.000	290000		
SUM	2.345.000	3,65,000		234500

Signed a contract with the Albanian state in 2004 to exercise activity in the field of hydrocarbons.The contract was secret and not at all transparent.Bankers owes the Albanian state, according to the data received, at least 400 million euros in debt, not including fines and late interest.Numerous scandals and

frauds have been discovered by the audits carried out over the years, starting from the sale of diluent in the market for oil and the inclusion of unrestrained trips and parties in the company's cost items.

METODOLOGY

The questionnaire was distributed to 178 contacts and was completed by 104 contacts. The target group includes people between the ages of 18 and 45 years old. The method of contacting the respondents was to send the questionnaire by e-mail.

Among the secondary data, an important place is occupied by publications related to the War. For the realization of this study, special attention was paid to primary and secondary research. Russia-Ukraine and with its consequences in the big changes in the price of oil. The realization of the research was designed in such a way as to facilitate the cost of gathering information and at the same time achieve satisfactory results that would help draw the most accurate conclusions.

The first questions ask for general information about gender and age. Then to make an introduction to the topic of the survey, the respondents are asked about the current situation of the War. Questions with alternatives have been asked, through which we get to understand what the respondents think about the topic.

ANALYSIS OF QUESTIONNAIRES

- The analysis of the questionnaires showed that the inflation of the last few months has burdened the population in Albania economically and psychologically. The crisis has increased the mass uncertainty about the future of Albanians, has increased the desire to emigrate abroad and has decreased confidence in the current government. It is known that the war has brought a lot of economic damage to the world of oil, and no European country has seen prices rise to this extent. Apart from imports, our country has natural capacity to produce and process oil itself. The map of the richest countries with hydrocarbons includes our country.
- Measures should definitely be taken regarding the establishment of special groups of petroleum engineers and chemical engineers to carry out appropriate research at least to meet the needs of our country. Measures are definitely necessary before we face another crisis that we may not be able to amortize in time.

CONCLUSIONS

- It is the duty of the state to anticipate and take the necessary precautionary measures in times of crisis, where in a budget such as our country's, it is difficult to undertake fiscal policies. On the other hand, the situation does not look so negative for the state treasury.
- The mismanagement and abuse of the privatization process of the country's main refinery has caused that, since 2019, all needs are met by imports.
- During the last 10 years, the average annual production of crude oil is estimated at approximately 1 million tons per year (a small part of which is processed locally).

- Most of the crude oil is exported, the concern of experts is related to the lack of its refining in the country. Today, Albania is paying all the consequences of 30 years of mismanagement in the fuel sector.

RECOMANDITIONS

- Reestablishment of the oil institute and increase of oil reserves
- Creation of the fund for geological research in Albanian land
- Recruitment of experts in the field of Finance with in-depth knowledge of fuels, oil, etc.,
- Development of occasional trainings to expand their capacities Reducing the tax burden to attract potential foreign investments
- The development of Audit mechanisms and continuous control of the activities developed through fuels, but not only, as well as monitoring the movement of prices in accordance with the relevant legislation.
- Finding investors in the field of research and development among international oil and gas companies. Turning ideas and concepts related to fuels into economically viable technology. Developing new innovations including fuels and lubricants that help consumers use less energy to floating production platforms for offshore natural gas discovery and liquefaction.

REFERENCES

- https://www.periskopi.com/cmimet-e-derivateve-per-24-ore-benzina-do-te-ssssss-shitet-me-shitrenjte/?amp_markup=1
- <https://www.monitor.al/lufta-rrit-me-tej-tregtine-me-rusine-si-ne-eksporte-dhe-importe/>
- <https://gazetasi.al/nafta-ne-shqiperi-nder-me-te-shitrenjtat-ne-bote-per-2022-shin-leme-pas-greqine-e-spanjen/>
- <https://www.lajme.rtsh.al/artikull/nafta-dhe-cmimi-krahasimi-mes-shqiperise-dhe-maqedonise->
- <https://www.epokaere.com/nafta-ne-shifra-rekord-nderkohe-qe-shqiperia-ka-200-milione-fuci-rezerva-nafte/>
- <https://gazetainfokus.com/gerxhaliu-te-ngrihet-akciza-e-naftes-per-tre-muaj-dhe-te-reduktohet-tvsh-ja-per-produktet-bazike/>
- <https://www.monitor.al/opec-kerkesa-per-nafte-gjate-vitit-2022-do-te-tejkaloje-nivelet-e-para-pandemise/>
- <https://www.monitor.al/analize-si-po-i-riformeson-tregjet-globale-te-naftes-konflikti-ne-ukraine/>
- <https://youtu.be/DKĖPZoë2psk>
- <https://youtu.be/7-QĖAFdX0Ls>
- [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)733549](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)733549) –
- <https://cyberpeaceinstitute.org/ukraine-timeline-of-cyberattacks/> - [sulumikibernetikndajukraines](https://www.economiafinanzas.com/sq/çfarë-është-inflacioni/amp/)
- <https://www.coface.com/News-Publications/News/Economic-consequences-of-the-Russia-Ukraine-conflict-Stagflation-ahead>
- <https://www.economiafinanzas.com/sq/çfarë-është-inflacioni/amp/>
- <https://youtu.be/buwsRLz86Yo>
- <https://www.monitor.al/tre-skenare-se-si-lufta-do-te-ndikoj-ne-ekonomine-globale/>
- <https://citizens-channel.com/2022/05/24/monitorim-ekonomia-shqiptare-ne-frontin-e-luftes-se-padukshme/>
- <https://youtu.be/RQdUNnrIsGE>

- <https://report-tv.al/lajm/nese-lufta-zgjat-cmimet-e-larta-do-te-ulin-konsumin-banka-boterore-inflacioni-do-jete-5-pritet-shtrenjtim-i-dritherave-dhe-energji>
- <https://qeverisja.qq.com.al/wp-content/uploads/2022/05/cmimet.pdf?fbclid=IwAR1NswEXRcrSxm82zzLLCuELoyBKlZtHD9e0FfiXK27K9N3PcBVAKLZ6oKQ>
- [https://www.investopedia.com/ask/answers/052715/how-did-financial-crisis-affect-oil-and-gas-sector.asp#:~:text=Oil%20prices%20fell%20from%20a,major%20impact%20on%20the%20sector. \(INVESTOPEDIA\)](https://www.investopedia.com/ask/answers/052715/how-did-financial-crisis-affect-oil-and-gas-sector.asp#:~:text=Oil%20prices%20fell%20from%20a,major%20impact%20on%20the%20sector. (INVESTOPEDIA))
- https://www.globalpetrolprices.com/diesel_prices/
- <https://www.euronews.com/my-europe/2022/02/15/ukraine-s-defence-ministry-and-two-banks-targeted-in-cyberattack>
- <https://www.csis.org/analysis/cyber-war-and-ukraine>
- <https://www.evropaelire.org/a/konflikti-rusi-ukraine-/31598206.html>
- <https://ndiqparate.al/?p=6895>
- <https://top-channel.tv/2022/08/31/ulet-nafta-dhe-benzina-cmimet-e-reja-te-hidrokarbureve0-2/>
- <https://www.infrastruktura.gov.al/kompanite-2/>
- <http://www.akbn.gov.al/category/drejtoria-hidrokarbure-shkencore/>
- <https://www.tatime.gov.al/shkarko.php?id=11970>
- <https://a2news.com/2022/06/02/shtrenjtimi-i-naftes-ekspertet-nevojitet-nje-ent-rregullator-per-hidrokarburet/amp/>
- <https://www.reporter.al/2020/11/18/marreveshjet-hidrokarbure-dhe-ppp-fshehin-taksat-dhe-lidhjet-politike-ne-parajsa-fiskale/>
- https://m.youtube.com/watch?v=x0Ll6_kyxzM
- <https://m.youtube.com/watch?v=noq9sXajAdM>
- https://m.youtube.com/watch?v=BAG7bjC_TJ0
- https://m.youtube.com/watch?v=7qf27_Rx3aI
- <https://m.youtube.com/watch?v=UYhPLiMWixQ>
- https://m.youtube.com/watch?v=tdQ67_aZfDA
- <https://m.youtube.com/watch?v=2j1BTaFmJHY>
- <https://www.dailymotion.com/video/x4tysf9>
- <https://ndiqparate.al/?p=15195>
- <https://www.zeriamerices.com/amp/6509493.html>
- <https://www.oranews.tv/vendi/nafta-me-e-strenjta-ne-evrope-cmimi-i-charkalvereve-ne-shqiperi-shenon-rek-i1028382>
- <https://liberale.al/pse-nafta-dhe-benzina-kushtojne-me-strenjte-ne-shqiperi-sesa-ne-itali/>
- <https://www.scan-tv.com/nafta-ne-shqiperi-nder-me-te-strenjtat-ne-bote-me-strenjte-se-ne-luxembourg-austri-apo-germani/>
- <https://telegraf.al/aktualitet/paradoksi-me-naften-shqiptaret-mbushin-makinat-me-nafte-ne-malin-e-zi-dhe-kosove-tregtaret-e-ketyre-vijne-e-furnizohen-in-Albania/>
- <https://kosovapost.net/nafta-ne-shqiperi-me-e-strenjta-ne-evrope/>
- <https://reporteri.net/lajme/shqiperia/thellohet-skandali-me-nafte-ne-shqiperi-reagon-gazetari-i-njohur/>
- <https://javanews.al/sa-nafte-mund-te-xirret-ne-shqiperi/>
- <https://skaproblem.al/vertet-cmimi-u-rit-per-te-gjte-por-nafta-ne-shqiperi-nder-me-te-strenjtat-ne-comparison-me-vendet-e-rajonit-and-world/>
- <https://boldnews.al/2022/08/16/nafta-ne-bursa-bie-ne-nivelet-e-para-luftes-ne-shqiperi-nuk-ndryshon/>

Business Performance of Romanian Travel Agencies and Tour-Operators

Cosmina-Simona Toader¹, Brunilda Liçaj², Ioan Brad¹

¹*Banat's University of Agricultural Sciences and Veterinary Medicine "King Michael I of Romania" from Timisoara, Faculty of Management and Rural Tourism, Romania,*
e-mail: cosminatoader@usvt.ro, ioanbrad@usvt.ro

²*University "Aleksander Moisiu", Faculty of Business, Durres, Albania,*
e-mail: brunilda.licaj@yahoo.it

Abstract

Travel agencies and tour operators play an important role in the tourism industry, as they are the link between tourism services and customers. Their success largely depends on the suppliers of the elements that make up the tourist arrangements. In 2021, there were 2,723 companies in Romania whose business was the sale of travel, excursion, transport and accommodation services, both to the general public and to commercial customers, and the activity of preparing trips that are sold through travel agencies or directly by agents such as tour operators. The aim of the article is to present the financial dynamics of travel agencies and tour operators. For this purpose, data from Risco platform related to activities of travel agencies and tour operators were used. The financial dynamic of travel agencies and tour operators has been analyzed using turnover, profit, profit margin and sales between 2012 and 2021. In this way, it is highlighted how the COVID-19 pandemic affected the financial situation of travel agencies and tour operators in Romania.

Keywords: business, financial dynamics, services, tourism

JEL classification: L25, L83, M21, Z33

1. Introduction

Tourism involves the motivations and experiences of tourists, the expectations and adaptation of the residents of the destinations, as well as the roles played by the agencies and organizations that connect these elements (Băltărețu, 2016; Bode, 2018; Petroman & Petroman, 2014). Over time, the development of tourism was closely related to the development of transport and the diversification of means of transport (Coroș, 2015). From the appearance of steam engines, the development of railways, the use of railway means of transport, the use of modern transport vessels, to the means of public transport with high transport capacity and high comfort, the development of leisure and treatment resorts, tourist trips have experienced a spectacular growth (Bode, 2018).

The development of tourism led to the appearance on the market of intermediaries (travel agencies, tour operators, owners of accommodation spaces, etc.) who continuously adapted to market conditions (Pîrvu, 2015; Văduva & Petroman, 2021).

Currently, the organization of tourist activities is carried out by various economic agents in the tourism field. Regardless of the legal form of organization, they provide services specific to tourist activities - accommodation units, public catering units, transport companies, spa treatment, tourist leisure services (Popescu et al, 2022; Stănciulescu, 2013).

2. Literature Review

In Romanian practice and legislation, the travel agency represents a specialized unit that organizes, offers and sells tourist service packages or their components.¹⁰²

According to specialized literature, the travel agency is the intermediary between service providers and tourists, and the main distributor of tourist products. Since over time the services requested by tourists have diversified, travel agencies have been led to specialize in tour operators and retail agencies. The tour-operating agency has as its object of activity the organization and sale on its own account of tourist service packages or their components, directly or through intermediaries. This type of agency specializes in the design and assembly of products, programs and actions or only some services that they market directly to internal or external consumers or through other retail agencies (based on commission contracts). The retail agency (seller) sells or offers for sale, on behalf of a tour-operating travel agency, service packages or their components, contracted with it (Cristea, 2018; Nistoreanu, 2005; Stănciulescu, 2013).

Currently, travel agencies carry out intermediary activities, which are embodied in the design of tourist products, the sale of tourist service packages, the reservation and sale of transport tickets, the reservation of accommodation, food, leisure services, conclude insurance policies for tourists, provides visa services and provides tourist assistance through specialized staff (Cristea, 2013).

In 2021, there were 2,723 companies operating as travel agencies in Romania.¹⁰³ The total number of tourists who called in 2021 on the services of travel agencies with organizational activity and by travel agencies with intermediate activity was 1608.2 thousand, the highest share (92.4%) being represented by tourists participants in the tourist actions organized by the tourism agencies with organizing activity.¹⁰⁴

Table 1. Tourism organized by Romanian travel agencies, 2021

	Incoming activity*	Internal touristic activity	Outgoing activity*
<i>Tour operator agencies</i>			
- Number of tourists - total	9,449	793,858	681,916
Share of total receipts (%)	100	100	100
Tourist circuits	15.5	11.6	17.2
Stays	81.0	78.0	81.9
Spa tourism / medical treatment	3.5	10.4	0.9
<i>Sale activity agencies</i>			
- Number of tourists - total	799	58,085	64,097
Share of total receipts	100	100	100
Tourist circuits	21.6	31.1	9.5
Stays	77,6	80.3	89.0
Spa tourism / medical treatment	0,8	16.6	1.5

*For foreign tourists who come in Romania

**For Romanian tourists who leave abroad

¹⁰² Hotărârea Guvernului României nr. 513 / august 1998

¹⁰³ Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

¹⁰⁴ Acțiunile turistice organizate de agențiile de turism în anul 2021

As can be seen from table 1, most of the Romanian tourists, who traveled through travel agencies, preferred stays.

Regarding the size of the travel agencies in Romania, most of them are small and medium enterprises, with a small number of employees (Table 2).

Table 2. Size of travel agencies and tour-operators by number of employees, 2021

Size of travel agencies and tour-operators	Cumulated revenue (mil. €)	Cumulated net profit (mil. €)	% of employees
Very large (over 250 employees)	57.02	-0.77	8.4
Large (50-249 employees)	95.24	6.30	14.1
Medium (10-49 employees)	201.97	27.94	29.8
Small (1-9 employees)	280.98	53.12	41.5
No employees	42.24	3.32	6.2

Source: Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

The turnover of tourism agencies with organizational activity was in 2021 of 1,082,403,100 lei (219,982,745 euros), and for agencies with intermediate activity of 143,723,200 thousand lei (29,209,657 euros).¹⁰⁵

The purpose of the article is to present the financial dynamics of Romanian travel agencies and tour operators between 2012 and 2021.

3. Materials and Methods

In order to achieve the proposed goal of this article, the authors went through the following stages: studying the specialized literature and statistical data, analyzing and interpreting the data, drawing conclusions. Statistical observation was used as a research method in order to present the evolution of financial indicators and graphic representations were chosen for a clear image of the analysed period. Also, the data presented in the article were obtained following the analysis and interpretation of the data taken from the specialized literature and the statistical reports that are mentioned in the references. It should be mentioned that for the expression in euros of the values of the indicators considered in the study, it was used an average value of 4.9204 lei (Romanian currency) of the euro currency for the year 2021.

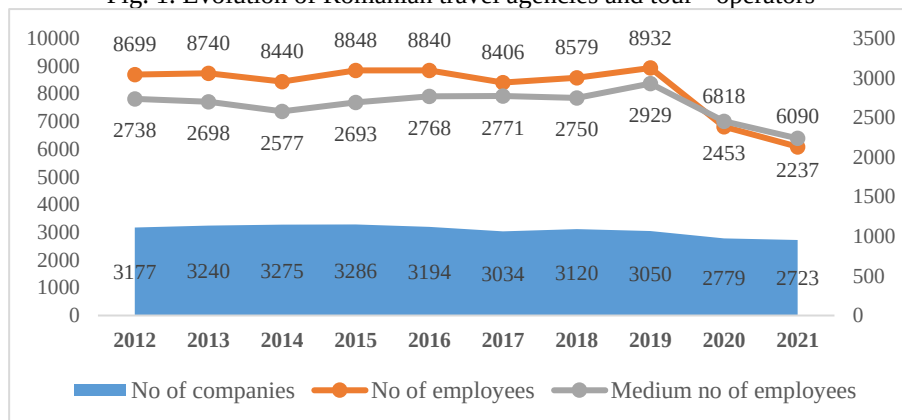
4. Results and Discussions

According to the information found in the Sectorial Study - Activities of tourist agencies and tour operators in 2021, the number of companies operating in this field, the number of employees and

¹⁰⁵ Acțiunile turistice organizate de agențiile de turism în anul 2021

the average number of employees had a relatively constant evolution in the period 2012-2021, except for the year 2020 (Fig. 1).

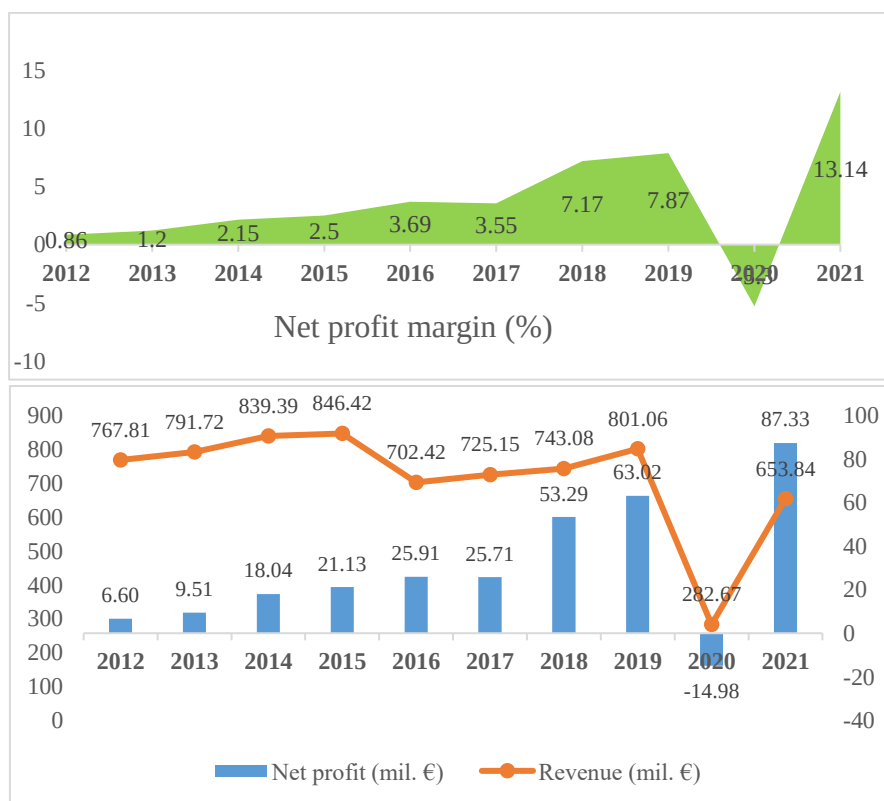
Fig. 1. Evolution of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

In terms of turnover, net profit and profit margin, the evolution is also upward, except in 2020 when the entire tourism sector was affected by the COVID - 19 pandemic (Figure 2).

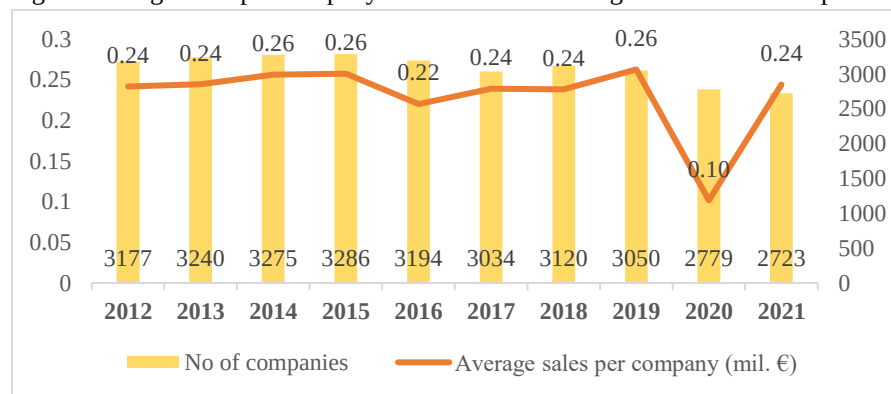
Fig. 2. Main financial indicators of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

Also, the average sales per company recorded a relatively constant evolution, with slight fluctuations, in the 10 years analyzed. In 2020, a sudden drop is observed, followed by a return to the level of previous years (Figure 3).

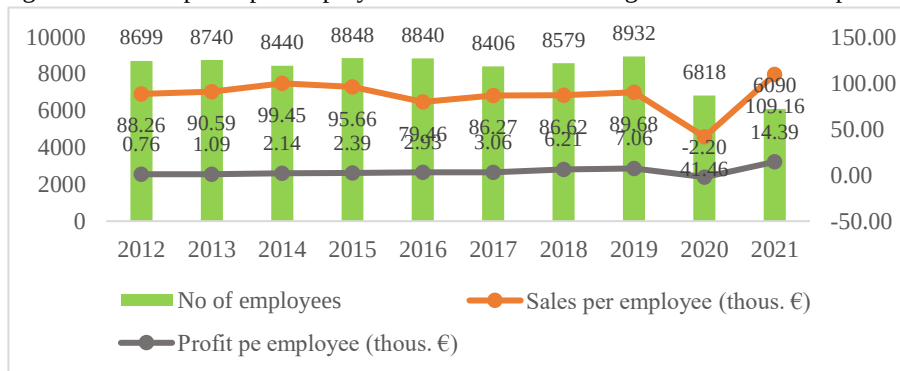
Fig. 3. Average sales per company of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

Regarding sales per employee and profit per employee, as can be seen in figure 4, the evolution of the indicators is relatively constant during the period 2012-2019, being followed by a sudden decrease in 2020 and an increase above the average of the previous years in 2021.

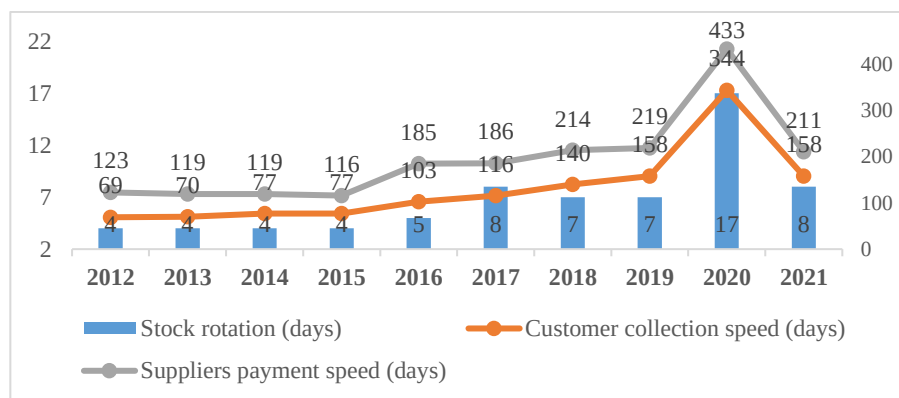
Fig. 4. Sales and profit per employee of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

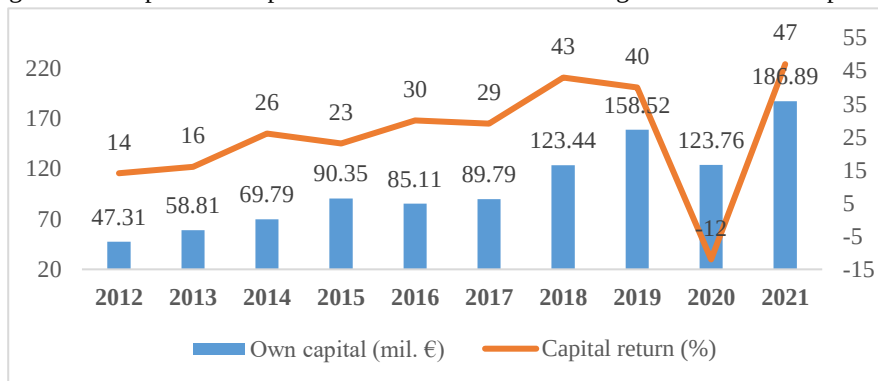
Figure 5 shows the evolution of operational efficiency indicators - stock rotation, customer collection speed and suppliers payment speed. The stock rotation had a constant path, with fluctuations recorded in 2017 and 2020. The payment speed of suppliers, as well as the speed of customer collection, recorded slow but constant increases, the "peak" being in 2020.

Fig. 5. Efficiency indicators of the operational activity of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021
Figure 6 reveal the evolution of own capital and capital return, the own capital registered a continuous increase between 2012 and 2021 and the capital return is in an increasing trend.

Fig. 6. Own capital and capital return of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

The total debts increased between 2012-2021 and the total debt rate decreased (Figure 7).

Fig. 7. Financial stability indicators of Romanian travel agencies and tour - operators

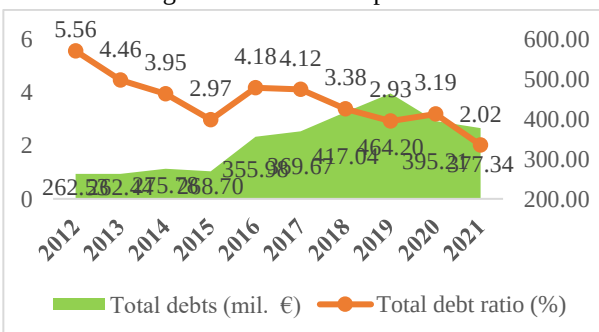
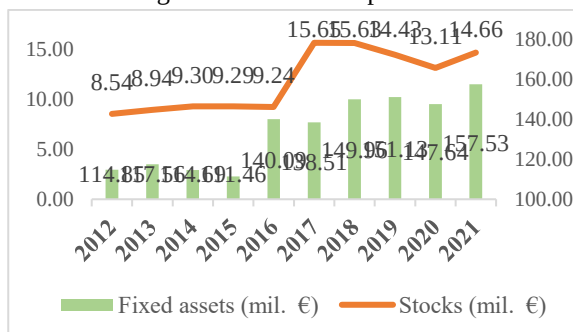


Fig. 8. Fixed assets and stocks of Romanian travel agencies and tour - operators



Source: processed after data provided by Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021

Fixed assets and stocks are also on the same upward trend (Figure 8).

Table 3. Turnover evolution and annual increases of Romanian travel agencies and tour - operators

Year	Revenue (mil. €)	Increase
2012	767.81	0.00 %
2013	791.72	3.11 %
2014	839.39	6.02 %
2015	846.42	0.84 %
2016	702.42	-17.01 %
2017	725.15	3.24 %
2018	743.07	2.47 %
2019	801.06	7.80 %
2020	282.67	-64.71 %
2021	653.84	135.19 %

Regarding the increases recorded in the analyzed period, the average increase recorded in the turnover was 8.55%. Also, the maximum increase recorded was 135.19%, and the minimum -64.71% (Table 3).

5. Conclusions

From the analysis of the financial indicators, it emerged that travel agencies and tour operators registered an increase in the period 2012-2021, with the exception of the years 2016 and 2020. During the analyzed period, the year 2020 proved to be a "critical year", when the figure of business decreased by 64.71% due to the restrictions imposed by the situation generated by the health crisis. The lifting of travel restrictions led to an increase in turnover, and implicitly in profit.

The positive trend on which the turnover is registered is due to the development of tourism, the trends recorded in the field of tourism, and implicitly the changes in the behavior of consumers of tourist services. The diversification of tourist offers of travel agencies, the strengthening of the tourist image and identity of some countries/regions, the promotion of new tourist destinations has led to changes regarding the interest in certain tourist destinations, the frequency of vacations, the budget allocated to vacations, the average budget / vacation, etc.

References

- Activități ale agențiilor turistice și a tur-operatorilor. Studiu Sectorial, 2021. [Online]. Available: www.risco.ro
- Acțiunile turistice organizate de agențiile de turism în anul 2021, Institutul Național de Statistică, România, 2022. [Online]. Available: https://insse.ro/cms/sites/default/files/field/publicatii/actiunile_turistice_organizate_de_agentiile_de_turism_2021_0.pdf
- Băltărețu, Andreea-Mihaela, (2016). *Economia industriei turistice*, Ed. Universitară, București
- Bode (Tuns), Oana Ruxandra, (2018). *Turismul - motor economic la nivel mondial*, Ed. Presa Universitară Clujeană, Cluj-Napoca
- Cororș Monica Maria, (2015). *Managementul cererii și ofertei turistice*, Ed. CH Beck, București
- Cristea Adriana Anca, (2013). *Tehnica operațiunilor de turism*, Ed. Pro Universitaria, București
- Cristea Adriana Anca, (2018). *Industria agrementului turistic*, Ed. Pro Universitaria, București
- Hotărârea Guvernului României nr. 513 / august 1998, Monitorul Oficial nr. 312 din 27 august 1998
- Nistoreanu Puiu, (2005). *Management în turism-servicii*, Ed. ASE, București

Pîrvu, Ramona, (2015). *Turism internațional. Aspecte economice și sociale*, Ed. Universitaria, Craiova

Stănciulescu Gabriela, (2013). *Managementul agenției de turism*, Ed. ASE, București

Văduva Loredana, Petroman I.M., (2021). *Forme alternative de turism*, Ed. Eurostampa, Timișoara

Petroman I., Petroman Cornelia, (2014). *Destinații turistice internaționale*, Ed. Eurostampa, Timisoara

Popescu Gabriela, Popescu C.A., Iancu T., Brad I., Adamov Tabita, Iosim Iasmina, Ciolac Ramona, (2022). [Aspects of current and future trends in tourism](#), *Lucrări Științifice Management Agricol*, 24(1).

The role of Investment Funds in Albania

Dr. Juliana IMERAJ¹, PHd. candidate Elfrida TARAKU², Prof. Dr. Luljeta GJONI³

¹ Faculty of Business, “Aleksander Moisiu” University, Durrës, Albania,

julianaimeraj@uamd.edu.al

² Faculty of Business, “Aleksander Moisiu” University, Durrës, Albania,

enida.istrefi@gmail.com

³ Faculty of Business, “Aleksander Moisiu” University, Durrës, Albania,

gjonileta@yahoo.com

Abstract

The number and variety of financial institutions operating in Albania have significantly increased in recent years. With the exception of commercial banks, which make up the majority of the financial system, investment funds have grown significantly over the past ten years since their inception in 2012, even surpassing insurance businesses, which had begun operations years earlier. Financial institutions known as investment funds aggregate investor money to buy securities such as stocks, bonds, money market instruments, and other assets. They are run by professional managers who divide up the assets of the fund and work to increase the investors' capital gains or income. New players entering the market are proof that there is more competition among these funds.

The purpose of the paper is to examine the performance of investment funds operating in Albania from 2012 to 2022, as well as the issues they encountered, and to offer some insights into how investors fared in terms of return when compared to other investment options. We shall use each fund's website and secondary data from the supervision agencies' websites for this purpose. Potential investors will find the results useful in deciding what kind of financial institution or instrument to invest in.

Keywords: Investment funds, return, risk, portfolio.

JEL classification: G23, G24, G21.

1. Introduction

The growth of each nation's economy is significantly influenced by the development of its financial system. The most crucial players in the financial system are financial intermediaries, whose variety and number in Albania have grown dramatically in recent years. Investment funds have risen rapidly over the past ten years since their formation in 2012, exceeding insurance firms, which had started operations years earlier, with the exception of commercial banks, which make up the majority of the financial sector. Investment funds are financial organizations that pool investor funds to purchase securities including stocks, bonds, money market instruments, and other assets.

They are managed by experts who divide up the fund's assets and try to boost investors' income or capital gains. There is increasing rivalry among these funds, as seen by new competitors entering the market. The banking system continues to be the primary financial intermediary in Albania as of the end of 2022, where the level of financial intermediary was calculated as the ratio of financial system assets to GDP. In contrast, after several years of stability at around 4%, investment funds experienced a sharp decline of more than 100%, accounting for only 2.2% of GDP, as shown in Table 1.

Table 1. The share of segments of the financial system to the GDP through the years (in %)

Financial system	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Banking system	89.1	91.4	92.7	91.9	95.5	93.2	88.8	87.2	97.8	95.5	88.0
Non-Banking Financial Institutions	2.7	2.6	2.8	2.7	2.8	2.9	3.2	3.9	4.2	4.1	3.7
Saving and Loan Associations	0.8	0.7	0.8	0.7	0.6	0.5	0.6	0.6	0.7	0.7	0.7
Insurance companies	1.6	1.6	1.8	2.0	2.0	2.0	1.9	2.0	2.4	2.2	2.0
Pension funds	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Investment funds	1.2	3.7	4.6	4.7	4.5	4.7	4.2	4.0	4.2	4.2	2.2
Financial Intermediation	95.4	100.2	102.7	102.0	105.5	103.4	98.8	97.9	109.5	107.0	96.8

Sources: Bank of Albania (Financial Stability Report, H2, 2022)

The market for investment funds has expanded dramatically since the first investment funds started operating in 2012, and it accounts for a sizeable portion of Albania's financial industry. From only two Investment funds in 2012 namely Raiffeisen Prestigj and Raiffeisen Invest EURO, as at the end of the year 2022 operated 13 of them, including two Alternative Investment Funds.

Government bonds issued within and outside the Republic of Albania, Treasury bonds issued by the government of Albania, bonds issued by foreign corporations, quotas in investment funds, and stock in foreign corporations make up the market investments of investment funds.

The Covid-19 Pandemic in 2020 and the Ukraine War in 2022 were the two crucial years for investment funds. According to the AFSA Annual Report for 2020, despite an increase in investment fund outflows, particularly in funds with a long track record on the market, none of the investment funds had outflows that were even remotely close to the scenarios that management companies had anticipated for crisis situations. It was observed that only the funds that had investments outside of the Republic of Albania had bigger variations in the price of quotas during 2020. Two funds in 2020 experienced an increased shift in the synthetic risk indicator as a result of these swings. All investment funds' liquidity indicators throughout 2020 complied with the regulatory standards for liquidity. The Authority requested an increase in the reporting frequency of net repayment flows from biweekly to daily and the liquidity indicator from quarterly to weekly by the end of March 2020 for investment fund management organizations. Additionally, daily updates on the price development of investment fund quotas have been made.

The most difficult year in the short history of investment funds was 2022. These funds' current investment portfolio suffered from the quick rise in interest rates by central banks, which decreased returns and stock values. Due to the negative impact on the net asset value, several investors decided to liquidate their quotas and remove their money from the investment funds. Due to the increase in interest rates, more than 11,000 members left, and the value of the assets was almost slashed in half (Monitor Magazine, 2023). The net assets of these funds decreased by roughly 47% last year, according to AFSA statistics.

2. Regulation of Investment funds in Albania

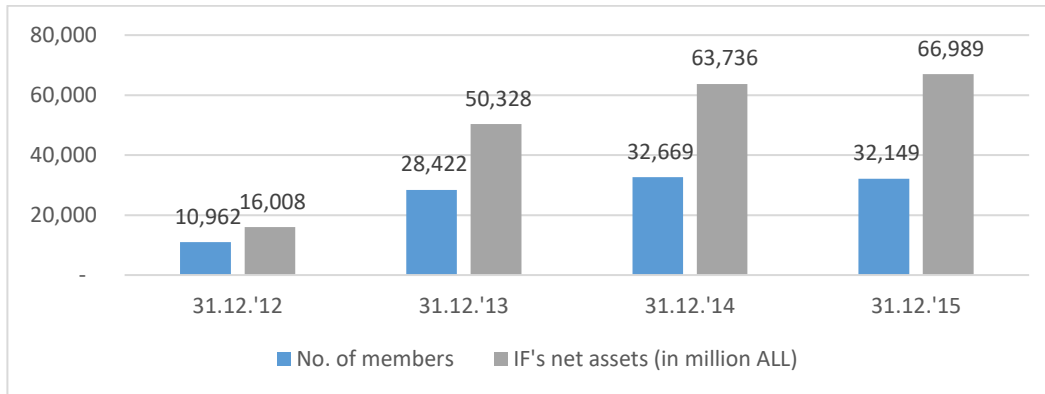
The Albanian Financial Supervisory Authority (AFSA) is mandated by law to license, supervise, and regulate investment funds as well as insurance companies, pension funds, and other non-banking operators. It also acts to protect consumers when a licensed institution breaks the law. The establishment of the independent public agency known as the Albanian Financial Supervisory Authority (AFSA), which is accountable to the Albanian Parliament, took place in 2006. The Assembly of Albania passed key regulations in the areas of capital markets and investment funds in April and May 2020, which strengthened the oversight and regulation of these markets and greatly enhanced the corresponding legal framework, according to AFSA's Annual Report for 2020, namely:

- Law no. 56/2020, "On collective investment enterprises";
- Law no. 62/2020, dated 14.05.2020 "On Capital Markets";
- Law no. 66/2020, dated 21.05.2020 "On financial markets based on distributed ledger technology".

3. Analysis of the activity of Investment funds in Albania

The analysis of investment fund activities in Albania is based on secondary data, such as annual reports and statistical reports produced by AFSA on a regular basis, official data posted on the websites of individual investment funds, and the calculations performed by authors.

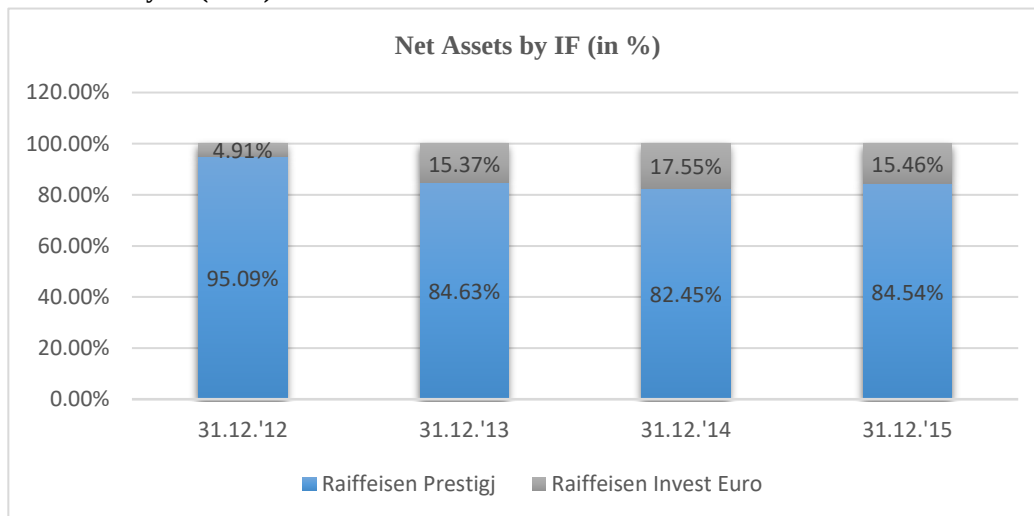
Graph 1. The activity of Investment Funds from 2012 – 2015



The history of investment funds only dates back to 2012, when Raiffeisen Prestigj and Raiffeisen Invest EURO received their AFSA licenses. Even though it had a modest start in 2012, accounting for just 1.2% of GDP, it quickly outpaced even its greatest rivals: insurance companies. Their contribution to GDP grew, from 3.7% in 2013 to 4.6% in 2014 to a maximum of 4.7% in 2015. As depicted in Graph 1, both the membership and net assets of the two active investment funds expanded significantly during this time. These funds shared the market until 2015, with Raiffeisen Prestigj occupying 95% of the market in 2012, but this share decreased slightly in favor of Raiffeisen Invest Euro but still representing more than 80% of the market, shown in Graph 2.

In 2012, Raiffeisen Prestigj held 95% of the market, but as can be seen in Graph 2, this share reduced in favor of Raiffeisen Invest Euro. Nevertheless, more than 80% of the market was controlled by Raiffesen Prestigj. These funds shared the market until 2015.

Graph 2. Net assets by IF (in %) for 2012 - 2015



In year 2016 the third investment fund, Credins Premium, started its operations although at a symbolic share of only 0.24%. The number of participants continued to increase reaching 11 in 2021 and 13 in 2022. With more than 50% of all net assets, Raiffeisen Prestige is the dominant investment fund, followed by Raiffeisen Vizion at 20%.

Graph 3. Net assets by IF (in %) for 2016 - 2022

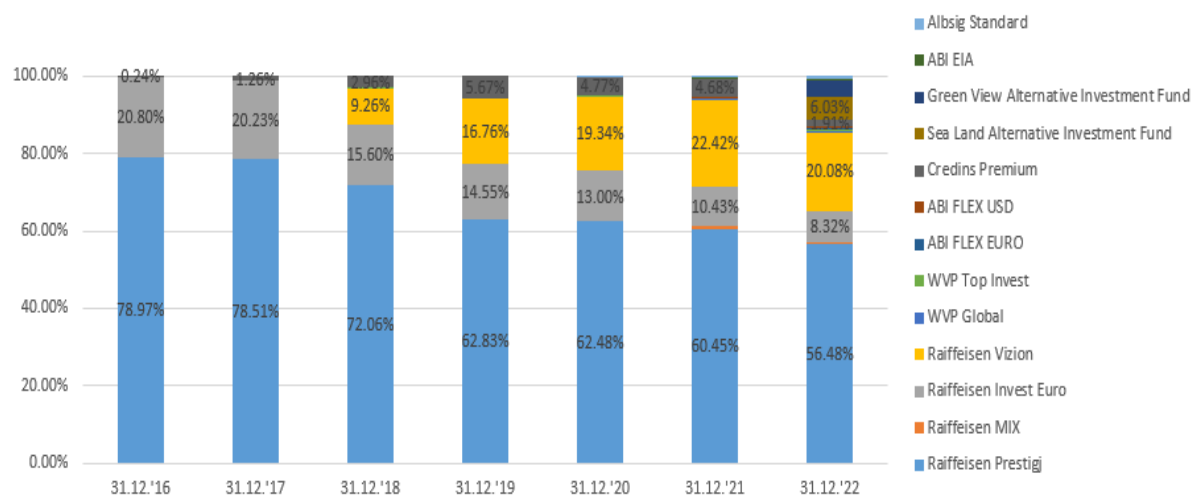
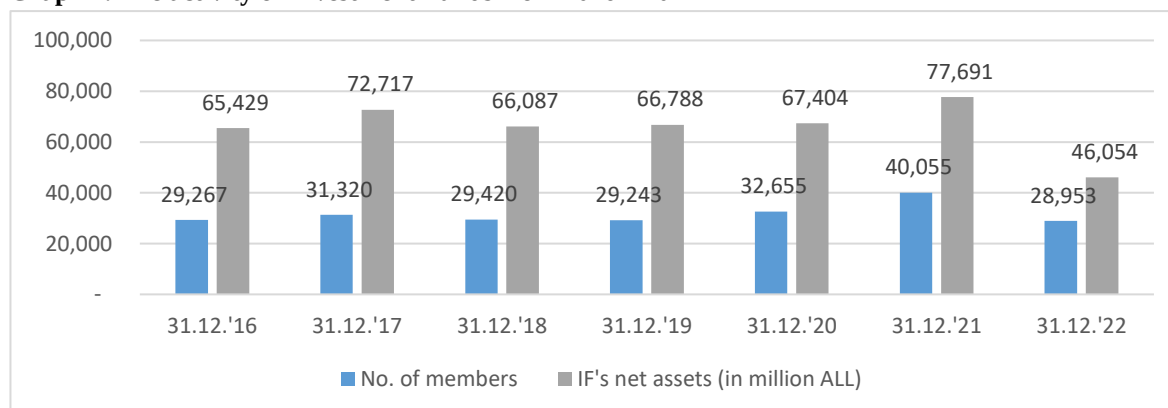


Table 2. Number of IF from 2012 - 2022

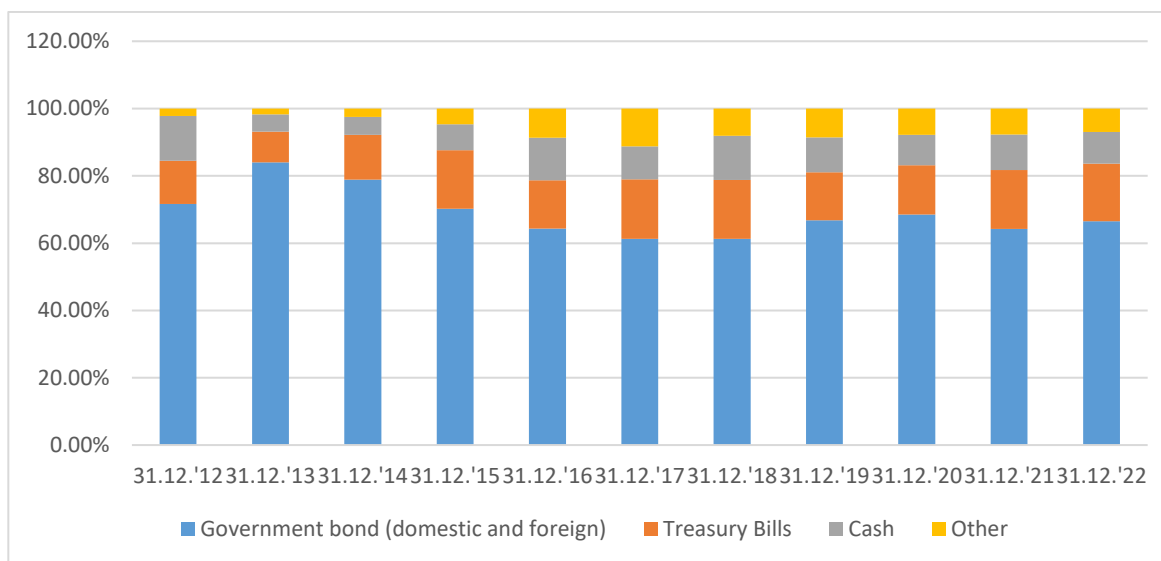
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
No of Investment funds	2	2	2	2	3	3	5	5	7	11	13

The market for investment funds had net assets of about ALL 46.1 billion at the end of 2022, a fall of 43.76% from 2021. The number of members in 2022 also decreased, reaching 28,953, a reduction of 27.72% from the 40,000 members as at the end of year 2021. (Statistical Report of AFSA, 2022). Thirteen investment funds, including Raiffeisen Prestigij, Raiffeisen MIX, Raiffeisen Invest Euro, Raiffeisen Vizion, WVP Global, WVP Top Invest, Abi Flex EURO, Abi Flex USD, Credins Premium, Sea Land Alternative Investment Fund, Green View Alternative Investment Fund, ABI EIA, and Albsig Standard, were operational in Albania as of December 31, 2022. Two of them were licensed as Alternative Investment funds.

Graph 4. The activity of Investment Funds from 2016 – 2022



Graph 5. The structure of Assets of IF for 2012 – 2022

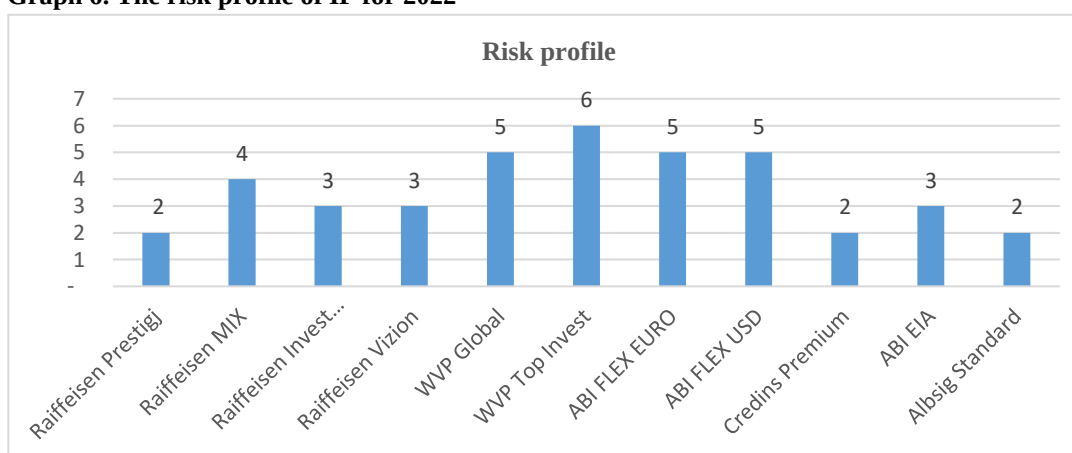


The market is dominated by investments in government bonds, which include both domestic and international government bonds, and comprise 66.52% of the market's assets in 2022. The management companies ensure that the investment funds that invest in inactive markets retain liquidity while adhering to the liquidity regulation's standards and the current legal and regulatory environment (Statistical Report of AFSA, 2022).

Investment funds' portfolio investments are based on various risk and return profiles. The synthetic risk and reward indicator (SRRI), which is published in the range of 1 to 7, places the majority of them in category 2 or 3, which indicates low risk. However, as shown in graph 5, there are five investment funds with SRRI greater than 3, namely: Raiffeisen Mix with SRRI 4, WVP Global, ABI FLEX EURO and ABI FLEX USD with SRRI 5, topped by WVP Top Invest with SRRI 6.

However, as depicted in Graph 5, there are five investment funds with SRRIs higher than 3, including Raiffeisen Mix having SRRI of 4, WVP Global, ABI FLEX EURO, and ABI FLEX USD, all of which have SRRIs of 5, with WVP Top Invest having the highest SRRI at 6.

Graph 6. The risk profile of IF for 2022



Each investment fund has its own unique characteristics, but generally, they invest in secure assets that yield a low return. They found 2022 to be challenging because of the rise in interest rates, which led to a

decline in the number of members and the value of Net Assets. Official data for the first three months of 2023, (AFSA, Statistical report, March 2023) indicate that investment funds are on the road to recovery.

4. Conclusions

Since the first investment funds began functioning in 2012, the market for investment funds has grown significantly, accounting for a larger share of Albania's financial sector than insurance companies.

The market investments of investment funds are made up of government bonds issued within and outside the Republic of Albania, Treasury bonds issued by the Albanian government, bonds issued by foreign firms, quotas in investment funds, and stock in foreign corporations.

The Covid-19 Pandemic in 2020 and the Ukraine War in 2022 were the two crucial years for investment funds. Despite an increase in withdrawals from investment funds, particularly those with a long track record on the market, none of the investment funds had outflows that even came close to matching the scenarios that management had projected for crisis conditions.

In the short history of investment funds, 2022 was the most challenging year. The central banks' sudden increase in interest rates hurt the current investment portfolio of these funds by lowering returns and stock values. More than 11,000 members left as a result of the negative effect on net asset value, and the asset value was practically halved.

Investment funds are on the mend, according to official figures for the first three months of 2023. Raiffeisen Prestigj, which accounts for more than 50% of total net assets, is the most important investment fund, with Raiffeisen Vizion coming in second at 20%.

References

AFSA, Statistical Report 2012, <http://amf.gov.al>

AFSA, Statistical Report 2013, <http://amf.gov.al>

AFSA, Statistical Report 2014, <http://amf.gov.al>

AFSA, Statistical Report 2015, <http://amf.gov.al>

AFSA, Statistical Report 2016, <http://amf.gov.al>

AFSA, Statistical Report 2017, <http://amf.gov.al>

AFSA, Statistical Report 2018, <http://amf.gov.al>

AFSA, Statistical Report 2019, <http://amf.gov.al>

AFSA, Statistical Report 2020, <http://amf.gov.al>

AFSA, Statistical Report 2021, <http://amf.gov.al>

AFSA, Statistical Report 2022, <http://amf.gov.al>

Bank of Albania, Financial Stability Report, second half of 2012. www.bankofalbania.org

Abi invest, <https://www.abinvest.al/c/11/fondet-e-investimit>

Albsig Invest, <https://www.albsiginvest.al/fond-investimi/>

Credins Invest, <https://www.credinsinvest.com/en/investment-fund-2/>

Raiffeisen Invest, <https://www.raiffeisen-invest.al/fondet-e-investimit/>

WVP funds, <https://www.wvpfunds.al/sq/fonde-investimi>

Revista monitor

The effectiveness of e-marketing in driving traffic and sales in e-commerce

Dr. Vaeld ZHEZHA¹

"Aleksander Moisiu University", Business Faculty, Albania, vaeldzhezha@uamd.edu.al

Abstract

In today's world, e-marketing has become a crucial aspect of e-commerce as the majority of businesses are utilizing online channels to promote their products and services. E-marketing involves various strategies such as social media marketing, email marketing, search engine optimization, and online advertising. The effectiveness of e-marketing in attracting traffic and boosting sales in the e-commerce industry is widely recognized, with many companies experiencing substantial growth in revenue and customer engagement because of it.

Nevertheless, the utilization of e-marketing also comes with its challenges. One significant challenge is that firms need to keep up-to-date with ever-evolving digital trends and technologies constantly. Additionally, they must optimize their e-marketing tactics continually to remain competitive amidst other players in the cutthroat e-commerce market.

The goal of this research paper is to investigate the role of e-marketing within the context of e-commerce by utilizing secondary data. This investigation aims to provide insight into its benefits and challenges faced within the industry while offering recommendations for businesses looking to enhance their approach towards this powerful marketing tool.

Key words: E-marketing, E-commerce, Online channels, Digital trends, Customer engagement

JEL classification: M31, L81, L86, O33

Introduction

Electronic marketing, or e-marketing, has become an increasingly important tool for businesses engaged in e-commerce. In order to maximize the effectiveness of e-marketing in e-commerce, businesses need to have a comprehensive understanding of their target audience and utilize a mix of digital marketing tactics such as search engine optimization, social media advertising, email marketing campaigns and content marketing. With the increasing competition in e-commerce, having a strong presence online is crucial for businesses to attract and retain customers. Businesses can also use web analytics tools to analyze user data and optimize their e-marketing strategies. In addition to these strategies, it is also important for businesses engaged in e-commerce to stay up-to-date with the latest trends and technological advancements in the field of e-marketing, in order to improve their online visibility, increase customer engagement and ultimately drive sales.

E-marketing can provide businesses with a cost-effective means to reach a wider audience and gain an advantage over traditional marketing methods. However, businesses need to have a well-planned e-marketing strategy in place and continually assess its effectiveness through regular review and analysis of key metrics, such as website traffic, conversion rates and customer engagement. By doing so, businesses can better understand their target market and make informed decisions about how to improve their e-marketing efforts, leading to increased brand awareness and higher sales.

Overall, the effectiveness of e-marketing in e-commerce can be greatly enhanced by utilizing a variety of digital marketing tactics¹⁰⁶, staying up-to-date with industry trends, and continually evaluating and refining the e-marketing strategy to ensure maximum return on investment. In conclusion, businesses engaged in e-commerce must recognize the importance of e-marketing and actively seek to implement strategies that enable them to gain an edge over their competitors and establish a strong online presence. In today's highly competitive e-commerce landscape, having a comprehensive understanding of the target audience and utilizing various digital marketing tactics is essential for businesses to gain an advantage and succeed in the long run. Additionally, businesses should regularly assess their competitors' e-marketing efforts and identify areas where they can improve their own strategy to stay ahead of the curve.

In summary, having a well-planned e-marketing strategy is crucial for businesses engaged in e-commerce to increase their online visibility, improve customer engagement and drive sales¹⁰⁷, ultimately leading to long-term success. Therefore, businesses should invest time and resources in developing a robust e-marketing strategy that utilizes a range of tactics such as social media marketing, email marketing, search engine optimization (SEO), and pay-per-click (PPC) advertising to effectively reach their target audience and achieve their business objectives.

It is important for businesses engaged in e-commerce to recognize that having a comprehensive understanding of the target audience and utilizing various digital marketing tactics is essential for them to establish a strong online presence and gain an edge over their competitors. Overall, the

² Marketing Metrics: What They Are, and How to Use Them to Measure the (n.d).
<https://www.salesforce.com/in/blog/2021/11/marketing-metrics.html>

¹⁰⁷ E-Commerce Marketing: 3 Benefits for E-Commerce Brands. (n.d).
<https://www.masterclass.com/articles/ecommerce-marketing>

success of e-commerce businesses largely depends on how well they can leverage e-marketing to drive traffic to their website, increase customer engagement and improve conversion. As the e-commerce industry evolves, so should businesses' marketing strategies to stay ahead in a competitive market. This study aims to investigate the effectiveness of e-marketing in driving traffic and sales in e-commerce.

The rise of e-commerce has revolutionized the way businesses operate and interact with their customers. With the increasing number of online shoppers, companies have had to find new ways to attract and retain customers. One such strategy is e-marketing, which involves utilizing various digital marketing techniques to reach potential customers and promote products or services. E-marketing has become a critical aspect of modern business, as it provides an opportunity for companies to connect with consumers in real-time. However, there is still much debate about its effectiveness in driving traffic and sales in the e-commerce industry. In this essay, we will explore the impact of e-marketing on driving traffic and sales in the e-commerce industry.

Our focus will be on how different strategies such as social media marketing, email marketing, search engine optimization (SEO), content marketing among others can help increase visibility while at the same time drive more sales. We argue that given consumers' inclination towards digital platforms nowadays; e-marketing techniques are increasingly becoming fundamental tools for any ecommerce enterprise hoping to stay competitive. We further contend that when properly executed through effective targeting using data analytics tools like Google analytics; these tactics can result not only in increased website visits but also improve conversion rates leading ultimately to increased revenue streams for any firm.

Therefore the utilization of e-marketing techniques is a highly effective strategy for driving traffic and increasing sales in the ecommerce industry since they provide a cost-effective approach towards reaching specific target audience segments while delivering significant returns on investment (ROI). In conclusion, we anticipate that this essay will contribute significantly by providing insights into why maximizing opportunities provided by digital channels through integrating them into your overall business model should be part of every savvy marketer's strategic plan today!

With the rise of digitalization, businesses have shifted their marketing strategies to cater to online consumers. However, with the saturation of the market, companies need to implement effective e-marketing techniques that can penetrate through the noise and engage potential customers. By analyzing various case studies and conducting surveys among online shoppers, this research highlights successful e-marketing approaches that drive traffic and ultimately boost sales. The findings reveal that personalized content, social media integration, email campaigns, and search engine optimization are crucial tactics for an effective e-marketing strategy. Overall, this study emphasizes the importance of a comprehensive approach towards digital marketing for businesses seeking success in competitive online environments.

The utilization of e-marketing techniques has emerged as a highly effective strategy for driving traffic and increasing sales in the ecommerce industry. The advent of digital technologies has revolutionized the way businesses interact with their customers, opening up new avenues for marketing and promotion. E-marketing encompasses a range of tactics, including search engine

optimization (SEO), social media advertising, email marketing, content marketing, and mobile optimization. One interpretation of this thesis statement is that e-marketing can help ecommerce businesses to reach larger audiences than traditional brick-and-mortar stores.

By leveraging online channels like social media platforms or email list serves, retailers can market their products to potentially millions of consumers around the world. This means that they have access to an exponentially larger customer base than before. Another implication is that e-marketing helps increase sales by creating more targeted campaigns. Traditional forms of advertising such as billboards or television ads are expensive and often poorly targeted. With e-marketing techniques like SEO or pay-per-click advertising on Google Ad-words, companies can tailor their advertisements based on specific keywords related to what customers are searching for online. However, there are also potential downsides to relying too heavily on e-marketing strategies in e-commerce settings. For instance, some studies have shown that consumers may feel overwhelmed by the sheer volume of marketing messages they receive through various channels like email newsletters or social media posts. To combat these concerns moving forward into future research efforts should be directed towards exploring how best practices for e-marketing could be developed while balancing its effectiveness with consumer privacy protection measures which will lead us closer towards sustainable growth across all sectors within e-Commerce industries globally.

Method

To investigate the effectiveness of e-marketing in driving traffic and sales in e-commerce, a thorough review of relevant literature was conducted. Educational articles from reputable sources were selected to gather information on the topic. The articles were analyzed using a critical approach to identify common themes and patterns related to e-marketing strategies and their impact on traffic and sales. Overall, this study provides valuable insights into how effective use of digital marketing tools can lead to increased website traffic which ultimately results in increased profitability for online businesses.

Results

The world of commerce has undergone a significant transformation in recent years, thanks to the rapid development and widespread adoption of digital technologies. The rise of e-commerce has revolutionized the way businesses operate, offering them new ways to reach customers and sell products online. However, with so many businesses now competing in the digital marketplace, effective marketing strategies have become more critical than ever. This is where e-marketing comes into play. E-marketing refers to the use of various digital channels such as social media, search engines, email marketing and mobile apps to promote products or services online. It is an essential component of e-commerce because it allows businesses to communicate with their customers directly and build relationships with them through personalized interactions. In today's fast-paced business environment marked by intense competition for consumer attention and loyalty, businesses cannot afford not to leverage e-marketing opportunities if they want to remain relevant and competitive in their respective industries.

The role of e-marketing in ecommerce has become increasingly crucial in today's digital age; it allows businesses to effectively promote their products and services while engaging with customers through various online channels. Furthermore, by leveraging data analytics tools integrated into most modern e-commerce platforms such as Google Analytics or Facebook Insights for Business Pages - companies can track customer engagement metrics like page views per visitor session or click-through rates (CTR) on ads served via Ad-Words campaigns- which help optimize ad-spends across different geographies targeting specific demographics based on user-behavior patterns found within these datasets. Thus this essay aims at exploring how effective implementation of e-marketing techniques can lead towards successful e-Commerce entrepreneurship using case studies from industry leaders like Amazon.com Inc., eBay Inc., Alibaba Group Holding Ltd among others that have pioneered innovation during each one's journey towards becoming a global leader in e-Commerce marketplaces over time.

The utilization of e-marketing techniques is a highly effective strategy for driving traffic and increasing sales in the ecommerce industry. Recent technological advancements have provided new opportunities for companies to engage customers through electronic marketing. Bolos et al. (2016) argue that e-marketing draws from traditional marketing principles, while also expanding the types of strategies available to companies. One such strategy is utilizing social media platforms as a means of promoting products and services. Social media has become an essential element in the realm of e-commerce since it provides various channels for businesses to connect with their target audience (Bolos et al., 2016). By engaging potential customers through social media, businesses can build brand awareness and foster customer loyalty. In addition to social media, email campaigns are another crucial aspect of e-marketing that can drive traffic and increase sales in e-commerce. According to Pogorelova et al. (2016), email marketing is one of the most cost-effective ways for businesses to reach out to their target audience directly. Email campaigns allow companies to tailor content specifically geared towards individual consumer preferences based on previous purchase history or browsing behavior.

The role of e-marketing in ecommerce has become increasingly crucial in today's digital age, as it allows businesses to effectively promote their products and services, engage with customers, and drive sales through various online channels. Making a choice between selling online through an e-Commerce store and selling in a traditional bricks-and-mortar location can be incredibly difficult. However, the development of the world and its lifestyles has led to the emergence of something known as online marketing (AL-Rubain & Arif, 2018).

This shift towards digital transactions has paved the way for businesses to capitalize on e-commerce platforms that enable them to reach a larger audience while reducing overhead costs. Marketing methodology in the field of e-commerce is still considered new and poorly understood by many (Pogorelova et al., 2016). Even though this area is developing intuitively at random, there are significant opportunities for businesses that leverage e-marketing strategies such as search engine optimization (SEO), social media advertising, email marketing campaigns amongst others. When it comes to internet advertising specifically targeted ads bring benefits for advertisers because they need lower budgets than those required by other forms of advertising like television or print media advertisements; hence flexible when directed towards specific target groups(Bilnikova ,2021).

In addition to these advantages outlined above regarding cost savings from internet-based advertisements compared with traditional ad formats like TV commercials or printed ads which require more resources upfront before seeing results; e-marketing provides firms with unique features such as customer segmentation capabilities that help organizations personalize messages sent directly to their target market segment (Schultz & Block, 2015). This personalization helps companies build stronger relationships with potential customers who may eventually lead them down a path toward making purchases. Furthermore e-marketing offers businesses access to tools such as analytics software that enables marketers track website traffic patterns whilst also monitoring performance metrics associated with different types of internet-based marketing campaigns (Al-Maghrabi et al., 2015).

This type of data-driven approach to marketing is crucial as it enables firms to optimize their marketing strategies and tactics in real-time based on actual customer behavior. In conclusion, e-marketing has become an essential component of modern-day ecommerce as it allows businesses to effectively promote their products and services, engage with customers, and drive sales through various online channels. The advantages of e-marketing include reduced overhead costs associated with traditional brick-and-mortar stores while also providing personalized messages sent directly towards specific target audiences that lead them down a path toward making purchases. With the development of new technologies such as analytics software tools, companies can take advantage of data-driven approaches for optimizing their marketing campaigns in real-time allowing for better results and ROI (return on investment) than ever before possible (Pogorelova et al., 2016).

The use of e-marketing has become increasingly popular in recent years due to its cost-effectiveness, flexibility, and speed, as well as its unrivaled worldwide reach (Jayarani & Kishor, 2022). According to Jaas's study on the subject (2022), the application of e-marketing requires the provision of an appropriate digital environment that can handle such marketing strategies. The research found that the availability of the Internet and proliferation of e-management have made e-marketing a necessity of our era. Additionally, it was discovered that success in this realm requires relying on accurate strategies carefully studied. E-Marketing is considered an essential tool for businesses looking to gain a competitive advantage over their competitors.

As Obeidat noted in his research (2021), "E-Marketing has an effect on all dimensions of competitive advantage." By using various platforms such as social media or email campaigns, marketers can target specific audiences with personalized messaging directed towards their interests or needs. One significant benefit provided by e-marketing is increased reach; through targeted advertising campaigns designed explicitly for specific demographics or regions. This level of personalization creates a connection between businesses and consumers who feel understood by these companies' messaging. Moreover, cost-effectiveness comes into play since traditional marketing methods are often more expensive than online alternatives like search engine optimization (SEO) tactics that help ensure your business appears at the top results within SERPs.

However, there are also challenges associated with implementing an effective e-marketing campaign. One issue is data privacy concerns regarding consumer information collection practices used by some companies when collecting data about users browsing habits online (Jayarani & Kishor 2022). Another obstacle faced by businesses when implementing successful E-Marketing strategies is saturation within highly competitive markets where everyone else seems to be using

similar tactics based on their analytics findings rather than original thought processes(Obeidat 2021).

Therefore, it's essential to create unique campaigns that stand out from competitors and avoid being drowned in the noise of countless other businesses doing the same thing. In conclusion, E-Marketing has revolutionized how companies operate by providing an array of benefits such as increased reach, cost-effectiveness, personalized communication while also presenting challenges such as data privacy concerns and competition saturation. Therefore any business aiming to thrive within competitive markets should consider implementing proper e-marketing strategies carefully studied for their specific target audience.

Moreover, Strauss and El-Ansary (n.d.) note that technology has transformed how marketing is conducted altogether by shifting power from marketers towards consumers via information equalization enabled by the internet-- this paradigm shift makes personalizing messages more important than ever before; only tailored messaging resonates with today's consumers who want control over what they consume; hence emails remain highly effective tools at nurturing long-term relationships between brands & buyers alike.

Another way in which e-marketing can be used effectively within the ecommerce industry involves search engine optimization (SEO). SEO refers to optimizing website content so that it shows up higher on search results pages when someone searches for relevant keywords related to your business or product range: organic clicks resulting from good SEO practices will continuously generate leads even without any additional spending (Pogorelova et al., 2016). Overall, the utilization of e-marketing techniques is essential in driving traffic and increasing sales within the ecommerce industry. By leveraging social media platforms, email campaigns, personalization tactics such as tailoring messages to individual preferences & SEO optimization strategies, businesses can better connect with their target audience while gaining a competitive advantage in an increasingly crowded digital marketplace.

E-marketing, driven by recent advancements in technology, has emerged as a powerful tool for businesses to increase their website's traffic and attract potential customers through various digital marketing strategies. Bolos et al. (2016) have pointed out that e-marketing is an effective way of engaging with customers using electronic platforms such as email, social media, and web advertising, among others. Lockett (2018) further supports this claim by stating that e-marketing can enable businesses to reach a wider audience at lower costs than traditional marketing methods.

This is because the internet provides a global platform where companies can advertise their products or services without geographical limitations. One of the most popular digital marketing strategies used in e-commerce is search engine optimization (SEO). As noted by Bala and Verma (2018), SEO involves optimizing web content so that it appears higher on search engine results pages when users type in relevant keywords or phrases related to the business offering. By ranking high on these pages, websites can drive more organic traffic to their site. Social media marketing is another crucial component of e-marketing which enables businesses to connect with potential customers directly through various social media channels such as Facebook, Twitter, Instagram etc., allowing them to build relationships with audiences leading potentially greater exposure for brands online.

In addition, social media also allows companies to conduct targeted advertising based on demographics such as age groupings or interests ensuring maximized user engagement. E-commerce marketing too remains a viable strategy within E-Marketing due to its ability to promote goods directly online via marketplaces like Amazon or eBay bypassing brick-and-mortar retail spaces entirely providing enhanced customer convenience whilst reducing overheads. In conclusion, research shows that e-marketing plays an important role in driving website traffic through multiple means including Search Engine Optimization, Social Media Marketing and E-Commerce Marketing. The versatility offered by these varied techniques provides tremendous opportunities for businesses looking to improve visibility while minimizing costs associated with traditional marketing techniques.

Conclusion

In conclusion, e-marketing has proven to be an effective tool in driving traffic and sales in e-commerce. As the world becomes increasingly digitized, companies must embrace this platform to remain competitive. Through various strategies such as social media marketing, search engine optimization, email marketing and pay-per-click advertising, businesses have been able to increase their online visibility and attract potential customers.

Through the analysis of multiple studies on the subject matter, it is evident that e-marketing does indeed have a significant impact on both website traffic and consumer purchasing behavior. With its ability to target specific audiences through personalized content delivery, e-commerce websites can effectively engage with their audience while also increasing brand recognition.

However, it is important for businesses not to solely rely on digital marketing efforts but rather adopt a multi-channel approach which includes both offline and online techniques. This will create more opportunities for customer engagement leading to higher conversion rates. Overall, the effectiveness of e-marketing in driving traffic and sales in e-commerce cannot be ignored. Its unique ability to reach a global audience 24/7 makes it an indispensable tool for any business operating within today's digital landscape.

Therefore, by embracing this technology while also acknowledging its limitations through careful analysis of metrics data; firms can take advantage of ever-expanding marketplaces without sacrificing profitability or sustainability goals. As we move into an even more digitally-driven future where consumers are constantly seeking instant gratification at every turn; those who fail to keep up risk getting left behind altogether – making now the time for all organizations big or small alike -to seriously consider incorporating some form(s) of electronic commerce into their overall strategy if they haven't already done so.

REFERENCES

- "How e-commerce is on the rise". <https://digitalscholarship.tsu.edu/cgi/viewcontent.cgi?article=1013&context=frj>
- 2009, "Driving Traffic: Marketing Strategies", Cengage Learning.
[https://nscpolteksby.ac.id/ebook/files/Ebook/Business%20Administration/Principles%20of%20Internet%20Marketing%20\(2010\)/Chapter%2011%20-%20Driving%20Traffic-%20Marketing%20Strategies.pdf](https://nscpolteksby.ac.id/ebook/files/Ebook/Business%20Administration/Principles%20of%20Internet%20Marketing%20(2010)/Chapter%2011%20-%20Driving%20Traffic-%20Marketing%20Strategies.pdf)
- AL-Rubain, Thuraya M. and Arif, Ghada, 2018, "E-Marketing and the Future of Commerce: Pros and Cons".
<https://core.ac.uk/download/pdf/234628661.pdf>
- Bala, Madhu and Verma, Deepak, 2018, "A Critical Review of Digital Marketing", International Journal of Management, IT & Engineering. https://www.ijmra.us/project%20doc/2018/IJMIE_OCTOBER2018/IJMRA-14610.pdf
- Bilnikova, Zvezdelina, 2021, "Internet marketing and e-commerce –interaction", EDP Sciences. https://www.shs-conferences.org/articles/shsconf/pdf/2021/31/shsconf_brd2021_02024.pdf
- Bolos, Cheristena; Idemudia, Efosa C.; Mai, Phoebe; Rasinghani, Mahesh; and Smith, Shelley, 2016, "Conceptual Models on the Effectiveness of E-Marketing Strategies in Engaging Consumers", International Information Management Association, Inc.
<https://scholarworks.lib.csusb.edu/cgi/viewcontent.cgi?article=1293&context=jitim&httpsredir=1&referer=>
- Bolos, Cheristena; Idemudia, Efosa C.; Mai, Phoebe; Rasinghani, Mahesh; and Smith, Shelley, 2016, "Conceptual Models on the Effectiveness of E-Marketing Strategies in Engaging Consumers", International Information Management Association, Inc.
<https://scholarworks.lib.csusb.edu/cgi/viewcontent.cgi?article=1293&context=jitim&httpsredir=1&referer=>
- Bolos, Cheristena; Idemudia, Efosa C.; Mai, Phoebe; Rasinghani, Mahesh; and Smith, Shelley, 2016, "Conceptual Models on the Effectiveness of E-Marketing Strategies in Engaging Consumers", International Information Management Association, Inc.
<https://scholarworks.lib.csusb.edu/cgi/viewcontent.cgi?article=1293&context=jitim&httpsredir=1&referer=>
- Dr. P. Jayarani and Sonti Sushila Kishor, 2022, "E-Marketing: Challenges and Opportunities in Recent Trends", International Journal of Research Publication and Reviews. <https://ijrpr.com/uploads/V3ISSUE7/IJRPR5673.pdf>
- Gibson, Nya, 2018, "An Analysis of the Impact of Social Media Marketing on Individuals' Attitudes and Perceptions at NOVA Community College".
https://digitalcommons.odu.edu/cgi/viewcontent.cgi?article=1588&context=ots_masters_projects
- Jaas, A., 2022, "E-Marketing and Its Strategies: Digital Opportunities and Challenges", Scientific Research Publishing Inc. https://www.scirp.org/pdf/ojbm_2022032114505536.pdf
- Lockett, Asia R., 2018, "Online Marketing Strategies for Increasing Sales Revenues of Small Retail Businesses", Walden University. <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=7175&context=dissertations>
- Obeidat, Abdallah Mishael, 2021, "E-MARKETING AND ITS IMPACT ON THE COMPETITIVE ADVANTAGE". <https://www.ilkogretim-online.org/fulltext/218-1612931054.pdf>
- Pogorelova, Elena V., Irina V. Yakhneeva, Anna N. Agafonova, and Alla O. Prokubovskaya, 2016, "Marketing Mix for E-commerce". <https://files.eric.ed.gov/fulltext/EJ1115907.pdf>

Pogorelova, Elena V., Irina V. Yakhneeva, Anna N. Agafonova, and Alla O. Prokubovskaya, 2016, "Marketing Mix for E-commerce". <https://files.eric.ed.gov/fulltext/EJ1115907.pdf>

Strauss, J. and El-Ansary, A. I., Integrating The “E” In E-Marketing.
<https://clutejournals.com/index.php/JBER/article/download/2913/2961/11654>

Strauss, J. and El-Ansary, A. I., Integrating The “E” In E-Marketing.
<https://clutejournals.com/index.php/JBER/article/download/2913/2961/11654>

Svedic, Zorana, 2004, "E-MARKETING STRATEGIES FOR E-BUSINESS".
<https://core.ac.uk/download/pdf/56372493.pdf>

Green skills in developing countries – is it a myth or opportunity for growth?

Sidita Dibra¹⁰⁸

Abstract

Green skills refer to the knowledge, abilities, values, and attitudes required to live, develop and support a sustainable and resource-efficient society. These skills enable individuals to participate in a green economy characterized by sustainable, low-carbon, and environmentally friendly practices. These skills encompass transferable/soft and technical skills that range from renewable energy technology to environmental policy and management. Green skills are crucial in an economy where green jobs, as a manifestation of a green economy, can increase efficiency and create economic opportunities. Developing new sustainable products or services and improving working processes and practices are some of the benefits of possessing green skills. Although green jobs are more prevalent in developed countries, developing countries can benefit from green skills development, which may lead to greener working practices and create the need for green jobs. In this conceptual work, we discuss the possibility of less privileged countries achieving sustainable development through green skills development and the role of higher education institutes.

Key words: green skills, green jobs, developing countries

JEL classification: Q01; J24; F63

I. Introduction

Human activities, such as the burning of fossil fuels and deforestation, are driving an increase in greenhouse gas emissions, leading to rising temperatures and natural catastrophes like heatwaves and floods due to sea level rise. Global temperatures have already increased by 1.1°C compared to preindustrial levels, and failure to act now could lead to irreversible damage to human societies and natural ecosystems (IPCC, 2021). Climate diplomacy has become a priority for the international community, with the 2016 Paris Agreement being one of the most serious initiatives from developed countries, responsible for more than half of greenhouse gas emissions. The agreement committed to fostering climate resilience and low greenhouse gas emissions

¹⁰⁸ Corresponding author: PhD, University of Tirana, Faculty of Economy, Department of Management, siditadibra@feut.edu.al

development, in order to prevent threats to food production. Despite not reaching expected temperature decrease, the Paris Agreement has activated international community towards climate action. In 2021, the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) gathered in Glasgow, Scotland, where world leaders agreed to accelerate progress towards the goals of the Paris Agreement by activating developed countries and their nationally determined contributions (UN, 2021), as well as facilitating support for developing countries' action towards mobilizing finance and support for climate action.

Currently, in developed countries, markets are responding with low consumption to energy costs and carbon prices and are motivated to innovate with new technologies; legislation packages such as "Fit for 55" are positively contributing to EU legislation adoption in line with climate change goals; and in consumer level, market (goods, services, and stocks) is responding positively to green products (UNCTD, 2020). Evidence shows that even if more vulnerable countries contribute the least to climate change deterioration, they are the most vulnerable and expect to suffer an average GDP hit of -19.6% by 2050 and of -63.9% by 2100 (UNDP, 2018). For a higher resilience toward climate change, actions in developing countries should be proactive and build on economic drivers that can turn climate change into opportunities. According to Abdenur (2022), middle-income and developing countries enter with particularities in the actions to respond to just transition (e.g., greater informality, younger population but not adequately educated, higher poverty levels, distinct ecological and climate challenges, lower access to capital and limited institutional capacities) but have many paths forward such as the creation of decent green jobs, especially for youth, social protection systems, embracing new technologies, continuous multicounty dialogue and capacity-building at different levels and actors. Especially in cases of abundant renewable resources, these countries have an opportunity to enter the market of sustainable goods and services (WB, 2021).

Higher education institutes are an actor who can play an active role in this transition, but their positioning needs to be improved (GCSO, 2019). Only half of the national curricula in the world refer to climate change (UNESCO, 2021). Research needs further improvement, especially the interdisciplinary approaches, besides growing interested in climate change research (NSF, 2020). In this situation, the University of Tirana incentivises initiatives to build capacities and integrate climate change into the curricula. Sustainable development (especially SDG 4, 8, 12 and 13) is a topical focus of small projects financed through innovation funds and EU programs, primarily

through ERASMUS. At least three projects in the Faculty of Economy aim to increase students' skills and awareness of green economy and climate change through the hidden curricula. Measuring students' impact on knowledge and expected behaviour as future decision-makers is embedded in these project activities. This article sector on literature review provides evidence on the relevance of interventions in higher education upskilling through hidden curricula, while the methodology section offers prospects for measuring the effect of these interventions. This article is closed with conclusions and final remarks.

II. Literature review

Investment in reskilling is crucial to tap into the potential of new jobs created because of the green transition. In a circular economy scenario (ILO, 2019), 78 million jobs will be created by companies investing in new technologies and growing sectors till 2030. Structural changes in the labour market will happen to perform in these jobs where 29 million are new jobs requiring new people and new qualifications, while 49 million jobs can be covered by people reallocated from lost/changed jobs and need reskilling and upskilling to adjust with the new requirements.

An intensive discussion is ongoing regarding green skills and jobs and their relationship, especially in developing countries. Green jobs are decent jobs which contribute to preserving, restoring and enhancing environmental quality (ILO, 2016). On the other side, green skills are the knowledge, abilities, values and attitudes needed to live in, develop and support a sustainable and resource-efficient society which aims to reduce the negative impact of human activity on the environment (CEDEFOP, 2014). Pavlova (2017) suggests a taxonomy of green skills. On the basis are the positive attitudes toward sustainability or the green mindset, usually gained in the first levels of education. At a higher level are generic skills in: i) environmental context (general knowledge, skills, attitudes and values, and they are necessary for contributing to sustainable social, economic and environmental development in any job); and ii) technological work processes (environmentally friendly processes that are similar across different sectors). In the best case, these generic skills are integrated into all education programs, whether general or technical education. At an upper level are skills for greening existing occupations innovating in existing industries & making them more environmentally friendly. Green skills for new occupations in (new) green/ed industries (e.g., waste management, renewable energy, green construction) are only at the top of the hierarchy.

Green/ed jobs need time to be created/transformed because some new technologies and processes still need to be discovered, while green skills are needed to perform these jobs. Several questions arise in these disruptive times, such as “how to perform skills needs assessment for jobs that do not exist”? Green skills anticipation is an option (De Pascalis et al., 2018), including identifying green jobs, identifying the skills needed for green jobs, assessing the availability of green skills, and developing green skills policies and training programs. Other authors claim that these disruptive times of the green transition offer opportunities to rethink the causality (WEF, 2022). Green skills are an opportunity to create green jobs. The chances for trained people to create new processes and tasks increase if technical skills are combined with critical thinking and complex problem-solving skills. But what are different countries doing for green skills development? ILO (2019) performed an analysis on five dimensions: skills needs for climate change and environmental issues in sectorial skills policies, the inter-ministerial institutional framework for the coordination of environmental and skills policies, the institutional framework for collaboration between stakeholders, action plans on skills for green jobs, and monitoring & evaluation for policy implementation. Almost all countries score higher on framework establishment and lower on action plans and monitoring, indicating that most countries are in the preparatory phase. Nevertheless, high- and upper-middle-income countries are way more advanced in all dimensions than lower- and lower-middle-income countries. UNESCO (2023) aggregated the approaches to green education in five categories: i) greening the curriculum (integrating sustainability aspects in the curricula, developing teachers capacities, and engaging students in active learning); ii) greening the campus (sustainable development and energy efficiency running practices); iii) greening the institutional culture (integrating sustainability aspects in strategies and decision making); iv) greening research (by deepening analysis on sustainability issues); and v) greening the workplace and community by engaging ecosystem actors, especially private sector in activities aiming the circular economy.

Research analysing the role of education institutes indicates greening the curriculum influences students’ awareness and beyond. Nunes (2018) proved that students’ education and training contributed to raising awareness and attitudes towards environmental issues, especially if they enjoy the subject and plan to continue this field of study at a higher level. Higher education students could catalyse innovation if exposed to real processes and skilled as responsible professionals, consumers, and citizens (Filho et al., 2018). Regarding teaching & learning methodology,

empirical research proved that hidden curricula effectively transfer skills to a green and circular economy (Giannoccaro et al., 2021). Empirical research proved the effectiveness of active learning, such as the situated learning approach (Wandl et al., 2019), task-based learning & cross-disciplinary teams (Knudby & Larsen, 2017), case studies (Kılık, & Kılık, 2017) or interactive methods such as student-designed business models (Kopnina, 2018).

Theory of Planned Behaviour (TPB) (Ajzen, 1991) is often used to explore the antecedents and main determinants of higher education students' pro-environmental behaviours and the results are mixed. According to Leelapattana et al. (2019) findings, environmental education makes an individual more pro-environmental and susceptible to the social norms about environmental protection. While Correia et al. (2022) found that environmental attitude and knowledge have no significant impact on their pro-environmental intention, the students' subjective norms and perceived behavioural control positively impact their pro-environmental intention. Suppose hidden curricula and active learning approaches are applied. In that case, it can be hypothesised that green skills are an antecedent of attitudes, subjective norms & perceived behavioural control and influence the intention to behave more sustainably, influencing the actual behaviour.

III. Methodology

In the case of integrating green business and circular economy concepts in the applied curricula and using active teaching methods, it is expected that students benefiting from this intervention will increase their skills and knowledge and change the expected and eventually the actual behaviour. Action research will be applied throughout the project, helping university professors to observe the progress continuously and adjust the implementation accordingly (Rauch et al., 2021). Pre and post-tests will be performed on the same sample to measure the effect of students' skills/knowledge, attitudes, norms and intentions on the green economy. Before and after Partial Least Squares Structural Modelling (PLS-SEM) will be applied to estimate the relationship between variables and how well the planned behaviour model explains the students' interest & expected behaviour towards sustainable development and circular economy before and after the planned activities embedded in the curricula. Other authors (Ghazali et al., 2023) also applied Latent Growth Curve Model (LGCM) to panel data to complement PLS-SEM and observe the changes. Stratified random sampling with different strata as per subject and year can be performed.

IV. Expected results, conclusions, and final remarks.

Climate change is already a global priority, and all countries are actively contributing to decreasing greenhouse emissions and stabilising temperatures. Developing, middle- and low-income countries are contributing less to greenhouse emissions due to less intensive technologies but suffering from the causes such as floods or heatwaves. Developed countries are already investing in incentivising companies to transform their business practices and models and are experiencing signs of positive response from stock, goods and service markets. Conversely, the least developed countries, especially those with intensive human capital and a stock of renewable resources, can tap into this economic potential. In this case, all countries should undertake preventive actions, and one of the most sustainable ones is building skills needed for resilience in the green transition. People with the needed skills will be able to undertake more responsible actions in general and perform new tasks and new green(ed) jobs. Less developed countries can take up by promoting these skills and reverse the casualty of skills versus jobs. Research has proved that youth exposure to education activities delivered through active learning methods covering sustainable development and circular economy contributed to increased awareness, knowledge and skills on the topic (Nunes et al., 2018). Furthermore, empirical studies showed that these education activities contributed to the expected behaviour of students implying that future professionals and decision-makers will not only act more responsibly but also be more knowledgeable and in the front run of innovations that can contribute to new and greener technologies and processes that lead to green(er) jobs (Filho et al., 2018).

In this context, the University of Tirana is incentivising faculty members to implement projects that integrate sustainable development into education and research activities by activating its innovation funds and facilitating access to international programs such as ERASMUS projects. Projects foresee the integration of green and circular economy in learning objectives of selected subjects, implementing the curricula through active learning methods. The project activities will be combined with action research that will help with adaptive management during the intervention but also map the changes in the primary beneficiaries, the students. Extended TPB will be used as the main theoretical framework to measure the change in expected behaviour and will be captured before and after PLS – SEM applied to the stratified random student sample. Research results will start to be available after 2023-2024 and are expected to prove that countries in development status

as Albania, have an opportunity to tap into the potential of the green transition, and higher education institutes can play a significant role by leveraging human capital and guiding them in the green transition.

Literature

Abdenur, A. (2022, May 31). Stockholm+50: What does Just Transition mean for Middle Income Countries? [Op-Ed]. United Nations Climate Action. <https://www.un.org/en/climatechange/what-does-just-transition-mean-middle-income-countries>

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)

Correia, E., Sousa, S., Viseu, C., & Leite, J. (2022). Using the theory of planned behavior to understand the students' pro-environmental behavior: A case study in a Portuguese HEI. *International Journal of Sustainability in Higher Education*, 23(5), 1070-1089. <https://doi.org/10.1108/IJSHE-05-2021-0201>

De Pascalis, A., Parisi, L. M., & Villa, A. (2018). Green skills anticipation: A review of European Union initiatives and a framework proposal. *Renewable and Sustainable Energy Reviews*, 82, 2969-2984. <https://doi.org/10.1016/j.rser.2017.10.051>

Filho, L. W., Raath, S., Lazzarini, B., Vargas, V. R., de Souza, L., Anholon, R., Quelhas, O. L. G., Haddad, R., Klavins, M., & Orlovic, V. L. (2018). The role of transformation in learning and education for sustainability. *Journal of Cleaner Production*, 199, 286-295. <https://doi.org/10.1016/j.jclepro.2018.07.017>

Ghazali, M. Z., Wan Yaacob, W. F., & Wan Omar, W. M. (2023). LGCM and PLS-SEM in panel survey data: A systematic review and bibliometric analysis. *Data*, 8(2), Article 32. <https://doi.org/10.3390/data8020032>

Giannoccaro, I., Ceccarelli, G., & Fraccascia, L. (2021). Features of the higher education for the circular economy: The case of Italy. *Sustainability*, 13(20), Article 11338. <https://doi.org/10.3390/su132011338>

Global Consortium for Sustainability Outcomes. (2019). Higher education's role in addressing climate change: Opportunities and challenges. Retrieved from <https://www.nature.org/content/dam/tnc/nature/en/documents/GCSO-HE-and-Climate-Change-2019.pdf>

International Labour Office. (2019). Skills for a greener future: A global view. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_732214.pdf

IPCC. (2021). Summary for Policymakers. In: *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change* [Masson-Delmotte, V., P. Zhai, A. Pirani, S. L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M. I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T. K. Maycock, T. Waterfield, O. Yelekçi, R. Yu and B. Zhou (eds.)]. Cambridge University Press.

Kılıks, S., & Kılıks, B. (2017). Integrated Circular Economy and Education Model to Address Aspects of an Energy-Water-Food Nexus in a Dairy Facility and Local Contexts. *J. Clean. Prod.*, 167, 1084–1098.

Knudby, T., & Larsen, S. (2017). The Circular Economy: In Practice-Focused Undergraduate Engineering Education. In Proceedings of the 45th SEFI Annual Conference—Education Excellence for Sustainability, Azores, Portugal, 18–21 September 2017.

Kopnina, H. (2018). Teaching circular economy: Overcoming the challenge of green-washing. In Handbook of Engaged Sustainability (Vol. 2–2, pp. 809–833). Springer International Publishing.

Leelapattana, W., Hsu S-Y., Thongma, W., Chen, C., & Chiang FM. (2019). Understanding the Impact of Environmental Education on Tourists' Future Visit Intentions to Leisure Farms in Mountain Regions. Sustainability, 11(6), 1567. doi:10.3390/su11061567

National Science Foundation. (2020). Climate Change Research at the National Science Foundation. Retrieved from https://www.nsf.gov/news/special_reports/climate/

Nunes, G. (2018). Awareness and attitudes towards environmental issues among students. The parents' role. (Doctoral dissertation). Universidade de Lisboa. Instituto Superior de Economia e Gestão.

Pavlova, M. (2017). Green skills as the agenda for the competence movement in vocational and professional education. In M. Mulder (Ed.), Competence-based vocational and professional education: Bridging the worlds of work and education (pp. 931-951). Switzerland: Springer International Publishing.

Rauch, F., Steiner, R., & Kurz, P. (2021). Action research for education for sustainable development: the case of the university in-service course 'education for sustainable development – innovations in school and teacher education (BINE). Educational Action Research, 30(4), 632-637.

UNESCO. (2023). UNESCO-UNEVOC TVET Leadership Programme. <https://unevoc.unesco.org/home/TVET+Leadership+Programme>
United Nations Conference on Trade and Development. (2020). Trade and Development Report 2020: From Global Pandemic to Prosperity for All. Retrieved from https://unctad.org/system/files/official-document/tdr2020_en.pdf

United Nations Development Programme. (2018). Climate Change and the Least Developed Countries: Building Resilience and Enhancing Growth. Retrieved from <https://www.undp.org/content/undp/en/home/librarypage/climate-and-disaster-resilience-/climate-change-and-the-least-developed-countries--building-resi.html>

United Nations. (2021). Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26). Retrieved from <https://www.un.org/en/climate-change/conference-parties-26th-session-cop-26>

Wandl, A., Balz, V., Qu, L., Furlan, C., Arciniegas, G., & Hackauf, U. (2019). The Circular Economy Concept in Design Education: Enhancing Understanding and Innovation by Means of Situated Learning. Urban Planning, 4, 63–75.

World Bank. (2021). Climate Change Impacts in Sub-Saharan Africa: From Physical to Economic Impacts. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/35310/9781464816672.pdf>

World Economic Forum. (2022). Upskill for green jobs of the future. Retrieved from <https://www.weforum.org/agenda/2022/03/green-skills-for-future-jobs/>

CIP Katalogimi në botim BK Tiranë

Universiteti "Aleksandër Moisiu"

13-th International Scientific Conferenceon "Economic

Economic Challenges and Innovation: 27 – 28 April, 2023 Durrës

Bibliogr.

ISBN 978-992- 826- 77-33

1. Ekonomi 2. Biznes 3. Politika 4. Konferenca