

Call for Papers

14th International Scientific Conference of Business Faculty

Organized by
Faculty of Business
University “Aleksandër Moisiu” Durrës

“Economic challenges in the digital era”

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Durrës, Albania

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In collaboration with:



GENERAL INFORMATION

Conference aim

In today economic era European countries and not only are facing lots of economic challenges. The aim of this conference is to address through interactive presentations and discussions current issues of economy and innovation such as structural reforms, dynamics of growth and business cycles, development of labor markets, financial and banking sector through meeting the requirements of Sustainable Development Goals and increasing competitiveness through innovation. Given its interdisciplinary approach, this conference is a venue where researchers and practitioners from different fields will gather to exchange their ideas, research results, work in progress and experience. During this conference we will also discuss challenges and market performance under the innovation pressure and development. An ultimate goal of the conference is to bring concrete proposals and recommendations for business communities in European and international level and enhance best practices sharing perspectives. Participants will have the opportunity to network, and increase future collaborations synergies.

The conference official language: English, French and Italian.

The conference will be held at Conference Hall, New Campus, Spitallë, Durrës.

Conference topics

Sustainable economy - challenges & opportunities

- Economic and financial reforms toward European integration
- Ecotourism and Sustainable Tourism for Regional Development
- Sustainability Economic Development and Climate Change
- Green economy
- Sustainable Agriculture, innovative agricultural practices that promote environmental sustainability, food security, and rural development.

Innovation management & entrepreneurship

- Globalization and Challenges of Companies` Strategic Orientation
- Globalization and Challenges in Marketing Management
- E-economy, E-business, E-commerce, E-government
- Strategic Human Capital Management
- Integrating human capital concepts in productivity and growth topics
- Strategic management and management tools in disruptive times
- Impact of digital technological Innovations on organization and work performance

Finance, Banking, Accounting and Insurance Industry

- Insurance Industry Challenges
- Property/casualty and life insurance sector trends and outlooks

- Accounting Challenges – Strategic Accounting
- Efficiency and performance of financial institutions
- Financial and monetary integration
- Intellectual capital management and accounting

Digitalisation, tourism and impacts on the Economy

- Business Dynamics and Policy
- Fiscal Policy and International
- Tourism toward accessibility and digitalization
- Culture and natural heritage in SDG 2030 agenda, theories, practices and outreach
- Creativity and historic cities

Conference program is not restricted to these themes. We kindly invite proposals on other suitable topics in related conference theme.

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Sustainable Insurance and Professional Liability: An Empirical Analysis

Dr. Ada Aliaj, ¹Prof. As. Dr. Roven Vangjel, ²Msc. Merjeme Zyko ³

Abstract

Liability insurance has proven to be the basis of almost all liabilities subject to the empirical analysis. In order for liability insurance to be available, professionals must be aware of the possibility of expected errors in the performance of their professional duties and recognize that "even the most professionals without insurance are affected by numerous errors."

With the development of the labor market and market competition increased, the demand for insurance has gone into the same direction. Living responsible policies through participation in liability insurance market has increased the reputation and trust of professionals in the eyes of customers and business partners.

A not very developed and practically new insurance market makes a necessity studying the problems, determining the level of influence of factors affecting the professional liability insurance. In this study

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through the analysis of variables like GDP, number of contracts signed, number of losses compensated it is demonstrate the relationship and impact in the total annual insurance premium which is the variable used to evaluate the development of the sector. In conclusion this paper will provide recommendation on how to increase liability insurance based on Albanian previous experiences and study results interpretation.

Key words: Liability insurance; professionals; responsible.

JEL classification: G22; J1; E24

Introduction

Understanding of responsibility remains at a very important position in the comprehension of liberty. Being aware of the situations and conditions applied at different cases upon a person in the non-fulfillment of a set of requirements, emphasize the knowledge of responsibility (Daigle, 2015). Developing dual relationships will require for the parties to take into account the presence of responsibilities also over the surrounding environment where effects can lay in different decision making emerging in instance into triple relationships.

Professionals are expected to have extensive technical knowledge or training in their particular area of expertise. They are also expected to perform their professions, according to the standards and take responsibilities if they fail to use the degree of skill expected of them. Professional responsibility is what different individuals have and create for failures and shortcomings during the practice of their profession. In the civilized world there is a widespread of professional liability forced also by the legal institutions. Economic damage to the community can create incentives for liability insurance, allowing people to benefit from insurance without having to spend more money. The essential of liability insurance derives from the fact that can cover the financial risks arising from the emergence of public liability (Basedow & J. Birds, 2016). For instance, this product of a non-life insurance, helps reduce the risk in many jobs that a third party may pursue a large compensation claim on behalf of the person who caused the damage.

Liability insurance has become an important part of insurance companies' policies. Through the development of liability insurance policies, insurance sector have the capacity to effect on a large proportion of the economy. In short, liability insurance companies need to consider all methods, procedures, methods and

estimation techniques before entering into a contract. Just like the business model, liability insurance includes fees and expenses once signed. This therefore makes liability insurance more beneficial than a burden because it provides income.

Insurance companies in Albania have seen a great development in recent years, but certainly not enough (Mapper, IMF Data, Prill 2021). We see the potential for growth due to the economic development that Albania has, the introduction of foreign investors, but also the increase in the awareness of citizens. During the last years, a legal basis has also been created that regulates the obligations and rights between the insurance company and the insured, the products offered by insurance companies have been expanded, as well as conditions and opportunities for reinsurance with foreign companies have been created, thus increasing the possibility insurance companies.

This study analysis the spread of insurance and professional liability with the purpose of investigating the development of this sector in Albania. Through the correlation analysis in SPSS Statistics, we can define whether the increase and spread of professional liability is bounded to certain variables.

2. Literature Review

According to the paper of Eric Grant in 2012 the general process of insurance, based on a principle of shared responsibility between the involved parties, is centred on management and mitigation of risk (Eric Grant 2012). As for the involved parties, based on implies in 2020, insurance companies beside from satisfying or compensating insurer directly, they also recompense the third party included (Lanfeng Kao, 2020).

On the same field of study, Miahkyk in 2019 examined risk management through liability insurance in Ukraine and its impact on national financial stability. This study used descriptive data to analyze premium data from 2016 to 2018 and found that risk management impacts the country's financial stability through insurance activity studies. The research recommends increasing the economic value of liability insurance (Faiier, Arefieva, & Miahkyk, 2019).

2.1 Conceptual Framework

Liability insurance involves the protection towards an individual or organization against financial losses due to legal claims and liability from third parties due to accident, injury, damage, negligence or other situations (Lee, 2020). It provides coverage against legal claims, lawsuits or judgments resulting from lawsuits. Liability insurance covers many things, including general liability, general liability, workers' liability, product liability, and directors' and officers' liability insurance. The main elements of liability insurance are legal protection, damages arising from litigation or settlement or dispute beyond the law limitations, bodily injury and property damage, personal injury and advertising.

With professional responsibility we will understand the obligations and standards in the performance of services. Professional responsibility basically has three key elements (Robert S. Redmount n.d.):

1. Effective use of the set of knowledge or technologies that the profession has developed;
2. The appropriateness of the professional's attitudes and actions in the relationship with the client and the public ethics of behavior;
3. The behavior of the professional in function of the self-image of the profession and the defined interests

2.2 The importance of professional liability insurance

Professional liability insurance, or malpractice insurance, is a must for people in all industries. No matter how educated, experienced, or expert a person may be, mistakes still happen and lawsuits can be filed. Professional liability insurance provides protection in cases of mistakes during the exercise of the profession. Basically, this type of insurance helps cover claims for negligence, misrepresentation and incorrect advice. In order for professional liability insurance to be included in working culture, professionals must be aware of the expected possibility of errors in the performance of their professional duties and accept "even if the most expensive professionals are not insured against errors." The only way to protect a professional's events and situations from mistakes is insurance (Gliedman, 2016). The development of liability insurance is primarily taking place in the insurance sectors which have a system where experts working in the country are evaluated in various ways and professional organizations have a good practice in keeping records. All of the required information helps insurance companies make profitable decisions and not only, provides

regulators understand the insurance industry and evaluate its impact on a security economy (Asie Tsintsadze, 2019).

Legal literature implies that liability insurance evolved as a voluntary initiative designed to prevent the overwhelming impact of third-party liability on policyholders. At the same time, the development of technology has increased the risk in some activities and led to the formation of new, previously unknown and unique types of risks. People involved in these activities often do not have the capacities to deal with the consequences of these risks, or they try to reduce their impact by methods such as looking behind the company curtain. As a result of these developments, the risk is transferred to third parties who are not involved in the business but are affected by the secretary's position.

2.3 Insurance sector and macroeconomic dependency

The insurance industry plays an important role in financial and economic development. By introducing risk sharing and reducing the impact of large losses on businesses and households, they reduce the resources required to absorb these losses individually, thus encouraging greater remained capital for production, investment, innovation and competition. Although empirical studies generally find evidence of a positive relationship between insurance coverage and economic growth, some studies show mixed results. Studies in 2000 found evidence of a positive relationship in some OECD countries (Ward & Zurbruegg, 2000). Webb et al. in 2002 found that economic indicators and life insurance predict economic growth, but these indicators lose power in the presence of interaction variables, suggesting complementarity between the two sectors (Webb, Grace, & Harold, 2002).

Kugler and Ofoghi in 2006 find evidence of long-term effects of insurance and GDP growth across eight UK insurance groups (Kugler & Ofoghi, 2006). Proof of Causation 28 years (1976 to 2004). Äurak, Lonäar and Poposki (2009) examined the relationship between the growth of the insurance sector and economic growth in 10 new EU member countries between 1992 and 2007 and concluded that the insurance sector helped stimulate the economy in these countries. Arena (2008) found evidence of a positive relationship between insurance growth and economic growth over 28 years (1976 to 2004) in a large group of 56 countries.

3. Methodology

Reason for the study

The Albanian economy is in continuous transition from 1990 until today, making great strides in creating and establishing a reliable system of democracy and market economy. 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. Since the insurance market, regardless of the many developments it has experienced, remains unknown, especially in the field of life insurance, liability, etc., it is essential in sustainable development, continuous information in order to understand the effects of the spread and how it is possible to increase this sector.

Variables used

In this study we aim to investigate and spread our research over the development of professional liability insurance following a methodology used also in the study of (Tsintsadze & Ivanishvili, 2023).

Under this aim hypotheses were developed as following:

Hypothesis H0: Annual gross written premium is affected and its progression is defined by certain variables.

Hypothesis H1: Certain variables define the progress and volume of annual gross written premium.

In order to determine the relationship of annual gross written premium and its factors influencing, the following variables are used:

1. Gross domestic product, (PGDP) per capita) as an indicator of socioeconomic status.
2. The number of contracts signed (NC) for General Liability Insurance to show the growth of this sector in the insurance industry.
3. Compensation / Paid Claims as an indicator of trust in the insurance companies and a trigger to underwrite contracts.

Data Collection

Data are collected from official website of AMF (Financial Supervision Authority), reporting data over General liability insurance in annual statistics reports.

Table 1. Data on variables (2017-2022)

	Gross written premiums	NC	Paid Claims	GDP / capita
2017	ALL 391,025,000	5,146	ALL 20,766,000	ALL 505,582
2018	ALL 406,105,000	5,334	ALL 2,037,000	ALL 527,202
2019	ALL 442,912,000	6,205	ALL 8,249,000	ALL 540,506
2020	ALL 858,243,000	12,411	ALL 6,947,000	ALL 525,668
2021	ALL 1,058,268,000	14,627	ALL 15,310,000	ALL 577,829
2022	ALL 818,043,000	16,740	ALL 7,226,000	ALL 613,302

Source: Financial Supervision Authority of Albania 2017-2022

4. Results Analyses

Establishing the background of the model is important to better understand the analysis in the next section and help draw the conclusion of the article. Increasing the general view of our variable, descriptive statistics are provided as following:

Table 2. Descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Gross_written_premiums	6	391025000	1058268000	662432666	285235758

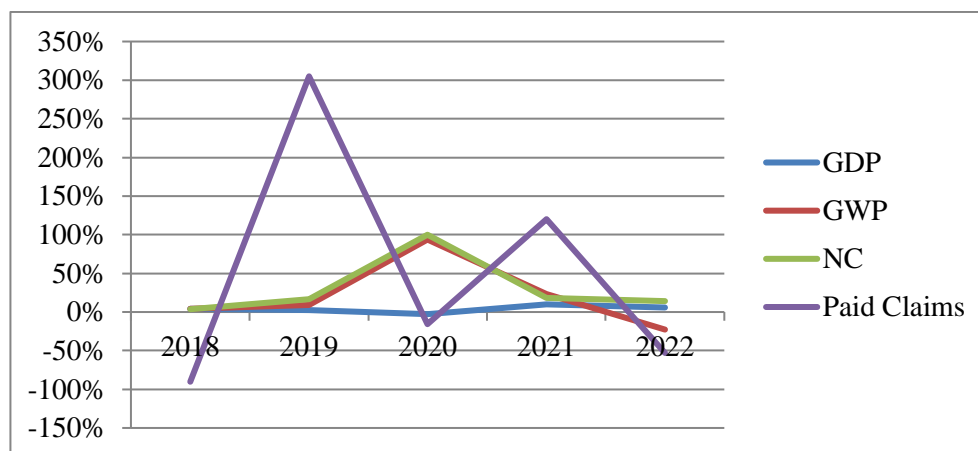
NC	6	5146	16740	10077	5144
Paid_claims	6	2037000	20766000	10089166	6746056
GDP	6	505582	613302	548348	39850

Source: author's calculation

In empirical studies, descriptive statistics are used and explored in order for data to be more meaningful and understood, permitting a much more simple interpretation of the information. In the above data as descriptive statistics, minimum, maximum, mean and standard deviation are presented. Information provided in table number two reveals all indicators showed important variation. All variables taken into study demonstrate a substantial range of extremes and standard deviations.

The development of gross written premium has grown from 2017 to 2022 but again remains one of the most embryonic sectors in the industry of insurance. A reason for this underdevelopment is explained through the low socio-economic status of the population, where for the last 6 years GDP has experienced a growth of only 4%. The magnitude of the standard deviation of each variable indicates the probability of high risk in the future, which will improve or worsen the insurance business in insurance division liability.

Chart. 1. Progress of variable value changes in %.



Source: author's calculation

The above chart represents the development through years of the chosen variables. Studying the presented data form chart 1, provides us with a snapshot of the progress made in the liability sector in Albania and how is this development compare with the path of GDP for the same years.

Knowing about the effects of independent variables on the dependent variable will serve in various approaches in this study. Regression analysis is one of the most widely used tools in scientific research. In its simplest form, regression analysis allows researchers to analyze the relationship between an independent variable and a dependent variable. Through regression analysis, in this study we will be able to:

1. Indicate whether the independent variables have a significant relationship with a dependent variable.
2. Indicate the relative strength of the effects of different independent variables on a dependent variable.

The factors selected are those that influence the development of various types of liability insurance. It is believed that the three main factors chosen are universal for the evaluation of all insurance products. In our case study, due to the lack of date for a longer period lead to an inexact analysis.

A rough regression model was created by selecting variables:

$$\text{GWP} = \beta_0 + \beta_1 \text{NC} + \beta_2 \text{C} + \beta_3 \text{GDP} \quad (\text{formula 1})$$

The results of the regression analysis lead to the following conclusions:

Table 3. Results of the regression model

Dependent Variable: GWP			
Included observations: 6			
Variable	Coefficient	Std. Error	t.statistic
Constant	1480089368	1544225677	0.958
NC	68970.545	23856.489	2.891
C	2.687	10.177	0.264
GDP	-2808.054	3122.053	-0.899

R Square	0.89	Mean dependent var	662432667
Adjusted R Square	0.726	S.D. dependent var	269165345
Std. Error of Reg	149243551.9	Durbin-Watson stat	2.5
Sum squared resid	4.45E+16	p-value	0.039
F-statistic	5.421		

Source: author's calculation

From above results formula 1 is transformed as below:

$$\text{GWP} = \beta_0 + \beta_1 \text{NC} + \beta_2 \text{C} - \beta_3 \text{GDP} \quad (\text{formula 2})$$

R Square indicates the amount of variance in the Gross Written Premium (the dependent variable) that is accounted for or explained by the number of contracts, paid claims and GDP (independent variable). The value 0.89 indicates 89% of the variance of Gross Written Premium can be predicted from the independent variables chosen, which is a very high level and shows the strong relationship between the variables.

We also check the value of Durbin-Watson statistic in order to determine whether our data satisfies the independence of observation assumption. The value is at 2.5, which is between the values 1.5 – 2.5, meaning that it is considered to satisfy this assumption.

Since the p-value is less than 0.05, we reject the null hypothesis of the study.

5. General Conclusion and Recommendations

Professional liability insurance, or malpractice insurance, is a must for people in all industries. No matter how educated, experienced, or expert a person may be, mistakes still happen and can result in lawsuits. Professional liability insurance provides protection in cases of mistakes during the exercise of the profession. In this paper we were able to identify the effects of certain variable in the development of liability insurance sector in Albania. Through regression analysis the below conclusions are reached:

The growth of liability insurance is dependent on the number of contracts and paid claims.

- The deterioration of the socioeconomic situation can serve as a motivator for professional liability insurance by allowing individuals to receive insurance protection without paying additional financial resources.
- The negative relationship established in the paper between total premium and GDP per capita can also be seen in other perspectives, representing the insurance markets of developing countries. Meaning, the increase in PGDP does not increase the number of people willing to purchase an insurance product; rather, it decreases it, as meeting other requirements takes priority.
- The magnitude of each variable's standard deviation indicates that there may be high risks in the future, which will either improve or deteriorate the situation on the liability insurance segment's insurance market.

Based on the findings in this paper, some recommendations have been made as following:

- Increasing advertising of the products in liability insurance should be prioritized by insurance companies.
- Institutions should include a professional liability insurance requirement.
- Punishment for errors made while performing professional activities should be increased.

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Impact of digital technological innovations on organization and work performance: A literature review

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Abstract

Technology reached its boom during the pandemic due to its wide use, thus showing us that SMARTWORKING works properly and that we are in the century of advanced technology. For businesses and the employees of these businesses, this development has both desired and undesired effects. In order to generate as much profit as possible and have a dominant position in the market, businesses are increasingly attracted to technology and innovation. The improvement of the performance in the market consequently brings for the businesses to improve the internal effects in the organization, thus bringing better services to the market and employees who work in the job they want. The orientation of businesses or structures that offer services towards technology has its positive and negative effects. This paper will focus on these effects that have reduced the level of intuitive development, causing creativity to become mechanical. Therefore, this paper focuses on the impact of innovation in digital technology on the work performance of public and private organizations. To develop a research model in the fields of production, service, and free professions.

Keywords: IT capability, Innovation, Digital workplace, Policy, Digital leadership, Work-life balance, Organization performance, Dynamic capability.

JEL clasiffication: O10, O14

Introduction

The banking industry has seen tremendous changes in recent years, both in terms of technology and creative ideas that directly impact customer service, as well as the global streamlining of standard banking procedures. The term "new idea, device, or method" is a simple definition of innovation. But innovation is also frequently understood to mean applying better solutions to fulfill unmet needs, new requirements, or market demands. This kind of innovation occurs when goods, services, procedures, technologies, or more

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successful business models are made available to the public, governments, and markets. Innovation has the potential to spur improved performance in the fields of business and economics. The antiquated ideas of factor endowment and comparative advantage—which concentrated on an area's distinctive inputs—are no longer relevant in the modern global economy due to the tremendous advancements in communication and transportation over the past few decades. The economist Joseph Schumpeter (1883–1950), who made significant contributions to the study of the economics of innovation, maintained that industries must continuously innovate new products and processes, as well as new ways of distributing markets, such as connecting craft stores and factories, in order to improve the economic structure from within. Pursuing innovation constantly in all areas of human endeavor is one of the essential traits of modern, successful organizations operating in the current environment. Modern management's decision to embrace innovation has an impact on the organization's ability to conduct profitable business. On the other hand, when we refer to an innovator, we mean the individuals who work together to develop the innovation as well as the work itself. Above all, these are incredibly creative individuals who have the ability to foresee, identify, and take advantage of challenges in specific situations, turning them into opportunities for growth or advancement.

Amateur innovators are the most in number and stand out for their natural talent, with professional knowledge to complete an idea with high quality Innovation solutions. It is typical for them to have a good idea as a starting point, but often this is not enough, because they need professional help to develop the idea into a functional or commercially viable innovation. sustainable, that is, to be realized in a serious and innovative project which will have a direct effect on the markets.

Employed innovators create innovations for the needs of their employers, often as part of regular work. Regardless of whether they are done spontaneously or how part of a job task related to job satisfaction, they are created within the employment relationship. Innovations are created in the workplace or provide innovative services. A special group of employed innovators consists of professional innovators, engineers, technicians, skilled workers of various professions, organizers, managers with expertise of various professions, whose task is to work in a creative approach to find solutions for their business activities.

In addition to the group of employed innovators, the employed innovators include ***innovation experts***, ie oriented specialists, highly creative people with the highest degree of professional qualifications and experience. They mainly develop high-level innovations, mainly in institutes, laboratories, universities and

similar scientific institutions, within the expertise of teams for the rescue of complex projects. Often, based on their innovations, innovators or other institutions receive expert advice or innovation services.

Literature review

The investigation of the "future of work" has become a crucial area of interest for academics and professionals in the business and management fields. Take the language model ChatGPT, for example, which has sparked intense debates. There is a lot of interest in its possible integration into academia (Dwivedi et al., 2023). Whether one adopts a dystopian or utopian perspective, one cannot deny that the earliest chatbot prototypes have the potential to upend higher education and the way it operates in the future. It is conceivable that ChatGPT could significantly alter the academic landscape if it were to establish itself as a vital resource in educational institutions. There are two implications to this transformation. On the one hand, it might be beneficial for students to have easier access to a wealth of organized information.

On the other hand, there's a chance that pupils will become unduly reliant on the automatic creation of new information without developing their critical thinking skills. Teachers would have to review their methods of instruction and methods of student assessment at the same time. Thus, following the challenges posed by the COVID-19 pandemic-related widespread adoption of remote learning (Abumalloh et al., 2021), higher education may once more face disruption from technological advancements. Drawing from this example, it can be argued that the nature of work is constantly changing.

Corporate strategies, organizational culture, governance frameworks, and labor relations have all been significantly impacted by automation, robotics, and artificial intelligence (Lebovitz et al., 2022). Furthermore, the COVID-19 pandemic has accelerated digital transformation processes, bringing about significant changes that are entwined with stories about globalization and sustainable development (George & Schillebeeckx, 2022). Technological innovations that cause disruptions have a big impact on power structures, business tactics, labor markets, and systems of education and training, among other interorganizational practices and societal institutions. It is clear that businesses' competitive advantages depend not only on their capacity to continuously adjust to new technologies by creating new processes, competencies, and technological dependencies, but also—as major business-focused surveys have highlighted—on their efforts to match strategies to the current skill sets of their employees. This means

offering upskilling and reskilling programs that are specifically targeted, in addition to efficient human resource management (Bresciani, Huarng, Malhotra & Ferraris, 2021).

The field of management and organizational studies has long been interested in research on remote working, also known as "telework," "distance work," or "smart working" (Gupta et al., 1995). However, it was the start of the COVID-19 pandemic and the implementation of mandatory social distancing measures that made working from home a standard practice in most organizations. The current systems of coordination, procedures, and structures have faced difficulties as a result of this paradigm change. Six of the 14 papers in this special issue address this subject, highlighting research on remote and hybrid work as a major area of interest for academics looking at the nature of work in the future.

In their article "When Will Workers Agree to Work From Home? In their article "The Impact of Gender and Internet Skills," Xiong et al. (2023) examine the factors that influence employees' readiness to accept remote work, paying particular attention to two characteristics: gender and Internet proficiency. The authors use historical data to show that employees who are more likely to accept remote work are those who are female and have advanced Internet skills. Moreover, the examination of the impact of perceived advantages on workers' acceptance of remote work suggests that women's inclination towards remote work stems from psychological differences related to gender rather than the division of labor within the family.

The article "Virtual Teams and Transformational Leadership: An Integrative Literature Review and Avenues for Further Research" by Greimel et al. and Chelaru (2023) focuses on the motivational aspects of working in virtual teams. Their work provides a thorough understanding of how transformational leadership can motivate virtual teams by identifying and synthesizing existing research. The study also identifies areas that need more investigation, providing insight into possible avenues for future research on geographical team dispersion, diversity in leadership, and motivation and trust.

The critical role of leadership is emphasized in another article. The impact of the digital workplace on organizational performance is examined in "Digital Workplace and Organization Performance: Moderating Role of Digital Leadership Capability" by Chatterjee et al. and Giovando (2023), with an emphasis on the moderating role of digital leadership capability during the digital workplace transformation process. Their results demonstrate the significant and beneficial influence that organizational dynamic capabilities have on the transformation of the digital workplace, which in turn improves work-life balance for employees and

boosts organizational and individual performance. The study also emphasizes how important digital leadership is to the advancement of the digital workplace.

Digital workplaces also form the core of the work co-authored by Natu and Aparicio (2022). In their paper, "Analyzing Knowledge Sharing Behaviors in Virtual Teams: Practical Evidence from Digitalized Workplaces", the authors employ a combination of literature review and structural equation modeling to construct and subsequently test a research model delving into the dynamics of knowledge sharing within virtual teams involved in the software development process. Their findings suggest that individuals primarily engage in knowledge sharing to satisfy their psychological needs. However, organizational culture also emerges as a pivotal factor influencing knowledge sharing. New organizational techniques are sparked by emerging technologies like augmented reality, blockchain, 3D printing, and artificial intelligence. The ChatGPT example that was previously mentioned in the introduction provides a useful example of how a language model could potentially upend education and the roles that professors play in it. In a similar vein, businesses face constant pressure to adapt their production, distribution, and commercialization processes to an increasingly digitalized world. This calls for an analysis of the ways in which the adoption and spread of new digital technologies disrupt long-standing organizational norms and procedures.

In their paper titled "How Does Artificial Intelligence Impact Human Resources Performance? Evidence from a Healthcare Institution in the United Arab Emirates", Li et al., and Schiavone (2023) center their investigation on the influence of artificial intelligence tool implementation on human resource management practices and performance within healthcare organizations. Specifically, their study delves into the repercussions of incorporating AI-based digital solutions on human resources performance in healthcare facilities. The research reveals that the advantages of artificial intelligence outweigh the associated investment costs. Notably, operational tasks such as attendance monitoring, screening, onboarding, and various administrative duties including employee compensation and benefits administration can be partially or wholly automated through artificial intelligence. This automation provides human resources personnel with the opportunity to focus on more strategic endeavors. According to the authors, digital innovation and technological advancements can enable organizations in the healthcare sector to achieve improved economic and financial outcomes by enhancing productivity, employee retention, and overall satisfaction, while concurrently diminishing repetitive tasks and workplace hazards.

Conclusions

In fact, in recent years, a great deal of work has been done by researchers to see the impact that technological innovation has on improving the work and performance of employees in the private and public sector. Our objective with this special issue and its accompanying editorial article is to make a meaningful contribution to the ongoing consolidation of research on the future of work.

By using information and communication technology, public digital services—also known as "e-government"—provide services both inside the state administration and between it and the general public. Public digital services encompass a variety of services, such as filing tax returns, requesting updates, declaring pertinent court cases, updating cards, and accessing the public real estate registry. The majority of the advantages that digital public services bring to the public, central, local, and government sectors are already well-known: increased public access to public services, official information, and public data; lower administrative costs; increased public transparency; enhanced public administration efficiency; and so forth.

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Foreign Direct Investment (FDI) and Economic Growth Nowadays: Evidence from Albania

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Abstract

Countries need Foreign Direct Investment as a means of financing the construction of new infrastructure and the creation of jobs. In this context, Foreign Direct Investments can be a very important alternative for a faster and more competitive economic growth. Albanian economy has grown to heavily rely on Foreign Direct Investment. since it's opening up to foreign markets and the world economy. The transition from a closed economy to a free market one has not been smooth. The situation started to ameliorate after 2000 s. The purpose of this paper is to assess the relationship between FDI and economic growth in Albania. The data used in this paper comes from secondary sources. In the testing of the model, data will be collected from the World Bank, IMF, EUROSTAT ,INSTAT and Bank of Albania. In the evaluation of foreign direct investments, the data will be used obtained from national and international reports for the evaluation of the progress of FDI for the period 2000-2021, and then to draw relevant conclusions for the Albanian economic growth through FDI

Keywords: Foreign direct investment (FDI), Growth, Nowadays , Balkans

JEL codes: F21 , O4, O5,*M10; M20*

1. Introduction

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After the 90s, the countries of the region went from a centralized communist system to a liberal capitalist system, this fact affected not only the political developments in the region but also the economies of these countries. For this reason, the countries of Southeast Europe are less developed. These countries have less close relations with the EU and lag behind the countries of Central and Eastern Europe in terms of the progress achieved during the transition phase. They have a private sector that is not very developed and a public sector that is not sufficiently reformed. Also to be mentioned are the informal economy and the problems with the implementation of laws. Despite this, the Balkans is narrowing this gap significantly, turning its attention to the absorption of foreign direct investments.

Foreign direct investment is a very important source of capital flows and development of an economy. Due to the world crisis in 2008, all the countries of the region, excluding Albania where the crisis had its impact in the following years, had a contraction in investments. In our country, there were no major fluctuations until 2010 as a result of the business climate and privatizations. Albania is considered one of the countries that after 2010 has absorbed more investments. This has come as a result of the free labor force, free access to European markets, the privatization of a number of state enterprises, which gave a high growth to foreign direct investments.

FDI begins with several definitions provided by various institutions or writers, and then moves to the present. Foreign direct investment has gained great importance during the last decade as a means of accelerating the growth of economies in developing countries. (Barrell, Holland, 2000).⁷ Specifically, FDI is a tool that enables developing countries to overcome their objective and organizational gaps by introducing new techniques, both managerial and technological. Political and macroeconomic stability, as well as transparent legal regulations regarding foreign ownership and profit repatriation are all important determinants of foreign

⁷Ray Barrell & Dawn Holland, 2000. "Foreign Direct Investment and Enterprise Restructuring in Central Europe," *The Economics of Transition*, The European Bank for Reconstruction and Development, vol. 8(2),

investment in decision-making (Demekas, et al. 2005; Resmini, 2000).⁸ Foreign Direct Investments reflect the aim of securing a stable interest of a resident unit in one economy (direct investor), in a resident unit of another economy (direct investment enterprise). e. The FDI index is important in developing countries as well as in developed ones (OECD, 2007).

2. Methodology

This paper focuses and explores the main theoretical components of the extant literature on FDI. It begins with several definitions of FDI provided by various institutions or researchers, and then moves to the present. The purpose of this paper is to assess the relationship between foreign direct investment (FDI) and economic growth in Albania. The data collections we will use in this paper comes from secondary sources.: World Bank, EUROSTAT,, INSTAT, and Bank of Albania. In the evaluation of foreign direct investments, the data will be used obtained from national and international reports for the evaluation of the progress of FDI for the period 2000-2021, and then to draw relevant conclusions for the Albanian economic growth through FDI. o the main purpose of this research paper is to assess the relationship between FDI and economic growth in region

The econometric model - In econometric model to allow the difference between observable variables , Y_{it} , Y_{jt} and the expected value of GDP, we add a random error term ". This random error represent all other factors that affect the GDP other than capital, human capital and FDI. Including this error term gives the model.

$$\ln(FDI_{flow_{ij}}) = \alpha_0 + \alpha_1 \ln(Y_{it}) + \alpha_2 \ln(Y_{jt}) + \alpha_3 \ln(Di) + u$$

where notation is defined as follows: i, j, t – indexes respectively for: host economy, home economy and year,

FDI_{flow} - FDI inflow into host economy coming from home economy in year t,

$Y_{i(j)t}$ – Gross Domestic Product of host economy (home economy) in year t,

⁸Resmini, L. (2000). The Determinants of Foreign Direct Investment in the CEECs. New Evidence from Sectoral Patterns. *Economics of Transition*, 8, 665-689

Dij – geographic distance between economic centers of host and home economy (constant for EU Member States during 1990–2009)

This model provides us a more realistic description of the relationship between the variables.

As a basic model, the material uses the gravity model of Frankel, Stein and Wei (1997), to then build a new fully specified econometric model, which allows the inclusion of dynamics in the explanation of foreign direct investment flows.

The model will be in log-log form in order to obtain the estimated elasticity coefficient. However, such a logarithmic transformation has two major problems. First, we cannot use this equation for all variables if they have the value zero in their data, because the logarithm of zero is not defined. Second, estimating the log-log equation with the OLS method may lead us to a significant bias.

In the continuation of this paper, we will replace zero values with the value of \$1, this will help us in our model to eliminate zero values from the collected data.

Foreign Direct Investment (FDI) Nowadays

FDI are very important nowadays in the international arena. UNCTAD's World Investment Report⁹(2022) shows that global foreign direct investment inflows (FDI) reach the value of \$1.3 trillion in 2000, \$1.9 trillion in 2007, and \$2 trillion in 2015 increased by 38%, the highest value since 2008 crisis. Global foreign direct investment (FDI) grew 64% in 2021 compared to 2020, reaching nearly \$1.6 trillion. Starting from 2015 FDI have had a downward trend, the decline had a third consecutive year fall in FDI. Global FDI flows also continued their slide in 2018, falling by 13 percent to \$1.4 trillion from a revised \$1.6 trillion in 2017. In the first half of 2019, global FDI flows also decreased by 20% compared to the last half of 2018. Despite this decline, direct investments are still one of the most important actors in the global economy both for developed and developing economies.

The Covid-19 epidemic had a devastating effect on the countries' economies, quickly affecting all businesses. Developed and developing countries designed economic support programs to deal with the crisis. According

⁹ Available at; [World Investment Report / UNCTAD+](#)

to UNCTAD, FDI fell dramatically in 2020 during the COVID-19 crisis. Global FDI flows dropped by 35 percent in 2020. This is almost 20 percent below the 2009 financial crisis level.

Developed countries took the biggest hit, where FDI inflow fell by 59% while developing countries had a decrease in FDI flows with a moderate level, only 9%.¹⁰

This period was also significant for FDI because the pandemic had a negative impact on FDI flows, but it has also provided an opportunity to reflect on FDI.¹¹ GDP in the early 2000s — followed by moderate growth in the following years and a decline until 2017 (Albana Shehaj, 2020).¹² While foreign investment accounted for an average of 6.1% of the region's GDP over the period 2000-2020, the overall trend shows an increase in the ratio of net FDI to the region's, including Albania

3. Results and Discussion

Albania has been attempting to draw international investment in recent years and has made strides toward improving the investment climate. Energy, tourism, real estate, manufacturing, and services are a few of the important industries in Albania that have drawn foreign direct investments. The government has encouraged investments in the energy sector to increase capacity and reduce reliance on imported energy. FDI has been drawn in due to the availability of a competent workforce and relatively inexpensive labor costs.

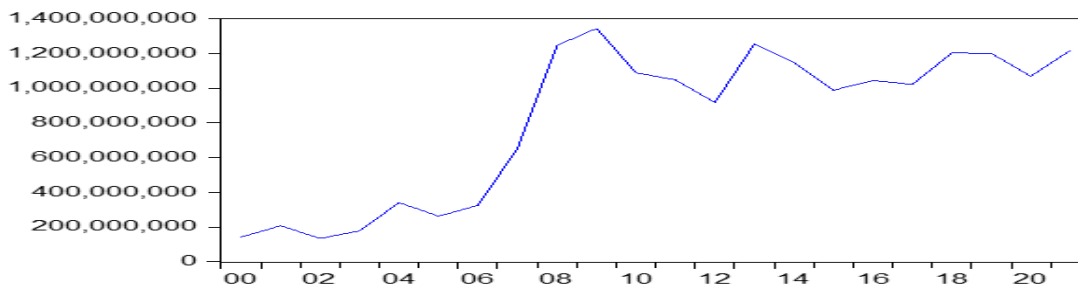
Figure 2 Foreign Direct Investment of Albania

¹⁰ UNCTAD, 2021. *E-handbook of statistics 2021*

¹¹ Imad A. Moosa & Ebrahim Merza, 2022. *The effect of COVID-19 on foreign direct investment inflows: stylized facts and some explanations*, p11,

¹² Albana Shehaj, 2020 *Investing in FDI: How and Why do the Western Balkans Differ?*

<https://tiranaobservatory.com/2020/11/05/investing-in-fdi-how-and-why-do-the-western-balkans-differ-albana-shehaj/>



Source: World Bank

Albania's natural beauty, seaside areas, and cultural history all attract tourists. This has resulted in more investments being made in hotels, resorts, and infrastructure development in order to serve the growing tourism industry. Albania's real estate industry has seen a surge in foreign investment, particularly in Tirana and other urban and coastal areas. Investors are interested in commercial and residential developments like shopping malls, office buildings, and apartment complexes

Most foreign capital comes from EU countries as we see in the table below.

Table 1. Inward Direct Investment 2021, 2019, 2014

2021			2019			2014		
Investment from:	Inward Direct Investment Positions	Percent	Investment from:	Inward Direct Investment Positions	Percent	Investment from:	Inward Direct Investment Positions	Percent
World	10,089	100%	World	8,169	100%	World	4,283	100%
Switzerland	1,994	20%	Switzerland	1,669	20%	Greece	1,385	32%
Netherlands, The	1,726	17%	Netherlands, The	1,317	16%	Canada	906	21%
Canada	1,358	13%	Canada	1,242	15%	Netherlands, The	565	13%
Italy	1,047	10%	Italy	715	9%	Austria	365	9%
Bulgaria	773	8%	Türkiye, Rep of	582	7%	Türkiye, Rep of	357	8%
Türkiye, Rep of	730	7%	Austria	548	7%	Italy	227	5%
Austria	646	6%	Bulgaria	536	7%	Germany	146	3%

France	423	4%	France	343	4%	Cyprus	132	3%
Germany	222	2%	Cyprus	217	3%	Switzerland	99	2%
Cyprus	221	2%	Greece	162	2%	United States	96	2%
United States	172	2%	Germany	140	2%	France	83	2%
Kosovo, Rep. of	156	2%	Hungary	96	1%	Lebanon	41	1%
Hungary	130	1%	Kosovo, Rep. of	93	1%	Cayman Islands	31	1%
United Kingdom	105	1%	United States	81	1%	Croatia, Rep. of	17	0%
Lebanon	89	1%	United Kingdom	80	1%	Kosovo, Rep. of	17	0%
North Macedonia, Republic of	61	1%	North Macedonia, Republic of	33	0%	North Macedonia, Republic of	16	0%
Serbia, Rep. of	37	0%	Slovenia, Rep. of	27	0%	Slovenia, Rep. of	16	0%
Slovenia, Rep. of	34	0%	Serbia, Rep. of	27	0%	Bulgaria	16	0%
Sweden	32	0%	Saudi Arabia	24	0%	Luxembourg	15	0%
Luxembourg	26	0%	Croatia, Rep. of	19	0%	Serbia, Rep. of	4	0%

Source: IMF

The level of foreign direct investment has been high in recent years in Albania, in sectors such as: extractive and processing industry, banks and telecommunications.

4. Conclusions

In terms of economic growth, we can see that foreign direct investments have a two-way impact, both positive and negative, depending on the variables with which we connect them and government policies. However, there is room for increasing FDI in comparison with other countries in the region, but the process has some advantages and disadvantages as followed: *The main advantages of FDI:* It provides local economic benefits in multiple locations. Companies or individuals participating in FDI can stimulate economic growth of the community at the local level for their headquarters or home. Profits are often reinvested in workers or increased organizational capacity, which can create new jobs, which then create new FDI opportunities.

It makes international trade easier. Many countries have import duties that must be paid on goods and services. Import/export businesses can struggle to keep products at affordable prices for consumers because of these taxes. Through FDI, it becomes possible to limit or eliminate these fees, as a minimal part of a foreign organization takes place.

Improves human resources. Businesses are successful because people have expertise. In the underdeveloped and developing world, human skills are limited to basic labor, agricultural work, and other input skills. Foreign direct investment creates educational opportunities so that people can improve their personal skill base.

It lets your money work harder for you. To encourage FDI, many governments have established tax incentives for this type of investment. This makes more money available to work for a foreign company without disrupting the investment agency's budget dramatically.

Offers a foreign company with the necessary experience. Investors bring more money than an FDI relationship. For the foreign company, such an investment can create an immediate increase in productivity. Creates new opportunities for workers. Workers who are employed by the investing company can travel abroad and experience new cultures and ideas. This can make them more productive at home. 1.

The main disadvantages of FDI: The global political climate is also unstable, which means that a company can lose its investments as soon as they are made, if a confiscation or takeover of them will happen. The main disadvantages of foreign direct investment:

Stops domestic investment from happening. A minimum investment of 10% in a foreign company is money that does not go to local companies.

It is not without risk. Political instability around the world means that the business environment can change at a moment's notice. Although companies and individuals choose foreign organizations that have little risk, there can never be a complete elimination of risk from the transaction. In some countries, the political risk factors can be as high as a foreign direct investment. no sense.

It may affect the foreign exchange rate. A developing country with a hard currency may see an increase in popularity after a foreign direct investment. People and companies see an investment as a sign of stability, creating additional interest in the market being considered.

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The impact of government incentives on increasing employee performance during the pandemic in Kosovo

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Abstract

Economic stimulus is government action to encourage private sector economic activity by engaging in a targeted, expansionary monetary or fiscal policy. The term economic stimulus is based on an analogy with the biological process of stimulus and response, with the intention of using government policies as a stimulus to elicit responses from the private sector economy. Since the stimulation of employees has a special importance in the stimulation of workers and with particular emphasis on health workers, then we emphasize that the government policies of our country have played an important role during the pandemic in Kosovo. The Government of the Republic of Kosovo was mobilized to financially help health workers, who were on duty and facing the danger that threatened the population of our country. In this topic, the concept of motivation, stimulation and reward is treated as an important and inseparable part. Motivation should be understood as a process through which the movement of personnel will be caused in the direction of improving personal performances aimed at fulfilling the needs, interests and goals of the organization and its customers. Motivation empowers, orients and contains the attitude of people.

Keywords: economic, stimulus, motivation etc.

JEL classification: M05, M12, M14

Abstract

Economic stimulus is government action to encourage private sector economic activity by engaging in a targeted, expansionary monetary or fiscal policy. The term economic stimulus is based on an analogy with

the biological process of stimulus and response, with the intention of using government policies as a stimulus to elicit responses from the private sector economy.

Since the stimulation of employees has a special importance in the stimulation of workers and with particular emphasis on health workers, then we emphasize that the government policies of our country have played an important role during the pandemic in Kosovo. The Government of the Republic of Kosovo was mobilized to financially help health workers, who were on duty and facing the danger that threatened the population of our country.

In this topic, the concept of motivation, stimulation and reward is treated as an important and inseparable part. Motivation should be understood as a process through which the movement of personnel will be caused in the direction of improving personal performances aimed at fulfilling the needs, interests and goals of the organization and its customers. Motivation empowers, orients and contains the attitude of people.

Keywords: economic, stimulus, motivacion etc.

Introduction

The concept of stimulation is related to how things trigger us, attract our attention, please us, inspire us and motivate us. This is completely applicable in the world of work. More and more workers place this factor at the center of their ambitions. Work must be sufficiently stimulating for us if we do not want our emotional well-being and therefore our commitment to the company and our daily performance to suffer.

Remuneration plays an important role in all contractual employment relationships. In any case and within certain limits, an employee commits to invest time, effort and skills for an employer, who in turn commits to providing the employee with various types of rewards.

Incentives are a type of incentive for employees that companies provide to encourage performance and productivity and to recognize achievements. Employers use financial and non-financial incentives to motivate teams and staff to exceed expectations or otherwise participate in tasks or activities that employees might not normally perform. Employers can implement a variety of incentives, depending on the work

environment and type of business. Additionally, financial incentives are effective recognition rewards when employees perform work beyond their normal job duties. Companies that offer some type of reward for exceptional job performance or team recognition are more likely to foster positive work environments, build supportive relationships, and encourage higher quality results. Stimulations at work can be:

- Increased employee satisfaction
- Show recognition for individual performance
- Encourage teamwork
- Motivate staff to achieve company objectives

Incentivizing employees has many benefits and does not have to be difficult or costly to the organization, however it requires a balance of several factors. In addition to different types of incentives, the factors that have a positive effect on the incentive of the workers of an organization, namely the health workers related to our case, have also been mentioned.

The research questions are related to the impact of government incentives on increasing the performance of health workers during the pandemic and the fact that the government has used different incentive policies to positively influence the increase in performance during the pandemic in our country. Therefore, we conclude that this research is of particular importance. Furthermore, it meets the procedural principles; first of all, the problem is researchable. With the extracted data, the impact of government incentives on health workers was clearly explained, respectively their impact on increasing work performance during the pandemic in Kosovo. Without the slightest doubt, that the data that was collected is reliable, clear and accurate.

Even in terms of ethical and legal principles, this research avoids personal bias and preserves the confidentiality of the participants in the questionnaire. Seeing the importance of the influence of government incentives and the use of incentive policies by these responsible bodies in raising the performance of health workers during the pandemic, this research is useful, because it was done for a good purpose, and it does not harm anyone.

Methodology

The research strategy model proposed for this research is the evaluation model, which aims to show the value of the impact of government incentives on the performance of health workers as well as the incentive policies that the government has used to increase the performance of health workers. The sample will be purposive and will include two institutions of the National Institute of Public Health, in Peja and Pristina. Participants in the research will be 50 health workers of these institutions in question. In the research, structured questionnaires will be used for health workers participating in the research, to highlight the data on the impact of government incentives on increasing the performance of health workers during the pandemic in our country.

Data analysis will be done with the SPSS program

The importance of government incentives for health workers

Medical activities are characterized by different specifics and require special professional qualities from workers. At the same time, the changes that have occurred in recent years in society have led to a decline in the prestige of the work of health workers. Due to the low stimulating material for medical workers, the semantic motivating factor of the profession of doctors, nurses is being eroded and this affects the professional level, quality and effectiveness of their work (Baryshnikova, 2014).

The motivation and working conditions of health workers are important characteristics of the health system and the fundamental factors that determine its effectiveness. In modern conditions, the doctor's remuneration is inappropriate to the responsibility, tension and other specifics that he has. At the same time, the reward in health care should stimulate the staff to improve the quality of medical care, the rational use of resources, we take into account the complexity and intensity of their work costs. Studies of different theories, views and perspectives on the problem have highlighted the main positions. First, to allocate human resources from all organizations, resources (financial, material, technological) because it hides the biggest reserves for increasing the efficiency of the organization, institution, etc. Secondly, to consider the stimulation and

development of personnel as the most important integral. The process within the management functions, as a sustainable development of the personnel stimulation system, allows the achievement of certain results and successes. Third, stimulation and development serve the purposes of building professionalism and competence. Their technology is directly related to motivation, efficiency, career e a specialist, a person, where the most powerful stimulating tool for employees is interest in work.

The insufficient level of salaries contributes to the low motivation of health workers to improve the quality of medical care and professional growth. Therefore, the problem of work motivation in health care is extremely acute now. But it cannot be solved without a socio-psychological study of issues related to the construction, development and improvement of the motivational work system in medical institutions.

Issues of methodological, legal-normative and guiding-methodological support for the development of the motivational process and the formation of motivational systems for workers in health organizations are encouraged to study this problem. The regularities discovered in this area make it possible to conclude that the main direction of improvement of modern work motivation systems is the regulation of their reward. At the same time, salaries are the most important part of the system of payment and work stimulation, as well as one of the tools to influence the efficiency of employees in medical organizations. (Kalabina, 2016; Shchepin and Medic, 2018).

Remuneration in health care should stimulate staff to improve the quality of medical care, the rational use of resources takes into account the complexity and intensity of their work costs. In developed countries, the share of salaries in the cost of medical services is at least 60% and the real income of doctors is more than 5000 dollars per month. In order to achieve the health indicators of the developed countries of the world, the increase of the average life, the expectation, the reduction of mortality, the reduction of diseases, especially from the social side, important diseases and other indicators, it is necessary to increase the real salaries for doctors and bring it in line with the salaries of doctors in the developed countries of the world. Thus, in order to achieve competition in terms of health indicators, doctors should be paid adequately. The study of the features of the system of motivation and stimulation of health workers in modern conditions, as well as our analysis, which allows us to conclude that the problems of increasing work motivation are systemic and they require an integrated approach during the solution. Based on the revealed rules, it was found that it is

necessary to improve the work motivation systems, in order to improve the living standards of health workers. In modern conditions, the motivation of doctors' work in medical organizations is determined by financial opportunities and the degree of freedom of action. But the further development of the motivational process requires the most complete possible identification and recording of various stimulating factors.

As we noticed from the data extracted from foreign countries that the stimulation and motivation of workers, in this case of health workers, is of great importance, especially in the country ours that every day more and more health workers are leaving their jobs because of the low salaries they have in our country. Developed countries are offering better conditions to young people in the health sector and stimulating them in various financial and human ways. Dedication to the performance of duty is highly valued and appreciated, as a state asset and a very valuable asset for society. Therefore, those who love the job and show good performance are appreciated and motivated and stimulated, as well as rewarded with good payments. Such incentive policies are important because otherwise the labor force goes where it finds better conditions and is more stimulated.

Analysis and commenting on the results of the questionnaire in public health institutions

A total of 50 employees at the Institute of Public Health in Peja and Prishtina participate in the research. In the Regional Health Center branch in Peja, 28 respondents or 56.0% participated, while in the National Institute of Public Health in Pristina, 22 or 44.0% respondents participated. According to the level of education, 18 research participants or 36.0% have high school, 18 or 36.0% of the respondents have a faculty, 6 or 12.0% of the research participants have a master's degree and 8 or 16.0% of the respondents have a doctorate. Regarding gender, 14 of them are male or 28.0% and 36 of them are female or 72.0%. Based on experience, 4 of the participants or 8.0% have work experience 1-5 years, 10 or 20.0% have work experience 6-10 years, 10 or 20.0% and 36 or 72% of the respondents have work experience more than ten years. 26 participants in the research or 52.0% have the job position of doctor, nurses or nurses are 4 or 8.0% of them, 15 or 30.0% of the respondents participating in the research work as laboratory assistants and as technical service participants in the research are 5 or 10.0% .

Table 1: Results for the five demographic questions

The institution you work for	N	%
QRSH – Peja	28	56.0
IKSHP - Pristina	22	44.0
Your education:	N	%
High school	18	36.0
FACULTY	18	36.0
Masters	6	12.0
Doctorate	8	16.0
Your gender:	N	%
man	14	28.0
WOMAN	36	32.0
Work experience:	N	%
1-5 years	4	5.0
6-10 years	10	20.0
More than 10 years	36	72.0
Position where you work:	N	%
Doctor	26	52.0
Nurses	4	8.0
Laboratory worker	15	30.0

Technical service

5

10.0

Table 2: Overall results for the first five questions with compliance scale

	Nuk pajtohem		Deri diku pajtohem		Neutral		Pajtohem		Plotësisht pajtohem	
	N	%	N	%	N	%	N	%	N	%
The government has used incentive policies for health workers during the pandemic.	1	2.0%	23	46.0%	7	14.0%	5	30.0%	4	8.0%
The Government's decisions have influenced the performance of health workers during the pandemic.	7	14.0%	14	28.0%	8	16.0%	9	38.0%	2	4.0%
During the pandemic, health workers have been sufficiently stimulated by the employer.	13	26.0%	16	32.0%	5	10.0%	1	22.0%	5	10.0%
Financial incentives have served as motivation for health workers during the covid-19 pandemic.	3	6.0%	19	38.0%	6	12.0%	1	22.0%	11	22.0%
Government stimulus policies have been adequate to manage the pandemic.	5	10.0%	19	38.0%	10	20.0%	2	24.0%	4	8.0%

Based on affirmative statements, we note that in the statement that the government has used incentive policies for health workers during the pandemic, 2% or 1 of the participants in the research do not agree with this, 23 or 46% of the respondents agree to some extent, 14% or 7 of of them are neutral, 15 or 30% of the research participants agree and 4 or 8% completely agree. Regarding the fact that the Government's decisions have influenced the performance of health workers during the pandemic, 7 or 14% of the respondents do not

agree with the given statement, to some extent 14 or 28% of the participants agree, 16% or 8 of the participants are neutral in their opinions regarding the statement in question, 19 or 38% of the respondents agree with the statement given and 2 or 4% of the respondents fully agree. During the pandemic, health workers were sufficiently stimulated by the employer, 13 or 26% of them disagree, to some extent 16 or 32% of them agree, 5 or 10% of the respondents are neutral, 11 or 22% of the participants agree with the statement in question and 5 or 10% of them fully agreed. 3 or 6% of respondents did not agree with the opinion that financial incentives served as motivation for health workers during the covid-19 pandemic, 19 or 38% of them agreed to some extent, 6 or 12% were neutral in their opinions, 11 or 22% of the respondents agree and completely agree with the statement in question. 5 or 10% disagree with the fact that government stimulus policies have been adequate for managing the pandemic, 19 or 38% somewhat agree, 10 or 20% are neutral, 12 or 24% agree and 4 or 8% strongly agree of respondents.

Tabela 3: Rezultatet e përgjithshme për pesë pyetjet e fundit me shkallë pajtueshmërie

	Nuk pajtohem		Deri diku pajtohem		Neutral		Pajtohem		Plotësisht pajtohem	
	N	%	N	%	N	%	N	%	N	%
Institutions have used different incentive policies to motivate health workers to increase work performance.	15	30.0%	20	40.0%	3	6.0%	9	18.0%	4	8.0%
Health workers have been incentivized based on the performance they have shown during their work during the pandemic.	9	18.0%	15	30.0%	8	16.0%	14	28.0%	4	8.0%
Government incentives have been important for the motivation of health workers during the covid-19 pandemic	2	4.0%	14	28.0%	5	10.0%	20	40.0%	9	18.0%
Health institutions use different types of financial incentive	14	28.0%	12	24.0%	11	22.0%	9	18.0%	4	8.0%

policies for health workers

The performance of health workers has resulted positively with the application of incentive policies by the employer.	4	8.0%	20	40.0%	4	8.0%	18	36.0%	4	8.0%
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In the statement that institutions have used different incentive policies to motivate health workers to increase their work performance, 15 or 30% of the participants disagree, to some extent 20 or 40% of the participants agree, 3 or 6% are neutral in their opinions, 9 or 18% of the respondents agree with the statement and 4 or 8% completely agree. 9 or 18% of the respondents do not agree with the opinion that health workers are stimulated based on the performance they have shown during their work during the pandemic, 15 or 30% of the research participants agree to some extent, 8 or 16% are neutral of the participants, 14 or 28% agreed with the given statement and 4 or 8% completely agreed. 2 or 4% of the participants in the research did not agree with the statement that government incentives were important for the motivation of health workers during the covid-19 pandemic, 14 or 28% to some extent agree with the given opinion, 5 or 10% of them are showed neutral, 20 or 40% agreed with the statement and 9 or 18% completely agreed. Health institutions use different types of financial incentive policies for health workers, 14 or 28% of the respondents did not agree with this statement, the results of the research showed that 12 or 24% to some extent agree with the given statement, while 11 or 22 % are neutral regarding the statement, 9 or 18% agree with the statement and 4 or 8% completely agree. 4 or 8% do not agree with the fact that the performance of health workers has resulted positively with the application of incentive policies by the employer, to some extent 20 or 40% agree, 4 or 8% responded neutrally, 18 or 36% agreed with the given statement and 4 or 8% of the respondents completely agree with the given statement.

Conclusions

The purpose of the paper is the impact of government incentives on raising the performance of health workers and the variety of incentive policies used by executive bodies to stimulate the rise of health workers during

the recent pandemic in Kosovo, covid-19. The results that emerged from the research brought to light the fact that government incentives have an impact on increasing the performance of health workers during the exercise of their profession at the time of the pandemic in Kosovo. Also, state incentives had a positive effect on their motivation for increasing work performance. Since, this research has an object of study that has not been researched much at the Kosovo level, to see the impact of government incentives on public health workers and their impact on increasing work performance during the pandemic, not only in the Regional Health Center in Peja and the National Institute of Public Health in Prishtina, why not in the other centers, then it is advisable to research as much as possible and to see the results of this study at the country level, if there would be coordination or opposition with the results of this research

The research is related to the impact of government incentives in raising the performance of health workers and the use of different types of these incentive policies in raising these workers during the pandemic in our country. Since the implementation of these incentive policies is very important in raising the performance of health workers, then we conclude that this research is of special importance.

Since the pandemic in our country lasted more than two years and we are still facing it in one form or another, then through the questionnaire we highlighted that these financial incentives have been important for health workers, they have been motivated for a better work successful and effective, and government bodies have allocated considerable amounts of money to influence the performance of health workers.

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Human resource management strategy: Case study Durres Employment Office*Msc. Besmira Botusha¹³***Abstract**

The development of human resources, in accordance with the objectives, strategy and implementation of relevant policies of the Bank of Albania aims to create a suitable work environment that serves not only the professional growth of employees, but also the continuous improvement of the administrative processes of each institution.

The administration of human resources has recently been focused on the acquisition and continuous implementation of the best practices of human resource management that are applied in similar institutions in the European Union. Pursuing dynamic policies of employment, management and career promotion of staff, for a professional and flexible structural organization, remains a priority of each state.

In order to efficiently manage human resources, it is required that each institution adapts the regulatory infrastructure to the best standards, continuously creating promotion opportunities for employees with professional experience, as well as always aiming to motivate employees and increase effectiveness at work. . Through the policies for increasing professional motivation, it is aimed to preserve the sustainability and continuity of the staff, considered as one of the main challenges faced by central banks today.

Keywords: human resources, EU, Bank of Albania, employment, unemployment

JEL classification: E24, E25

Introduction

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The development of human resources, in accordance with the objectives, strategy and implementation of relevant policies of the Bank of Albania¹⁴ aims to create a suitable work environment that serves not only the professional growth of employees, but also the continuous improvement of the administrative processes of each institution.

The administration of human resources has recently been focused on the acquisition and continuous implementation of the best practices of human resource management that are applied in similar institutions in the European Union. Pursuing dynamic policies of employment, management and career promotion of staff, for a professional and flexible structural organization, remains a priority of each state.

In order to efficiently manage human resources, it is required that each institution adapts the regulatory infrastructure to the best standards, continuously creating promotion opportunities for employees with professional experience, as well as always aiming to motivate employees and increase effectiveness at work. . Through the policies for increasing professional motivation, it is aimed to preserve the sustainability and continuity of the staff, considered as one of the main challenges faced by central banks today. According to studies, special care has been taken to combine experienced professional staff with young staff. The average age of the staff is 43 years, while about 88% of employees in the Bank have higher education (BoA Annual Report, 2022). It is worth noting that 57% of them have completed postgraduate studies at Master's/PhD level, as well as obtained professional certificates recognized by international institutions. About 37% of employees have completed postgraduate studies within the country, while 20% of them have completed postgraduate studies in prestigious academic institutions abroad¹⁵.

Each institution implements EU legislation, invests in the professional development of its human resources through training and relevant specializations. The participation of the staff in these specialized trainings, organized by various central banks, international financial institutions (IFN) or others, brings professional

¹⁴ Bank of Albania annual report, 2022

¹⁵ BoA Annual Report, 2022

growth but also the expansion of the company's image and cooperation. The highest participation in trainings with 46% was carried out in European central banks such as: Bank of Germany, Bank of Italy, Bank of the Czech Republic, Bank of the Netherlands, Bank of France, Bank of Poland, European Central Bank, etc. The trainings conducted by international financial institutions make up 23% of the participations and more specifically in: International Monetary Fund (IMF), EBRD, BIS, as well as with 28% participation in trainings conducted in cooperation with other organizers such as: European Commission, EBA, Eurostat, IFC, JP Morgan, CEF etc.

Literature review

There is sufficient research evidence to demonstrate that strategic human resource management (SHRM) influences business outcomes. Many research papers suggest that strategic human resource management practices provide a competitive advantage and improve organizational performance. Raso (2021) discovered that high-performance management practices lead to economic gains. Enz (2000) identified five types of human resource practices that can improve morale, reduce turnover, increase productivity, and increase guest satisfaction: leader development, training and knowledge building, employee empowerment, employee recognition, and cost management. Bakshi (2014) emphasized the significance of horizontal and vertical organizational fit when implementing HR practices. This study investigated the link between human resource practices, employee turnover, and organizational performance in the service sector. The findings revealed that call centers that prioritized high skills, employee participation in decision-making and teams, and human resource incentives such as high relative pay and job security had lower quit rates and higher sales growth. The study also discovered that quit rates mediated the link between human resource practices and sales growth. Furthermore, the impact of these relationships was shaped by the customer segment served. These findings highlight the significance of effective human resource practices in promoting employee retention and driving organizational success in the service industry.

A field study of 136 technology companies discovered that commitment-based human resource practices improved the organizational social climate of trust, cooperation, and shared codes and language. The

practices outlined above had an impact on the firm's ability to exchange and combine knowledge. The study found that this relationship predicted the company's revenue from new products and services, as well as sales growth.

According to research consensus, strategic human resource management involves three stages: strategy formulation, implementation, and evaluation (Krishnan 2004). HR professionals play an important role in all of these stages. The literature also suggests that organizational factors can help or hinder the success of each stage. McCowan (1999) depicts a company's HR strategy, which includes increasing employee capabilities and commitment, improving HR function capabilities, and forming innovative alliances with business executives. Lengnick-Hall (1988) proposes a typology based on the mutual dependence of a company's business and human resource strategies. Finally, Hayati (2021) emphasizes the importance of HR professionals comprehending various activities of strategic value, as well as the role of creativity and innovation in achieving organizational performance. Empirical research has examined the relationship between human resource management practices and business strategy. A study was conducted with data collected from 200 Spanish businesses. The study's findings reveal significant links between certain human resource practices and the business strategies employed by these companies. The reported findings confirm some previously established relationships while also shedding light on the dynamic nature of human resource management practices in alignment with business strategy. These findings emphasize the importance of strategic human resource management in promoting organizational success and competitiveness.

Many research papers show a strong relationship between business strategy and HR strategy, implying that HR can serve as a new foundation for long-term competitive advantage and play an important role in achieving business objectives. This paper emphasizes the importance of strategic alignment, which allows for continuous monitoring, review, and appraisal of strategy in response to environmental changes while also ensuring quality, up-to-date information for management. The paper emphasizes the importance of HR departments getting involved in strategic planning and aligning their strategies with the overall business strategy.

There are numerous challenges to implementing strategic human resource management. According to Kant et al (2023), cultural, political, and sectoral factors can all interfere with the implementation of strategic

human resource management policies in public enterprises. Stojanović (2022) emphasizes the significance of employee performance, engagement, and communication in strategic HR management. According to McMahan (1998), employee involvement, diversity, and international issues pose significant challenges to current and future research in strategic human resource management. Armstrong (2000) offers practical advice on how to implement HR strategies in the real world, such as human capital management, corporate social responsibility, and talent management. Overall, the papers suggest that strategic human resource management can be complex and difficult to implement, requiring consideration of cultural, political, and sectorial factors as well as employee engagement and diversity.

Strategic management of Human Resources in Albania during last 10 years

Compared to previous years, in 2018, there is a doubling of training participations within the country, as a result of the initiatives undertaken by the Bank of Albania for the training of management staff (activity with the Federal Reserve (FED) as well as a slight increase in number of training participations conducted abroad. Most of the professional trainings in 2018 were carried out in the field of Banking Supervision (10.9%), Monetary Policy (10.0%), Central Banking (10.0%) and Monetary Operations (9.2 %). The rest of the trainings were developed in areas such as: internal audit, money issue and administration issues, statistics, accounting and finance, economics and modeling, etc. It should be noted that the largest number of professional trainings is focused on building the institutional capacities of the central bank for the fulfillment of its main functions.

A clear vision of the desired future state of Albania is an important guidepost for a national development and integration strategy. A vision for a strategy should provide a description of what Albanians expect from the economy, society, institutions and the environment and what the most important elements are in each domain. To generate inputs for such a vision, a workshop entitled Albania: Vision and Challenges 2030¹⁶

¹⁶ https://www.oecd-ilibrary.org/sites/7c2fa8bd_en/index.html?itemId=/content/component/7c2fa8bd-en#section-d1e8500

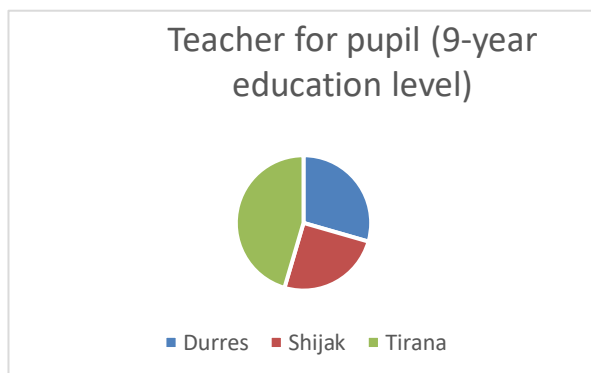
was organised in Tirana on 6 February 2020, gathering a broad range of participants from various public-sector ministries and agencies, the private sector, academia and civil society. The vision was built on the basis of simple narratives of the lives of future citizens of Albania and subsequent clustering by the five pillars of sustainable development: People, Prosperity, Partnerships and financing, Peace and institutions, and Planet.

The narratives of the workshop evoked young women with high education – some in high-skilled professions, such as engineering and information technology (IT) analysis, others in entrepreneurship, tourism or agro-business. Many have returned with experiences from abroad and are now exploring opportunities in Albania. All fictional citizens enjoy middle-class family lives, with stable, decent work, good health and quality education. Citizens have houses and enjoy leisure time in green, clean public spaces. Digitalised services, quality jobs and an economic environment conducive to starting company and improving skills for career development were also emphasised.

The resulting inputs for the potential vision centre on strong education and governance, the rule of law and a dynamic and regionally integrated economy as the main levers for higher well-being. Anchored in the European Union, Albania of 2030 is envisioned as an economy with stable, reliable and accountable institutions and a functioning system of checks and balances. It has a competitive economy with an attractive framework for business and growth thanks to higher productivity, a skilled labour force and better use of natural resources. Last, Albania of 2030 is a knowledgeable and inclusive society that benefits fully from improved health and education systems and quality jobs and where human capital and well-being are at the heart of the country's development. In terms of the individual dimensions of this vision, education, good governance, strong institutions and public services are considered the most important, as identified through a voting exercise.

According to the annual report of the Labor Inspectorate¹⁷, the main strategy for the period 2019-2022 includes these objectives: Encouraging opportunities for decent work through effective labor market policies. Providing quality vocational education and training for youth and adults. Promoting social inclusion and territorial cohesion. Strengthening labor market governance and qualification systems. Durrës city is the second largest county in Albania, where 10.1% of the total population of Albania lives in 2018. This population extends to 3 of the country's 61 municipalities. Durrës, like Tirana, is the only county that has experienced an increase in population from net internal migration, with a total of 816 people. The median age of the population was 36.0 years. The number of students attending 9-year and secondary education represents 10.7% of the total number of students in Albania. The pupil-teacher ratio in compulsory education (9-year) for the Durrës region is 16.2 pupils per teacher, thus representing the highest ratio after the Tirana region. This ratio varies according to the municipalities, where Shijak has the lowest ratio of 13.8 students per teacher, while the Durres municipality has the highest ratio with 17.2 students per teacher(see the diagram 1).

Graph 1. The number of children for teacher



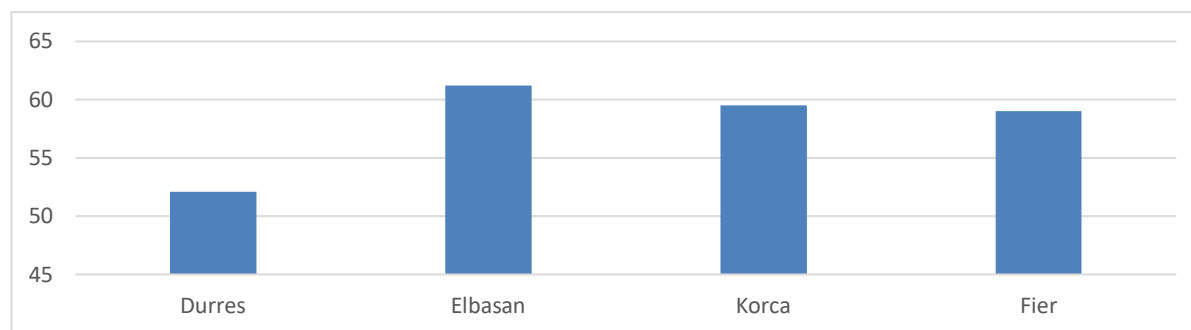
The number of employees in the Durrës District was 7.5% of the total number of employees in Albania, while the unemployment rate was 13.8%, being at the level of the country's average rate. The average monthly salary was 41,636 Lek, while the average monthly consumption expenses according to the Family Budget Survey of 2021 were 75,744 Lek per family. The ratio of employees

Source: The annual report of the Labor Inspectorate, 2021

¹⁷ https://inspektoriaipunes.gov.al/wp-content/uploads/2021/11/Publikim_AL_Strategjia-Kombetare-per-Punesim-dhe-Aftesi-2019-2022.pdf

(aged 15 and over) in relation to the population of the same age (about 2363 thousand people) is 52.1%. The highest employment rate for the population aged 15 and over was registered in the district of Elbasan (61.5%), followed by the district of Korça (59.5%), and Fier (59.0%) (see graph 2).

Graph 2. The ratio of employees (aged 15 and over)



Source: The annual report of the Labor Inspectorate, 2021

The analysis of employment according to economic activities shows that services and agriculture have the largest share of employees, respectively 42.9 and 37.4%, while the analysis of employment according to economic activities shows that services and agriculture have the largest share of employees, respectively 42.9 and 37.4%, while those employed in industry constitute only 19.7%. Tirana is the county with the highest percentage of employment in services (66.5%) and the lowest percentage of employees in agriculture (6.9%). The district with the highest percentage of employment in the industry is Durres (34.2%), while the district of Kukes has the lowest percentage of employees in this sector (6.9%). The highest percentage of employment in agriculture (67.2%) is recorded in the district of Elbasan, which at the same time has the lowest level of employees in services (23.4%).

Conclusions

The national legislation that governs labor market governance is consistent with the country's social, economic, and integration goals, as well as European Union directives. The legal and institutional gaps for chapters 2 and 19 will be analyzed, and the resulting legislation will be approved. The Ministry of Finance and Economy, the National Agency for Employment and Skills, the National Agency for Education,

Vocational Training, and Qualifications, and the State Inspectorate for Work and Social Services have all aligned relevant Albanian legislation with EU Directives.

The district with the highest percentage of employment in the industry is Durres (34.2%), while the district of Kukes has the lowest percentage of employees in this sector (6.9%). The highest percentage of employment in agriculture (67.2%) is recorded in the district of Elbasan, which at the same time has the lowest level of employees in services (23.4%).

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On the types of alternative Tourism in Vlora municipality (Reference – Orikum Administrative Unit)

Msc. Brikena Sika, PhD candidate, Prof.Dr. Kristaq Kume

Abstract

The tourism industry faces multidimensional challenges. Administrative units are developing countries, where there is a lack of experience, culture, capacities, in accordance with the requirements and standards required by the development of this sector. The challenges become even more complex when, through this industry, the biggest and fastest profits are sought. In countries facing this situation, it is necessary to identify the factors that condition development. This will help us to design strategies, policies and programs for the sustainable development of tourism. It is more important to evaluate their effects. With this paper, we aim to determine the typology of alternative tourism in the Orikum Administrative Unit, in the Municipality of Vlore. The offers are diverse. Tourist destinations are potential. Based on the wealth of this area, all these resources should be part of the packages and the tourist market. Complexity in action and cooperation in their realization, carried the possibility of success in the development of tourism in this region. But we can also face the risk of failure that could have negative long-term effects. The region of Orikum in the Municipality of Vlora has a strong distinguishing feature in alternative tourism. This region offers the possibility of the satisfaction of the visitors for the tourist offer that it makes available. The alternative tourist offer combined with historical, cultural, culinary tourism, agrotourism, ecotourism, mountain tourism, adventure tourism, religious tourism, as well as farm tourism, make the area very attractive. The determining factor for the typology of alternative tourism in this region is the possibility offered for its combination with traditional coastal and maritime tourism. Orikum extends from the sea coast to the height of the Çike mountains. The climate that varies from the Mediterranean to the climate characteristic of continental regions make the area even more interesting to visit. In Orikum you can find everything, the sea, fields, hills, paths and snowy mountains. The geo-climatic features make this region to have year-round tourism with variable typologies depending on the consumer's demands. The typologies for alternative tourism in the Orikum region, consistent with the objective for its long-term development, must have as their distinguishing feature

the cooperation and coordination of alternative tourism with traditional, mass or elite, coastal and maritime tourism.

Key words: *Alternative tourism, Orikumit Region. Tourism industry, Typology.*

JEL classification: F43, M29, Z31

Introduction

Although the concept of "tourism" can be considered relatively new, it basically reflects human behavior that differs from his routine behavior as a member of a certain community, which have been part of human activity for centuries. Travel for pleasure, travel for work and education, and travel to religious places, such as Mecca and Jerusalem, made by man in the old days, are no different from the trips that are currently called "tourism". In the literature of the time, there are different definitions for both the concept of "tourism" and the concept of "tourist". The peculiarity in the formulation of these concepts lies in the fact that there is no single and rigorous definition. Despite this, it should be noted that in addition to the differences in each definition, it is possible to identify the commonality that is present in them. Meanwhile, it should be noted that such a fact is not an argument to reach the conclusion that scientific thought has not yet been able to formulate a final and exhaustive solution for these two concepts. The opposite is true. The diversity in the definition of the concept "tourism" and "tourist" is an adequate reflection of the features of this life activity of man compared to any other activity of his. Dicheva1 & Kovacheva, S. (2014); Mayer, & Vogt, (2016); Triarchi Ei & Karamanis K. (2016); Różycki and Korbiel (2022) point out that the term or concept "Tourism" should mean a large community of social and economic practices, which, in different periods of time, have been developed and the meaning for them has changed. Previously, this term meant the development by a person of an activity in his free time. Gradually, more and more human activities are included in this designation, which currently constitute different paradigms in the development of the tourism market. The development of this market has its distinguishing characteristics:

(i) the search, in a continuous manner, of the offers that change depending on the object, the aim, the wishes, the possibilities and the objectives that are intended to be achieved,

(ii) the formulation of offers in accordance with the requirements related to the development of the open and global market, the development of capacities for fast, cheap, comfortable transport and with access to the destination once and for all, the increase in human demands for known places, environments, peoples and different cultures.

The development of tourism as an economic activity in its center has offers and services that the practitioners of this activity offer to others, who for them are potential consumers. Consumers of these offers or services are attracted by them and become part of this economic activity whenever they want to change their routine, stereotyped behavior and whenever they want to leave the usual physical and social environment and experience new experiences, get to know places, culture, other peoples, etc.. This interdependence between the very variable desires of consumers and the efforts of tourist service providers to fulfill them, is the most important driving factor for the search for forms, ways and opportunities for the formulation of tourist offers and for the development of the necessary capacities for their realization. The result of efforts and research for the development of the tourist industry in accordance with the requirements of this typology of dependence is the commitment of society, in general and the business world in particular, for the realization of the tourist industry as a provider of relaxing services, of pleasure rest and together with to alternative tourism as well. The ratio between these two main groups of activity in the tourism industry is different in different countries and in different regions or areas in the same country. This report is a consequence of the opportunities, capacities and investments made for each of the types of tourism that are estimated to be more effective in the country and region where they are developed. The tourism industry, which has as its main object the provision of services for relaxing holidays and pleasure, has focused its energies on the development of traditional tourism, coastal and marine tourism, and mountain and snow tourism. These tourist activities take place in two main typologies - mass tourism and elite tourism.

The aim to diversify tourist services and offers directs the search for the development of the tourist industry towards alternative tourism. Alternative tourism includes a very large range of forms and ways to realize it. Among their commonalities can be considered the desire of the alternative tourist to be "less touristic" and as close as possible to the communities and destinations they visit. There are authors who consider alternative tourism as an opposing response to mass tourism, as an expression of "rebellion" and the search for adventure

(Marinoski & Korunovski, 2012). In a considerable part of it, alternative tourism is motivated by the desire to get to know local people and nature, customs and traditions, history and spiritual and material wealth of the country being visited (Smith and Eadington 1994). Currently, dental and medical tourism is taking up more and more space in alternative tourism. (*Classification and typology of tourism*).

According to Milen Penerliev, (2017) "Alternative tourism is a form of tourism which represents an alternative to the conventional mass tourism. Its forms are small-scale, low-density, divided into forms practiced in urban (religious, cultural, business) and rural areas. Alternative tourism is an attempt to preserve, protect and improve the quality of the existing resource base, which is fundamental for tourism itself. Alternative forms of tourism directly support the local population and the economic diversity". In the National Strategy for the sustainable development of tourism, 2019-2023, it is emphasized that "the development of tourism in Albania is still far from the potential represented by the natural, historical and cultural assets of the country. The infrastructure, the accommodation capacities, the quality of the services, the offer and the tourist product are all factors that have somewhat restrained the sustainable and consistent development of tourism in Albania, leaving room for an uncontrolled and chaotic development that has actually kept this on its feet. industry, but endangering its long-term sustainability". This assessment is very significant for all actors who are involved or who want to be involved in the development of the tourism industry in the Municipality of Vlora, in the Orikum Administrative Unit. The purpose of this work is to identify and present the great and diverse potential that the Orikum Administrative Unit has for the development of the tourism industry, in accordance with the definition cited above. The objective of this work is to determine, in the main lines of the macro typology that should aim to realize investments in the tourist industry in this area of the Municipality of Vlora, to make it possible to achieve the maximum effectiveness that the integration of traditional coastal and maritime tourism with alternative tourism.

Opportunities for the development of alternative tourism in the ORIKUM Administrative Unit

Geographical position, climate, relief, diversity of the landscape, biological diversity, history, traditions, culture, community behavior, religious diversity, the many traces of contacts of this region with other countries and peoples since ancient times, the ease of reaching the destination that increases more and more as a result of increased rates of investments in road and airport infrastructure, improvement in the provision

of basic services, water and electricity, increased interest of investors and tourist operators, etc. are factors and conditions that support the development of the tourist industry in this region. The distinguishing feature of this industry in this region is estimated to be its realization as an economic activity in which traditional tourism, mass or elite, coastal and maritime, can be integrated without difficulty and with effectiveness, with alternative tourism.

Referring to the capacities and potential opportunities that the Orikum region possesses for the development of the tourist industry that integrates traditional tourism with the elite one, the typology of tourist offers, according to which this industry can be developed, is presented in Figure no. 1.

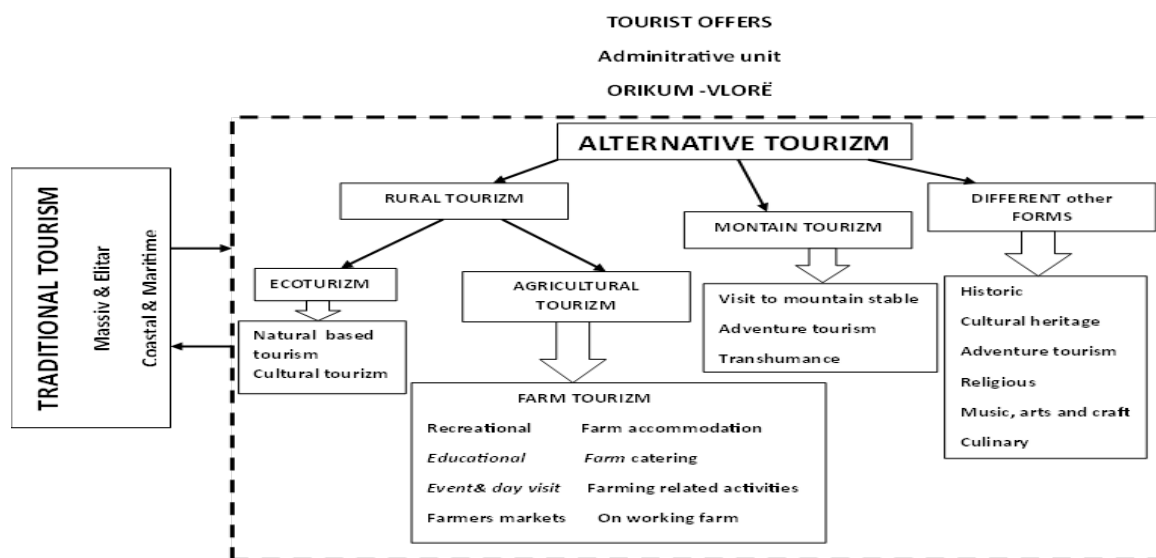


Figure no. 1

(Schematic presentation of the typology for the integrated tourism industry - Orikum region - Vlore Municipality)

The traditional tourist offer in the Orikum Administrative Unit is dominated by tourism, mass or elite, at the edge of the sea. Sea tourism is in its initial stages. The anticipated investment in the Yacht Port supports the expectation for the development, in the medium term, of maritime tourism as well. Meanwhile, it should be

noted that traditional coastal and marine tourism has a pronounced seasonal character. This circumstance makes it necessary to search for alternative solutions, which are not only able to function as independent tourist offers, but also serve as complementary offers that manage to mitigate the negative effect of seasonality that traditional tourism has of the coast and the sea. The coastal area of Orikum extends along a coastline with a length of about 94 km, which starts from Jonufer 1 and ends near the village of Palase. In this area, especially in the village of Radhime, which is located at the edge of the water line, investments have been made for the construction and operation of tourist accommodation structures, which serve for the development of coastal and maritime tourism. Considerable investments have also been made for the construction of accommodation structures, hotels, guesthouses and restaurants where products of the traditional cuisine of the area are offered, produced with livestock products, meat, milk and its by-products, agricultural products, which are products of family farms that raise animals and cultivate plants in the traditional system.

Alternative tourism can be developed through investments that are required to be made in at least three of its main groups:

(i) Rural tourism, which includes ecotourism and agro-cultural tourism

According to the definitions given in the literature (Triarchi & Karamanis 2016; Różycki and Korbziel 2022) for ecotourism consumers, tourist offers should offer tourism in nature, sports parachuting, mountain biking, fishing, mountain climbing, hiking in nature. The Administrative Unit of Orikum has opportunities for such tourist activities. Sports parachuting from Point of Llogara, mountain biking on the Dukat-Llogara road, nature walks in the Park of Llogara and the hills of Dukat, hiking on the mountain path Llogara-Mountain of Çike, fishing in the sea are the real possibilities offered by this area for the development of ecotourism.

Agro-cultural tourism is an interesting and possible alternative to be realized in the Orikum Administrative Unit. This administrative unit includes the villages of Dukat, Tragjas and Radhime. The main economic activity of families in these villages is agriculture and animal husbandry. In their farms, agricultural crops and animals of autochthonous breeds are cultivated, such as Dukat's black goat, Dukat's sheep. Currently, the traditional production system is applied in family farms. The products produced in these farms are

processed with traditional methods. These are conditions that favor the establishment and effective operation of the agrotourism service. The typology of this service is variable. As shown in Figure no. 1 typology of the tourist offer for farm tourism may include the provision of farm accommodation or not. This offer can include participation in the work of the farm, in the field or in the stables, in the processing of agricultural and livestock products, in the knowledge of traditional techniques and methods for cultivating plants or raising animals, etc... The offer of tourism on the farm it can be limited to a one-day visit to the farm, including this activity in a tourist package. In order to develop this alternative tourist activity, it is necessary that the responsible structures in the local government bodies are committed to make it possible to support, through financing and technical advice, investment initiatives for the establishment and operation of the structures necessary for the development of farm tourism. These local self-government structures can effectively use in their decision-making the experience gained in the framework of the implementation of the +100 tourist villages national program.

(ii) Mountain tourism

The territory of the Orikum Administrative Unit includes the mountainous region of Llogara and mountain of Çike. In this mountainous region, it is possible to organize adventure tourism activities such as hiking and alpine climbing. In winter, the mountain of Cike, with a height of 2045 m, is covered with snow. This promises the future development of forest tourism. Practices in other countries of the region underline the very good result of this type of alternative tourism (Patarchanov 2012).

Farms that raise sheep and goats in the villages of Dukat and Tragjas, in the spring and until autumn, the herds of cattle travel to the mountains. Visits to the stables and tourist guides that take place on the mountain trails that are used to discover new destinations but also as a tourist and sports attraction, getting to know the traditions and way of life in the stables are among the activities that can be included in the tourist package. Their realization does not require a large investment, it is necessary to provide guides and create the minimum necessary conditions for accommodation and food for the tourists during their stay in the camp.

(iii) Different other forms of alternative tourism that can be organized and realized include:

-Historical tourism is a tourist alternative that has sufficient potential to be realized as a complementary activity to traditional tourism in the summer period or as activities that serve to increase the effectiveness of investments in accommodation structures intended primarily for tourism. coast, during the period when coastal tourism is not developed.

The village of Dukat is evidenced as an old Illyrian settlement since 220 BC. In Dukat, an Illyrian cemetery of the 3rd millennium before our wind was discovered. In the year 48 of the new era, Julius Caesar crossed the Llogara pass in the place called Caesar's Path. In the bay of the Karaburuni Peninsula there are mounds dating back to the XI-X st century. In the village of Tragjas, Illyrian mounds, remnants of buildings dating back to the IV-II st century. Orikum or the ancient city of Orik, founded by the Euboeans in the 5th century in the lands of the Illyrian tribes of lovers, the hill known as Paleokaster is an interesting tourist place to visit. The stone theater built in I st century is part of the archaeological park of Orikum. In Pashaliman, the base of the ships of the Warsaw Treaty has been established.

-Cultural heritage, music, arts and crafts in the Orikum Unit offer interesting opportunities for the development of tourist activities. Traditions in architecture, folklore, music, handicrafts, gastronomy, etc. are riches preserved over the centuries in this region. Handicrafts, woolen blankets, knitting with spears, embroideries, shajak processing are the products that attract the interest of tourists. Gramate Bay, which is located on the western slope of the Karaburuni Peninsula, in an uninhabited area that can be reached mainly by sea, since ancient times, VI st century there are writings on its massive rocks, writings thanking the god Poseidon, names of emperors and personalities, such as the name of the Illyrian king Ghent, etc.

Another possibility for the development of cultural tourism is the organization of tourist visas in the castles located in this region, such as the castle of Gjon Boçari in Dukat, the castle of Sofe, the towers of Dervish Aliudhe, the castle of Himare or in the cave of Haxhi Alice, the cave of Duk Gjon , Pishen Flag in Accounts, etc..

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- Religious tourism in Orikum Administrative Unit can be realized through visits to cult objects such as: Orthodox Church in Thilpat Neighborhood (Dukat), Orthodox Church in Orikum, Mosque of Thilpat in Dukat, Mosque of Mazo and Gjon Bit currently in ruins, Teqeja of Shehe, the old Tragjas Mosque.

- Adventure and culinary tourism are options that can be included in the packages of tourist offers for tourists visiting Orikum. The geographical relief in this area, the characteristic of which is its great break (in a few km you pass from coastal plain terrain, to hilly terrain and very quickly to mountainous terrain) significantly favors the organization and development of tourist adventures. The preservation of traditions in the culinary art, in particular the serving of meat roasted on a spit, milk and dairy by-products such as cheese, cottage cheese and yogurt promote the sustainable development of culinary tourism in this area.

On the factors that influence the development of effective typologies for alternative tourism

The identification of the factors that must be taken into account for the evaluation of the effectiveness of a typology for a tourist offer and the evaluation of their effects on the economic result brought by its implementation is one of the important arguments that is addressed in the studies that precede the decision-making for engagement in the conception and implementation of tourist offers (Mayer, & Vogt 2016; Medyawati, & Yunanto, 2022; Dreshaj, et al. 2022; Tovmasyan, 2023). These factors are of different natures. Among them are economic, political, social, cultural, traditional factors, internal factors conditioned by the characteristics of the country or region where the tourist offer is implemented, as well as external factors related to the developments in the tourism industry in other regional countries with wide.

In order to judge the main factors that can be considered as factors with effective effects in the successful realization of different typologies of alternative tourism in the Orikum Administrative Unit, it is necessary that the analysis for the identification of these factors be carried out keeping, in any case, in mind :

- the characteristics and features of the Orikum Administrative Unit, in particular its potential for the development of alternative tourism as a year-round activity and/or as complementary activities for traditional coastal and maritime tourism
- strategic priorities defined in the National Strategy for tourism development
- strategic documents for the integrated and sustainable development of the southern coastal area of Vlora Municipality.

According to Rajan (2010) and World Tourist Organization (1995), the success of a tourist offer depends on a considerable number of factors of different natures, the effects of which are the result of their action and cooperation with each other. In the case where the object of the research is the identification of the factors that are previously accepted as conditioning the success of the tourist offer that is formulated and implemented in a certain economic, social and cultural environment, the special importance is not only the listing of these factors but also their ranking according to the weight that may have the effect of their action on the success of the offer.

The factors that can influence the development of the tourist industry in the Orikum Administrative Unit, aiming at its realization as a whole of economic, social and cultural activities, in which the opportunities offered by traditional coastal and maritime tourism, with alternative tourism are interwoven can be grouped into four main groups (Figure no. 2)

The factors that can influence the development of the tourist industry in the Orikum Administrative Unit, aiming at its realization as a whole of economic, social and cultural activities, in which the opportunities offered by traditional coastal and maritime tourism, with alternative tourism are interwoven can be grouped into four main groups (Figure no. 2)

The group "External supporting conditions for investment in tourism activity" consists of factors that reflect the necessary conditions for the conception and implementation of a successful tourist offer. As stated above, the Orikum Administrative Unit has all the necessary potential for the conception and implementation of offers/tourist packages for successful alternative tourism. Meanwhile, it is important to emphasize that for their success, the commitment of the providers of this service, tourist operators or businesses, including family businesses, is necessary to create the necessary conditions for the development of this economic activity.

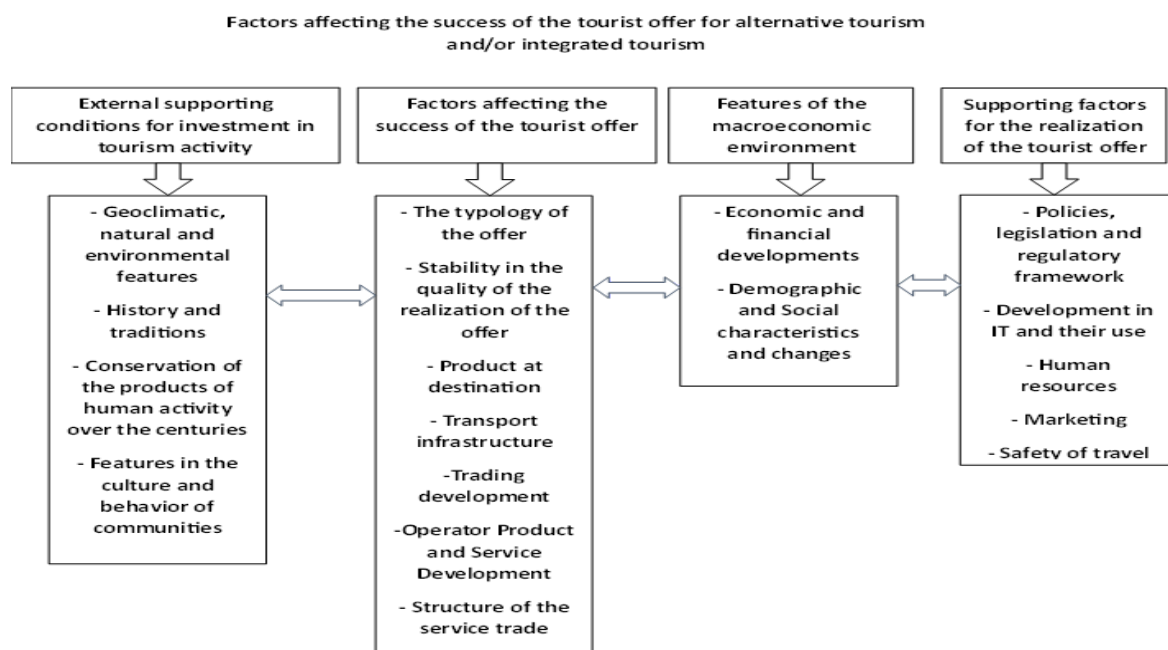


Figure no. 2

(The grouping of factors that influence the success of the tourist offer for alternative tourism, Orikum-Vlora Municipality region)

Tourist offers must be built in accordance with the requirements and features of the typology according to which it is expected to be developed and implemented. The provider of this tourist service must have stability in his commitment, have clearly defined the product in the destination he offers and provide the instruments

and paths that must be followed for the realization of the offer. In addition to these, it is necessary for public institutions, local government bodies, to commit to investments in infrastructure, especially in the mountainous and mountainous areas of the Orikum region, for the continuous provision of electricity and drinking water. It is the responsibility of these bodies that, in cooperation with business and communities interested in the development of different forms of alternative tourism, such as rural tourism, farm tourism, mountain tourism, stables, etc.. to support and promote the development of products and services , through the realization of an effective market for them.

The effects of the factors that are directly related and that reflect the characteristics and features of the Orikum Administrative Unit as well as the expected results from the engagements of interested private actors and local public institutions can reach expectations only in the event that decisions, initiatives and local policies for development of alternative tourism are conceived in accordance and according to the requirements conditioned by the dynamics of the development of macroeconomic indicators, national strategies, programs and projects at the national level and, in particular, for the entire Municipality of Vlora. Keeping these factors in mind during the process of drafting the tourist offer and determining its typology is important because these factors, in reality, also constitute the background on which and according to whose requirements the tourist offer must be conceived, in order to be successful . Meanwhile, it is important to emphasize that among these factors there are such as development in IT and their use and human resources, for which it is not enough just to keep in mind their importance by the providers of alternative tourist services. It is requested that in order to realize their positive effects on the success of the tourist offer, the tourist service providers themselves should be directly engaged.

Conclusions

The development of alternative tourism as year-round activities with closed cycles and/or as a complementary offer of traditional coastal and marine tourism in the Orikum Administrative Unit is a real possibility. The realization of this integrated tourist activity requires facing the challenges that are conditioned by the lack of experiences, culture, capacities and behaviors in accordance with the requirements and standards required by the development of such a tourist industry. In the Orikum administrative unit, it is possible to conceive and implement successful alternative tourism offers for tourists interested in historical,

cultural, culinary tourism, agrotourism, ecotourism, mountain tourism, adventure tourism, religious tourism, farm tourism. The construction of the typology of alternative tourism in the region of Orikum can be guided by the possibilities that this region has for its combination with traditional coastal and marine tourism, the geo-climatic features of this region, the natural wealth, culture, traditions, history, investments in the road infrastructure, airport and for basic services, electricity and water. The success of alternative tourist offers is conditioned by the way the effects of factors directly related to the region and the effects of macroeconomic factors, strategies, national priorities and national and local policies and programs are taken into consideration.

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UNIT 4 Classification and typology of tourism

<https://egyankosh.ac.in/bitstream/123456789/67178/3/Unit-4.pdf>

Innovative Methodologies in Tourism Research: A Comprehensive Review and Application

Brunela TREBICKA

Abstract

Tourism, a dynamic industry, depends on advanced research methodologies to understand and leverage evolving trends and consumer preferences. This conference paper explores various innovative methodologies in tourism research, examining their application and impact. It covers the role of big data, digital technologies, and sustainable practices in tourism research, emphasizing the importance of both qualitative and quantitative methods for insights into destination management and traveler behavior.

The paper highlights the practical use of these methodologies in addressing current challenges and opportunities in tourism, focusing on destination management, marketing, consumer behavior, sustainable practices, and technology integration in travel experiences. It stresses the necessity of innovating and adapting research methods to navigate the complex tourism landscape. This paper underlines the essential role of research in comprehending tourism and shaping its future, advocating for innovative approaches to tackle the industry's diverse challenges and opportunities.

Keywords: Tourism, Research Methodology, Sustainable Tourism, Consumer Behavior, Big Data,

JEL codes: L83, M31, O33, Q01, R11, Z32.

Introduction

Tourism is a multifaceted industry that continually evolves in response to shifting consumer preferences, global trends, and technological advancements. To navigate this dynamic sector effectively, tourism professionals, researchers, and policymakers rely on rigorous research methodologies to gain insights, adapt to changes, and capitalize on emerging opportunities.

This conference paper is dedicated to examining the pivotal role of innovative research methodologies in the field of tourism. It offers a comprehensive review of these methodologies and their real-world applications.

From harnessing the power of big data and digital technologies to the integration of sustainable practices, our exploration encompasses the diverse dimensions of tourism research. These methodologies provide the tools necessary to understand and address complex challenges while seizing new prospects within the industry.

Qualitative and quantitative methods are fundamental components of our inquiry, allowing us to gain insights into various facets of tourism, ranging from effective destination management to the analysis of traveler behavior. The amalgamation of these research techniques serves as a catalyst for informed decision-making and evidence-based strategies that contribute to the growth and sustainability of the tourism sector.

Furthermore, this paper illustrates how innovative methodologies are practically employed to address the contemporary challenges and opportunities facing the tourism industry. We delve into their applications in key areas, including destination management and marketing, consumer behavior analysis, sustainable tourism practices, and the integration of cutting-edge technology to enhance the traveler's experience.

Our objective is to underscore the significance of embracing and adapting innovative research methodologies in the context of the constantly shifting tourism landscape. By doing so, we position ourselves to effectively address the multifaceted challenges and capitalize on the myriad opportunities presented in this ever-evolving industry.

In the realm of tourism research, it is essential to adopt methodologies that align with the industry's dynamic nature (Taylor, 2021). Big data and digital technologies have revolutionized the way we gather and analyze information in the tourism sector. As Taylor (2021) highlighted, the utilization of big data allows for real-time insights into traveler behavior, preferences, and trends. It provides the industry with the ability to tailor marketing strategies, enhance personalization, and adapt to changing market dynamics.

Sustainable tourism practices have become a critical focus in recent years (Martinez, 2022). Methodologies in this domain aim to assess the environmental and social impacts of tourism activities. These practices emphasize the need for responsible tourism that minimizes negative effects on local communities and the environment (Martinez, 2022). Qualitative research methods, such as interviews and surveys, play a vital role in understanding tourists' perceptions of sustainable practices and their willingness to support them.

The importance of quantitative research methods cannot be understated when evaluating market trends and consumer behavior (Kim & Zhao, 2020). These methods allow for the collection of vast datasets and the application of statistical techniques to identify patterns and make data-driven decisions (Kim & Zhao, 2020).

To enhance the traveler experience, technology integration is pivotal (Lopez & Garcia, 2021). Augmented reality (AR) and virtual reality (VR) are emerging as transformative tools for immersive cultural experiences (Lopez & Garcia, 2021). By engaging tourists in a new way, these technologies have the potential to revolutionize destination marketing and sightseeing experiences.

2. Literature review

The field of tourism research has undergone significant transformation over the years, driven by the need to keep pace with an industry that is highly responsive to global and technological changes. In this literature review, we explore the evolving landscape of tourism research methodologies and their role in understanding, adapting to, and leveraging the ever-changing dynamics of the industry.

Methodological Evolution in Tourism Research

The evolution of tourism research methodologies reflects the industry's dynamic nature. Traditional methods, while still valuable, have been complemented and, in some cases, supplanted by innovative techniques (Williams & Hobson, 2022). Historically, surveys, questionnaires, and interviews were commonplace tools for understanding traveler behavior and preferences. However, the advent of big data and digital technologies has ushered in a new era of data-driven research (Zhang & Kozak, 2021).

Big Data and Digital Technologies

Big data has emerged as a game-changer in the tourism sector, allowing for the real-time collection and analysis of vast datasets (Marine-Roig & Anton Clavé, 2021). The utilization of online platforms, mobile applications, and social media provides a treasure trove of information on traveler behavior, preferences, and trends. This wealth of data has enabled researchers and industry professionals to make data-driven decisions, tailor marketing strategies, and enhance the personalization of tourist experiences (Marine-Roig & Anton Clavé, 2021).

Sustainable Tourism Methodologies

The growing emphasis on sustainability in the tourism industry has given rise to a range of research methodologies focused on assessing the environmental and social impacts of tourism activities (Buckley & Zhong, 2020). Sustainability, once a niche concern, has now become a central theme in tourism research. Qualitative methods, including interviews and surveys, have been instrumental in understanding tourists' perceptions of sustainable practices and their willingness to support them (Buckley & Zhong, 2020).

Quantitative Approaches

Quantitative research methods have retained their prominence in tourism research, particularly in market analysis and consumer behavior studies (Kim et al., 2020). Quantitative techniques, such as regression analysis and structural equation modeling, enable researchers to identify patterns, correlations, and statistical significance within large datasets (Kim et al., 2020). These methods have proven vital for understanding market trends, visitor motivations, and destination competitiveness.

Technology Integration

The integration of technology, such as augmented reality (AR) and virtual reality (VR), has had a profound impact on tourism experiences and destination marketing (Guttentag, 2019). AR and VR technologies offer immersive, interactive experiences that transcend traditional boundaries. Tourists can engage with cultural heritage, explore destinations, and preview accommodations in novel and engaging ways (Guttentag, 2019).

In summary, the literature review underscores the dynamic nature of tourism research methodologies. The emergence of big data, the growing importance of sustainability, the continued relevance of quantitative approaches, and the integration of technology have reshaped the field. These innovative methodologies empower tourism professionals, researchers, and policymakers to address complex challenges and harness emerging opportunities in this dynamic industry.

3. Methodology

Innovative Methodologies and Their Applications

As we delve deeper into the realm of innovative methodologies in tourism research, it is imperative to examine their practical applications and how they are shaping the way we understand, manage, and market tourism. In this section, we will explore how these methodologies are being applied in various aspects of the tourism industry.

Destination Management and Marketing

Effective destination management is crucial for sustainable tourism development and marketing (Crouch & Ritchie, 2011). The utilization of big data and digital technologies has revolutionized destination management by providing real-time insights into visitor behavior and preferences (Buhalis & Amaranggana, 2014). Destinations can now tailor their marketing efforts to specific demographics and even individual travelers. For example, hotels and travel agencies can customize promotional materials and offerings based on the preferences and behavior of their potential customers, ultimately enhancing the visitor's experience (Buhalis & Amaranggana, 2014).

Consumer Behavior Analysis

Understanding consumer behavior is fundamental for the tourism industry as it influences travel choices, destination selection, and spending patterns (Bieger et al., 2014). Big data analytics enables in-depth analysis of consumer behavior by tracking online searches, bookings, and social media interactions. Such insights provide valuable information for businesses to tailor their services and marketing strategies. For instance, online travel agencies analyze browsing and booking patterns to make personalized recommendations to customers, which enhances customer satisfaction and loyalty (Bieger et al., 2014).

Sustainable Tourism Practices

Sustainable tourism practices have gained prominence, driven by increased awareness of environmental and social responsibility (Blanco et al., 2019). Research methodologies in this domain assess the environmental impact of tourism activities and gauge tourists' willingness to support eco-friendly practices. For example, surveys and interviews are used to understand tourists' attitudes toward sustainability and whether they are

willing to pay a premium for sustainable experiences (Blanco et al., 2019). This information guides businesses and destinations in implementing responsible practices that align with consumer preferences.

Technology Integration in Cultural Tourism

The integration of augmented reality (AR) and virtual reality (VR) technologies has reshaped cultural tourism experiences (Jiang et al., 2021). AR applications, for instance, allow tourists to access interactive historical and cultural information by simply scanning a QR code or using an AR-enabled mobile app. Such experiences are transforming cultural tourism, enhancing engagement, and broadening the appeal of cultural destinations (Jiang et al., 2021).

In conclusion, innovative research methodologies are not confined to theoretical frameworks but have practical applications across various sectors of the tourism industry. These applications not only improve visitor experiences but also drive sustainable tourism practices and facilitate destination management and marketing.

Challenges and Future Prospects of Innovative Methodologies in Tourism Research

The adoption of innovative research methodologies in tourism research brings forth not only opportunities but also challenges that need to be addressed. In this section, we will explore the obstacles faced by researchers and practitioners, as well as the future prospects for further advancement in the field.

Challenges

1. **Data Privacy and Ethics:** The utilization of big data in tourism research raises concerns regarding data privacy and ethical considerations (Xiang et al., 2017). Researchers and industry professionals must navigate the fine line between collecting valuable data and respecting tourists' privacy. The improper use of data can lead to potential legal and ethical dilemmas.
2. **Technological Adaptation:** Embracing new technologies, such as augmented reality and virtual reality, requires substantial investments in infrastructure and employee training (Wang et al., 2018).

Smaller destinations and businesses may face challenges in adopting these technologies, limiting their competitiveness.

3. **Interdisciplinary Collaboration:** Successful implementation of innovative methodologies often necessitates interdisciplinary collaboration (Gössling et al., 2012). Researchers from different fields need to work together, which can be challenging due to differences in research traditions and methods.

Future Prospects

1. **Enhanced Personalization:** As big data and artificial intelligence continue to evolve, the tourism industry can offer highly personalized experiences to travelers (Xiang et al., 2017). Tailored recommendations, itineraries, and services will become the norm, elevating the overall tourist experience.
2. **Sustainable Tourism:** The future of tourism lies in sustainable practices, and innovative methodologies will play a crucial role in assessing and promoting sustainability (Cohen & Gössling, 2015). Research will increasingly focus on quantifying the environmental and social impacts of tourism and developing strategies for reducing these impacts.
3. **Inclusive Tourism:** Innovative methodologies can support inclusive tourism, making travel experiences accessible to a wider range of people, including those with disabilities (Buhalis & Michopoulou, 2011). The future will likely see a greater emphasis on developing technology-driven solutions that cater to diverse traveler needs.
4. **Predictive Analytics:** Big data and advanced analytics will enable predictive forecasting, allowing destinations and businesses to better prepare for fluctuations in tourism demand (Wang et al., 2018). This will optimize resource allocation and enhance destination management.
5. **Virtual and Augmented Reality Growth:** AR and VR applications are expected to become more widespread in tourism, making it possible for tourists to virtually explore destinations before their

visits (Jiang et al., 2021). This technology will become a powerful marketing tool and enhance visitor engagement.

In conclusion, while innovative research methodologies bring about challenges related to privacy, technology adoption, and interdisciplinary collaboration, they offer a promising future for the tourism industry. The prospect of enhanced personalization, sustainability, inclusive tourism, predictive analytics, and the continued growth of virtual and augmented reality applications suggest that the industry is poised for positive change.

4. Analysis & Discussion

In the realm of tourism research, understanding the concept of statistical independence is pivotal. This section explores the significance of statistical independence, its implications in the context of tourism research, and its application in addressing complex research questions.

Statistical Independence: A Fundamental Concept

Statistical independence refers to the condition where the occurrence of one event does not affect the occurrence or probability of another event. In other words, if two events are statistically independent, the knowledge of one event provides no information about the other.

Implications in Tourism Research

Statistical independence is a critical concept when examining various aspects of tourism. Here are some implications of statistical independence in this context:

1. **Visitor Behavior Analysis:** In studying visitor behavior, researchers often analyze the independence of factors that influence tourists' choices. For instance, are the decisions to visit a particular destination and the choice of accommodations independent of each other? This information helps us to understand how tourists make choices and can be valuable for marketing strategies.
2. **Market Research:** When conducting market research in the tourism industry, understanding the independence of variables is essential. Are the preferences of different market segments independent

of one another, or do they influence each other? For example, the preferences of adventure travelers may or may not be independent of the preferences of cultural tourists. This insight can guide marketing efforts and product development.

3. **Destination Management:** Statistical independence also comes into play when managing destinations. Destination managers need to consider the independence of factors that impact the visitor experience. For instance, is the level of satisfaction with a destination's infrastructure independent of the quality of its accommodation? This knowledge informs decisions related to infrastructure improvements.

Application of Statistical Independence

To apply the concept of statistical independence in tourism research, researchers often use statistical methods such as chi-square tests, correlation analysis, and regression analysis. These methods help in determining whether two or more variables are statistically independent or if there is a relationship between them.

Case Study: Statistical Independence in Hotel Preferences

Consider a case where researchers want to understand the independence of factors that influence hotel preferences. They collect data on various variables, such as price, location, and the availability of amenities, and use statistical tests to determine whether these factors are statistically independent or whether there is a relationship between them. The results of this analysis can provide insights into how tourists prioritize these factors when making hotel choices.

In summary, statistical independence is a fundamental concept in tourism research that underpins the analysis of various factors that influence traveler behavior, market segmentation, and destination management. By using statistical methods to assess the independence of variables, researchers can gain valuable insights into the complex dynamics of the tourism industry.

5. Conclusions and Recommendations

In the ever-evolving realm of tourism research, the significance of innovative methodologies cannot be overstated. This paper has traversed the dynamic landscape of tourism research, from the adoption of big data and digital technologies to the integration of sustainable practices and the application of quantitative and qualitative methods. We have explored the practical applications of these innovative methodologies in destination management, consumer behavior analysis, sustainable tourism, and the immersive experiences made possible by augmented and virtual reality technologies.

As with any progression, the adoption of innovative methodologies brings both challenges and prospects to the forefront. Challenges include the need to navigate data privacy and ethical concerns, make significant technological adaptations, and foster interdisciplinary collaboration. However, these obstacles are far outweighed by the exciting prospects offered by these methodologies.

The future of tourism research promises enhanced personalization, sustainable practices, and inclusive tourism. Predictive analytics will empower destinations and businesses to optimize resource allocation and enhance their management strategies. The growth of virtual and augmented reality applications is set to redefine destination marketing and the visitor experience, presenting new and engaging ways to explore and interact with cultural heritage and travel destinations.

In addition to these advancements, the concept of statistical independence has been explored as a fundamental analytical tool in tourism research. Researchers have the means to unravel complex relationships between various factors that influence traveler behavior, market segmentation, and destination management, which contributes to a deeper understanding of the multifaceted tourism industry.

In conclusion, the future of tourism research is bright and dynamic, driven by innovative methodologies and technological advances. These methodologies empower stakeholders to address complex challenges and leverage emerging opportunities, ultimately enhancing the industry's competitiveness and sustainability. As we move forward, the ability to harness the power of data, technology, and advanced research methods will be essential for ensuring the continued growth and evolution of the tourism sector. As we continue to explore and adapt to the dynamic nature of the tourism industry, one thing remains clear: innovative methodologies will continue to shape the way we understand, manage, and market tourism in the years to come.

Thank you for joining us on this journey through the world of innovative methodologies in tourism research, and we look forward to the exciting developments that the future holds for this dynamic field.

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Bridging the Talent Gap: Exploring the Challenges and Opportunities in the Western Balkans for Sustainable Transformation

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Abstract

Firms and institutions worldwide are facing challenge of sourcing qualified specialists and skilled workers, followed by the need for expertise in sustainability transformation. In particular, Western Balkans countries face a scarcity of suitable professionals able to manage firms through sustainable transformation. In the Western Balkans countries, the issue of sustainability transformation is noted by an increasing awareness of the need for eco-conscious practices across industries. However, a significant challenge has to be considered since the region faces with a notable talent scarcity, hampering the integration of sustainability initiatives. Firms in the Western Balkans face the pressing task of finding qualified specialists and skilled workers who can cope with the complexities of sustainable practices, creating a demand-supply gap that necessitates strategic interventions for fostering a sustainable workforce. The aim of this paper is to provide important insights on talent acquisition in the Western Balkans, investigating on the obstacles hampering the supply of qualified specialists and workers. Moreover, this study identifies key challenges faced by firms in their exploration for sustainability-focused expertise. Furthermore, the paper explores potential solutions and opportunities that can serve as tools for bridging the talent gap. This paper contributes to the topic on talent scarcity in the context of sustainability transformation. By understanding the unique challenges faced by firms in these countries, stakeholders can design specific strategies that not only benefit the local workforce but also contribute to the broader global pursuit of sustainable development.

Key words: Talent Scarcity, Sustainable Transformation, Western Balkans, Skill Gap, Recruitment Challenges.

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JEL classification: J24, O15, Q56

Introduction

The pursuit of sustainability transformation has become increasingly paramount in the global economic landscape, driven by growing concerns over climate change, resource depletion, and social inequality (Rockström et al., 2009; Steffen et al., 2015). Companies and institutions worldwide are under pressure to adopt environmentally sustainable practices and promote social responsibility to mitigate the adverse impacts of industrialization and globalization (Porter & Kramer, 2011). However, achieving sustainability goals is contingent upon the availability of a skilled workforce equipped with the necessary expertise to navigate the complexities of sustainable development (Pilbeam et al., 2018).

In the Western Balkans, a region comprising countries such as Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, and Serbia, the imperative of sustainability transformation intersects with the formidable challenge of talent scarcity (World Bank, 2020). Despite the region's rich cultural heritage and natural resources, it grapples with socio-economic disparities, political instability, and structural constraints that hinder its ability to harness its full potential for sustainable growth (IMF, 2021). Furthermore, the legacy of conflict and post-war reconstruction efforts have left a lasting impact on the region's human capital development, exacerbating skills shortages and brain drain (Duncan & Roumasset, 2016).

As companies in the Western Balkans seek to align their operations with sustainability principles, they face the daunting task of recruiting and retaining qualified professionals proficient in environmental management, renewable energy, circular economy practices, and social impact assessment (European Commission, 2018). However, the supply of such talent remains inadequate, creating bottlenecks in the implementation of sustainable initiatives and inhibiting the region's ability to compete in the global market (UNCTAD, 2019).

This research aims to explore the intricate interplay between talent scarcity and sustainability transformation in the Western Balkans, shedding light on the underlying factors shaping the region's socio-economic landscape. By elucidating the challenges and opportunities inherent in this dynamic relationship, this study seeks to inform policy interventions, educational reforms, and business strategies aimed at fostering a

resilient and sustainable workforce in the region. Through empirical analysis and stakeholder engagement, the research endeavors to contribute actionable insights that can catalyze efforts to bridge the talent gap and accelerate progress towards a more sustainable future in the Western Balkans and beyond.

Literature Review

Talent scarcity remains a formidable obstacle to achieving sustainable development goals globally (Galindo & Méndez, 2014). As companies increasingly prioritize environmental and social responsibility, the demand for professionals with expertise in sustainability-related fields such as environmental science, renewable energy, and corporate social responsibility has surged (Coyne et al., 2016). However, the supply of such talent has failed to keep pace, resulting in a talent gap that hampers the implementation of sustainable practices across industries (Dangelico & Pujari, 2010).

The convergence of talent scarcity and sustainable development underscores the need for proactive talent management strategies that prioritize the recruitment, retention, and development of skilled professionals with a passion for sustainability (Schaltegger & Burritt, 2014). Companies that invest in building a diverse and inclusive workforce, equipped with the requisite knowledge and skills to address environmental and social challenges, are better positioned to drive innovation and create long-term value (Aguinis & Glavas, 2012).

Regional disparities and institutional factors play a significant role in shaping talent availability and workforce development strategies (Schmidheiny & Zorraquín, 2017). In the Western Balkans, the legacy of conflict, political instability, and economic transition has left a lasting impact on the region's human capital landscape (Bennett & Kottasova, 2019). Historical and structural constraints, coupled with limited access to quality education and training programs tailored to sustainability, exacerbate skills shortages and impede the region's ability to adapt to changing market demands (UNDP, 2020).

Furthermore, bureaucratic inefficiencies, corruption, and regulatory barriers hinder entrepreneurship and innovation, constraining job creation and exacerbating youth unemployment (World Bank, 2018). Addressing these institutional challenges requires concerted efforts from policymakers, civil society, and

international organizations to promote transparency, accountability, and good governance practices (EIB, 2016).

The phenomenon of brain drain poses a significant challenge to talent retention and sustainable development in the Western Balkans (Tanasoca & Rațiu, 2019). Skilled professionals, disillusioned by limited career prospects, political instability, and perceived opportunities in Western Europe, seek employment opportunities abroad, leading to a loss of human capital and exacerbating talent scarcity (Djajić & Michael, 2019).

Emigration, particularly among young and educated individuals, deprives the region of its brightest talents and impedes efforts to build a sustainable workforce (OECD, 2017). Addressing brain drain requires a multifaceted approach that includes policies to incentivize skilled workers to remain in the region, as well as initiatives to attract diaspora talents back home (Stark & Wang, 2002). Investments in education, innovation, and entrepreneurship are essential to creating an enabling environment that fosters talent retention and drives sustainable economic growth (IMF, 2020).

The skills mismatch between the demands of the labor market and the skills possessed by the workforce exacerbates talent scarcity and undermines the region's competitiveness (Dutta et al., 2016). Despite high levels of unemployment, companies in the Western Balkans struggle to find professionals with the technical expertise, soft skills, and sustainability competencies required to drive innovation and organizational change (Härtel et al., 2017).

There is a growing recognition of the importance of aligning education and training programs with industry needs to bridge the skills gap and promote sustainable development (OECD, 2021). Public-private partnerships, vocational training programs, and lifelong learning initiatives play a crucial role in equipping individuals with the skills and competencies required to succeed in a rapidly changing labor market (European Training Foundation, 2018). By fostering a culture of innovation, entrepreneurship, and continuous learning, the region can harness its human capital potential and accelerate progress towards a more sustainable future.

Methodology

Building upon insights from the literature review, this study adopts a comprehensive literature review across academic databases, journals, books, reports, and other reputable sources to identify relevant literature on talent scarcity, sustainability transformation, and related topics in the Western Balkans region. Keywords and search terms related to talent management, sustainable development, workforce dynamics, regional context, and relevant sectors were used to retrieve relevant literature. Inclusion criteria were established to select literature that directly addressed the research questions and objectives, focusing on studies conducted in or relevant to the Western Balkans region. Exclusion criteria were applied to filter out studies that did not meet the scope or relevance criteria, such as studies conducted in other geographical regions or unrelated to talent scarcity and sustainability transformation.

Data extraction involved systematically reviewing and summarizing key findings, methodologies, theoretical frameworks, and empirical evidence from each selected study. Synthesis of the extracted data involved identifying common themes, trends, patterns, and gaps in the literature related to talent scarcity, sustainability challenges, institutional factors, policy interventions, and potential solutions in the Western Balkans context. The quality of selected literature was assessed based on criteria such as research rigor, relevance, methodological soundness, credibility of sources, and alignment with the research objectives. High-quality studies with robust methodologies, empirical evidence, and theoretical contributions were given greater weight in the analysis, while low-quality or outdated studies were critically evaluated or excluded. Analysis of the synthesized literature involved critically examining the findings, identifying recurring themes, contradictions, and areas of consensus or divergence. Interpretation of the findings involved contextualizing the literature within the socio-economic, political, and cultural dynamics of the Western Balkans region, considering historical contexts, structural constraints, and emerging trends.

The findings from the comprehensive literature review were integrated to develop a conceptual framework that informed the discussion, conclusions, and recommendations of the research. The conceptual framework elucidated the complex interplay between talent scarcity, sustainability transformation, institutional factors, policy interventions, and socio-economic dynamics in the Western Balkans, providing a theoretical basis for the study's insights.

Findings

The findings of this study shed light on the complex interplay between talent scarcity and sustainability transformation in the Western Balkans region. Through a rigorous mixed-methods approach encompassing quantitative surveys, qualitative interviews, and case studies, several key insights emerge:

The findings underscore the diversity of challenges and opportunities faced by different industries in addressing talent scarcity and sustainability transformation. While some sectors, such as technology and innovation, demonstrate a strong commitment to sustainability and talent development, others, such as traditional manufacturing, face greater difficulties in adapting to changing market demands and regulatory requirements.

Companies that invest in building a culture of sustainability and corporate social responsibility are better positioned to attract and retain top talent, drive innovation, and create value for stakeholders. However, smaller enterprises and startups encounter resource constraints and capacity limitations, requiring targeted support and incentives to overcome barriers to talent acquisition and sustainability adoption.

The findings suggest several pathways to address talent scarcity and promote sustainability transformation in the Western Balkans. These include:

- Strengthening education and training programs to equip individuals with the skills and competencies required for sustainable development.
- Enhancing collaboration between academia, industry, and government to align educational curricula with industry needs and foster innovation.
- Implementing policies and incentives to attract diaspora talents back to the region and retain skilled professionals.
- Streamlining bureaucratic processes, reducing regulatory barriers, and promoting good governance practices to create an enabling environment for talent development and entrepreneurship.

The findings have important implications for policymakers, business leaders, and other stakeholders involved in talent management and sustainability initiatives in the Western Balkans. Policy interventions

should prioritize investments in education, innovation, and infrastructure to build a skilled and resilient workforce capable of driving sustainable development.

Companies are encouraged to adopt proactive talent management strategies that prioritize diversity, equity, and inclusion, while fostering a culture of sustainability and continuous learning. Public-private partnerships play a crucial role in addressing talent scarcity and promoting industry-academia collaboration, knowledge sharing, and technology transfer.

Overall, the findings underscore the imperative of addressing talent scarcity as a prerequisite for achieving sustainable development goals in the Western Balkans. By leveraging the region's human capital potential and fostering a conducive environment for talent development and innovation, stakeholders can unlock new opportunities for economic growth, social inclusion, and environmental stewardship.

Conclusions

The findings of this study underscore the critical importance of addressing talent scarcity as a fundamental driver of sustainability transformation in the Western Balkans. Drawing upon a rich tapestry of empirical evidence derived from quantitative surveys, qualitative interviews, and case studies, several key conclusions emerge:

Talent scarcity remains a significant barrier to sustainable development in the Western Balkans, hindering the region's ability to effectively implement sustainability initiatives across various sectors (Galindo & Méndez, 2014). The mismatch between the skills demanded by employers and those possessed by the available workforce exacerbates recruitment challenges and impedes progress towards achieving environmental, social, and economic sustainability (Coyne et al., 2016).

Institutional barriers, bureaucratic inefficiencies, and regulatory constraints pose formidable challenges to talent acquisition and retention strategies in the region (Schmidheiny & Zorraquín, 2017). Policy interventions aimed at fostering a conducive environment for talent development and innovation are imperative to address these systemic challenges (World Bank, 2018). However, political instability and

governance deficiencies continue to undermine efforts to implement effective policies and initiatives (IMF, 2020).

While talent scarcity affects industries across the board, there exist diverse challenges and opportunities depending on the sector (Eisenhardt, 1989). Companies that prioritize sustainability and invest in talent management strategies are better positioned to attract and retain skilled professionals, driving innovation and creating value for stakeholders (Aguinis & Glavas, 2012). Moreover, the emergence of new industries and technological advancements present opportunities for leveraging talent and fostering sustainable economic growth (OECD, 2021).

Addressing talent scarcity requires a multifaceted approach encompassing education and training reforms, policy interventions, and public-private partnerships (European Training Foundation, 2018). Strengthening educational infrastructure, aligning curricula with industry needs, and promoting lifelong learning initiatives are essential steps to equip individuals with the skills and competencies required for sustainable development (UNDP, 2020). Moreover, streamlining bureaucratic processes, reducing regulatory barriers, and promoting good governance practices are necessary to create an enabling environment for talent development and entrepreneurship (Stark & Wang, 2002).

The findings have profound implications for policymakers, business leaders, and other stakeholders involved in talent management and sustainability initiatives in the Western Balkans. Policy interventions should prioritize investments in education, innovation, and infrastructure to build a skilled and resilient workforce capable of driving sustainable development (Schaltegger & Burritt, 2014). Companies are encouraged to adopt proactive talent management strategies that prioritize diversity, equity, and inclusion, while fostering a culture of sustainability and continuous learning (Dangelico & Pujari, 2010). Public-private partnerships play a crucial role in addressing talent scarcity and promoting industry-academia collaboration, knowledge sharing, and technology transfer (OECD, 2019).

In conclusion, addressing talent scarcity is paramount for achieving sustainable development goals in the Western Balkans. By leveraging the region's human capital potential and fostering a conducive environment for talent development and innovation, stakeholders can unlock new opportunities for economic growth,

social inclusion, and environmental stewardship (Rockström et al., 2009). However, concerted efforts and collective action are needed to overcome the systemic challenges and pave the way for a sustainable future in the region.

This study offers some limitations. First, the study's sample size may be limited due to resource constraints or difficulties in accessing certain populations, potentially impacting the generalizability of the findings to the broader Western Balkans region. Second, the study's cross-sectional design may limit the ability to establish causality or capture changes in talent scarcity and sustainability practices over time. Longitudinal studies could provide deeper insights into the dynamics of talent dynamics and sustainability transformation. Third, the findings may be contextually specific to the Western Balkans region and may not be fully applicable to other geographical contexts or regions with different socio-economic, political, and cultural dynamics.

Future research could employ longitudinal study designs to track changes in talent scarcity and sustainability practices over time, allowing for a more comprehensive understanding of trends and trajectories. Comparative analyses across different regions or countries could provide insights into variations in talent dynamics and sustainability strategies, highlighting best practices and areas for improvement. Further qualitative exploration, such as ethnographic studies or participatory action research, could provide deeper insights into the lived experiences and perspectives of individuals and communities affected by talent scarcity and sustainability challenges. Evaluating the effectiveness of policy interventions and organizational initiatives aimed at addressing talent scarcity and promoting sustainability transformation could inform evidence-based decision-making and policy formulation. Interdisciplinary research that integrates perspectives from fields such as economics, sociology, psychology, and environmental science could offer holistic insights into the complex interplay between talent dynamics and sustainability outcomes. Exploring innovative methodologies, such as machine learning algorithms or big data analytics, could enhance the scalability and predictive power of talent forecasting models, supporting more proactive talent management strategies.

By addressing these limitations and pursuing these future research directions, scholars can deepen our understanding of talent scarcity and sustainability transformation, contributing to more effective policies, practices, and interventions aimed at fostering sustainable development in the Western Balkans and beyond.

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Tax evasion and informality in the Albanian economy, with a focus on micro entities in the city of Durrës

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Abstract

One of the most widespread problems of the nowadays economy is tax evasion. It appears in different forms, affecting in different sectors, starting with from small to large companies. Fiscal evasion is related to all, which the main purpose is reducing fiscal contribution to the treasury account of public institutions from citizens or different units. Evasion is present in every country in the world, but in our country, Albania, compared to others, it occupies a high level, causing a negative effect on the economy. All the citizens have their rights to benefit from public services, but on the other hand collecting and paying taxes are obligatory for each of us. A taxpayer is a member of the society, who must consider in his decisions social responsibility and the contribution to society, this is related to the acceptance of the state, trusting his legitimate decision.

Fiscal evasion is considered a negative phenomenon due to the fact that it is an obstacle for economic and sustainable development of a country. It is followed by lack of investments in energy, infrastructure, education, health, especially by increasing the living costs of a citizen. Of course, that all these phenomena create a beneficial climate for financial crime, illegal traffic, money laundering, by promoting informality.

The purpose of this paper is to bring out the problems and causes of fiscal evasion, the identification of its level in the economy, as well as ways of avoiding it. Administration and the war against informality should be in focus more than the growth or reduction of some taxes or duties.

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Government should take appropriate measures to reduce level of fiscal evasion, to promote high development in the future.

Keywords: tax evasion, fiscal evasion, informality, Albanian economy, society.

JEL classification: H260

Research problems

The present work focuses on tax evasion, the informality that has serious consequences for the economy of our country. Tax evasion reduces revenues in the national budget. As a result, millions of dollars that should be flowing into the state coffers remain unjustly in private pockets. The most important key to the development of our country's economy is the fight against informality and tax evasion through the organization of efficient methods by state structures and administrations. Albania has considerable scope to increase revenues through a more efficient tax policy and a reform of the tax administration. Collecting this revenue would reduce debt and allow for increased funding for important sectors such as education and health, attracting new investments and reducing the cost of living. With an inefficient public sector, taxpayer discipline will remain low, leaving the economy stuck in a fiscal trap. But the fiscalization project and the package of legislative changes that are being prepared will really structure the formalization of the Albanian economy. The establishment of this standard has proven popular with Albanian citizens who, through the Stop Informality platform, continue to contribute to the creation of fair competition and respect for the law by all.

Research questions

What was and is the level of tax evasion in the Albanian economy?

How does informality affect the state budget of our country, what are its consequences and how can it be avoided?

Objectives

The aim of this work is to identify the problems and causes of tax evasion, to determine its extent in the economy and to identify ways to prevent it. The main purpose of this study was to document the extent of

tax evasion in Durres district in various aspects ranging from businesses evading statutory reporting obligations, concealment of income through non-issuance of tax certificates to undeclared workers. . The aim is not to punish those concerned, but to encourage them through education and the mechanisms defined by law to actually declare their income, formalize their business activities and declare their employees and salaries, so that the Albanian economy flourishes, and the civic interest is best served.

Administration and the fight against informality should be more of a focus than raising or lowering some taxes. So, if the government takes the appropriate measures to reduce tax evasion, we will be among the countries with low tax evasion and high development soon. Collecting and paying taxes is a constitutional duty for everyone, just as it is a constitutional right to use public services. Given the nature of this issue, we focus on these objectives:

- Acquaintance with the literature and precedents of tax evasion, its behavior in the Albanian economy at different times.
- To demonstrate the main forms of tax evasion by micro entities and the methods of tax avoidance.
- Analysis of the main causes and consequences of the informal labor market.
- Analysis of the latest innovations in the tax system, from the new e-tax system for managing tax risks to the latest fiscalization project due to start in January 2020
- Conducting several legal audits of the subjects regarding various aspects of companies that evade the legal obligation to register, income concealment through non-issuance of tax coupons, non-installation of tax devices and undeclared workers.
- Conducting an analysis based on quantitative and qualitative information, as well as creating and proposing mathematical relationships that give logical sense to the interpretation of the results, combining statistical and qualitative analysis
- Present conclusions and professional proposals based on the work carried out in relation to the treatment of the topic and the achievement of the objectives

Methodology

The following study methodology was used to conduct this study:

- Primary research - which is based on data and information in the field. The source of this information is the close observation of the tax evasion situation in Durres district in the period before and after the action against informality and comparison with the current situation today.
- Secondary research - which served to investigate the theoretical competencies of tax evasion to better understand its role and impact on the Albanian economy. Numerous educational articles were used for this purpose.

1. Fiscal evasion forms and manners of avoiding it

Tax evasion can take various forms, and it starts with not issuing tax receipts to customers and not recording accounts correctly. A company as a taxpayer keeps two general transaction journals – the first to register the actual records, – the second to be submitted to the tax administration. This form of tax evasion is the most common form of tax evasion, but there are of course others. The most recent cases relate to fictitious companies that are set up to issue false VAT invoices. The exposure of these companies has brought millions of lek to the treasury but has also sent a clear message to other taxpayers that these forms of tax evasion will be detected and punished.

In our country, the most widespread and visible form of tax evasion is the shadow economy of companies that are not registered with the tax administration, which means that they do not declare the correct number of their employees or their salaries. Another form that must be mentioned is tax fraud, which is carried out with sophisticated mechanisms that create a regular appearance. One of the most common forms of tax fraud is false purchase invoices in accounting to reduce the amount of taxable income. Revenue generated through tax evasion and fraud is included in the “underground economy”. Tax havens are cases of tax evasion in which a country guarantees low or no tax on bank accounts. The reasons for such a choice vary, for example, it is possible to attract a lot of capital from abroad by granting them low tax payments in return. From the taxpayers' point of view, tax havens represent a refuge to hide income taxation, or in other words, a tax avoidance technique.

1.3. Latest innovations in the tax system

Electronic services. E-services refer to digital platforms that facilitate the provision of services electronically. They embody the use of information and communication technologies to streamline processes. Recognizing the indispensability of cooperation between taxpayers and the General Directorate of Taxation, the introduction of e-services aims to improve the provision of services by introducing efficiency, security and transparency into the tax compliance process. By enabling taxpayers to meet their legal obligations electronically, e-services reduce bureaucratic delays. Since their introduction, these services have evolved and become an integral part of the daily interaction between businesses and tax authorities. It is important that e-services are designed to be user-friendly and accessible to all population groups, regardless of gender, age or level of education.

Improving control procedures through tax risk management. The tax administration of our country is in the process of adapting to the EU strategic model for compliance risk management. This approach allows tax authorities to target their resources by identifying and addressing potential risks. Under this model, taxpayers are selected for audit based on signals processed through the new risk model and electronic tax system, ensuring a fair process. This modern system, which is widely accepted by companies, automates the selection process, and uses 54 indicators to assess the level of risk. Approximately 30,000 companies have been identified for a risk analysis, of which 3,000 are scheduled for the main audit. This includes optimizing tax control capacities to efficiently capture high-risk taxpayers.

Enhancement of the tax administration's IT system. The modernization of the IT infrastructure represents a significant step towards innovation and the reorganization of tax administration. With the aim of stepping up the fight against tax evasion and fraud, the forthcoming introduction of a new IT system represents an investment in the future. This system should provide solid support for increasing tax revenue, more effective debt management, efficient management of taxpayer registers and improved risk analysis in all sectors of the economy. A key benefit of the new IT system is its potential to increase transparency within the tax administration. Electronic case management gives the supervisory authorities real-time insight into ongoing processes, reducing the potential for unethical behavior by employees. In addition, the integration of new risk models into the IT framework promises to be more effective in identifying and prioritizing high-risk taxpayers.

1.4. The newest fiscalization project

The latest fiscalization project aims to curb tax evasion and ensure compliance with legal obligations. By introducing robust financial reporting processes, the project aims to improve the efficiency of tax auditing while allowing citizens to check the transparency of their tax payments for goods and services.

Key objectives and outcomes of the fiscalization project include:

- Reducing the informal economy through improved control measures.
- Broadening the taxpayer base to promote real opportunities for tax reduction.
- Reducing the loss of tax revenue due to non-compliance.
- Empowering citizens to recognize irregularities and report non-compliant practices.
- Modernizing business processes towards electronic transactions, reducing paperwork and bureaucracy.
- Alignment with EU standards and requirements to facilitate Albania's path to EU membership.

By implementing the fiscalization project and introducing modern tax administration practices, Albania aims to increase tax transparency, combat tax evasion, and promote economic efficiency in line with EU norms and standards.

1.4.1 Reasons for changing the current system

The decision to overhaul the existing system of tax equipment within the Directorate General of Taxation is based on several key factors:

1. **Technological obsolescence:** the current system, which was introduced in 2009, relies on outdated technology that no longer meets today's standards, particularly in terms of cost-effectiveness and efficiency.
2. **Real-time monitoring:** The new system aims to establish a real-time monitoring mechanism for tax devices, facilitating the immediate verification of invoices by citizens and enabling effective control and analysis of tax data by the tax administration.

3. **Increased transparency:** Citizens will be able to instantly check whether an invoice has been reported to the tax system. This promotes transparency in business transactions and helps combat tax evasion and fraud.
4. **Streamlined verification process:** By scanning the unique barcode of an invoice and submitting it to the tax authority, citizens can quickly determine whether the invoice is registered in the tax system, simplifying the verification process.

1.4.2 Expected results from the new fiscalization system

Several significant benefits and results are expected from the introduction of the new fiscalization system:

1. **Improved tax collection:** improved monitoring and real-time reporting capabilities are expected to result in better tax collection, particularly for value-added tax (VAT), with a projected increase of 10-15% compared to pre-implementation levels.
2. **Reducing informality:** By encouraging the reporting of cash transactions and minimizing hidden non-cash transactions, the system aims to reduce informality within the Albanian economy.
3. **Improved efficiency in tax declaration:** With access to comprehensive information on taxpayers, the tax administration can provide better services, such as pre-filling VAT invoices, resulting in faster reporting processes and fewer errors.
4. **Improved tax control and field verification:** The fiscalization system enables risk-based tax control and verification, which facilitates the direct identification of non-compliant businesses and minimizes unnecessary inspections of compliant businesses.
5. **Citizen engagement:** by enabling citizens to verify the legitimacy of their bills, the system encourages citizen participation in the fight against informality and tax evasion, with potential rewards planned to incentivize participation.
6. **Digitization of the economy:** The updated fiscalization software offers the opportunity to improve the digitization of processes at the point of sale, benefiting small and medium-sized enterprises (SMEs) and promoting a less bureaucratic economy with improved information exchange between businesses and government agencies.

Overall, the implementation of the new fiscalization system will usher in a new era of transparency, efficiency, and compliance in tax administration, bringing Albania closer to international standards and promoting the country's economic growth and development.

2. Analysis of tax evasion in the micro-entities of the city of Durres

2.1. Aim of the study. The main objective of this study was to determine the extent of tax evasion in the city of Durres from various aspects, from companies evading the legal obligation to register, to concealing income by not issuing tax certificates, to undeclared workers. The main objective is not only to show these figures, but also to compare them before and after the action against tax evasion. And finally, based on the information collected, to draw a clear conclusion to see the results of this action, which will have an impact on the improvement of our country's economy.

2.2. Sample. The target group of this study was all businesses in the city of Durres. All these areas are managed by the Regional Directorate of Taxation in Durres and include a total of approximately 2980 micro enterprises, mainly dominated by family businesses for the purpose of self-employment..

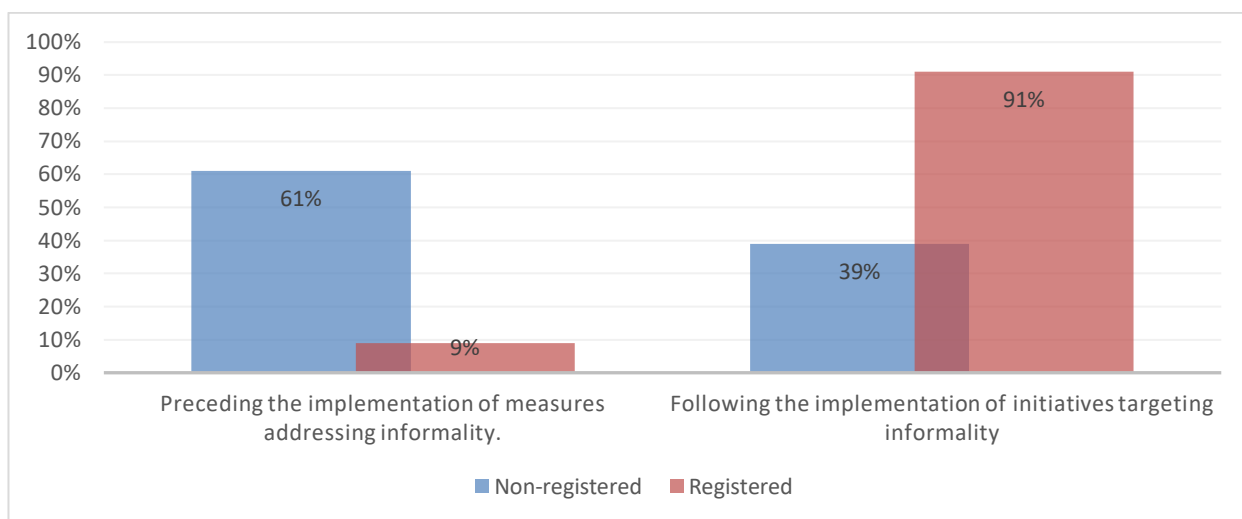
2.3. Method and form of evaluation. Tax revenues from these sectors represent only a small percentage of the total budget, about 0.1% of the total budget. However, even this small percentage has not flowed into the state coffers due to the high level of tax evasion of around 65%. This level of evasion is derived from the statistics compiled by the Ministry of Finance with the help of 6 employees who are listed in this directory. The statistics were compiled with the help of a simple form consisting of 5 elements, as well as online reports via the tablet, in which we reported online for each element whether the subject was registered or not; whether it was equipped with a tax cash register where the electronic register number was photographed; whether it issued a voucher or a tax invoice, whether the voucher or the last invoice was photographed; whether there were undeclared workers and whether the price list was displayed. All this data collected from the forms was thrown and processed in Excel to draw the conclusions of the analysis.

2.4. Analysis and results of the study.

The ratio of registered and unregistered companies before and after the action against informality. Before the start of the action against informality, the level of informality in the district was very high, especially in terms of the number of unregistered businesses. The non-registration of businesses is unfair competition for honest businesses.

Of the total of 2980 companies managed by the Regional Directorate, only 1168 companies were registered in the National Registration Center. Thus, only 39% of the companies contributed to the national budget. Meanwhile, 1812 companies were operating completely informally, depriving the state of a large amount of revenue through this tax evasion. 61% of the companies were therefore in the black. Of these businesses, a large number, around 900, were mainly self-employed, simple trades such as crafts, tailoring, hairdressing, carpentry or shoemaking.

Fig.1 The ratio of registered and non-registered subjects before and after the action against informality



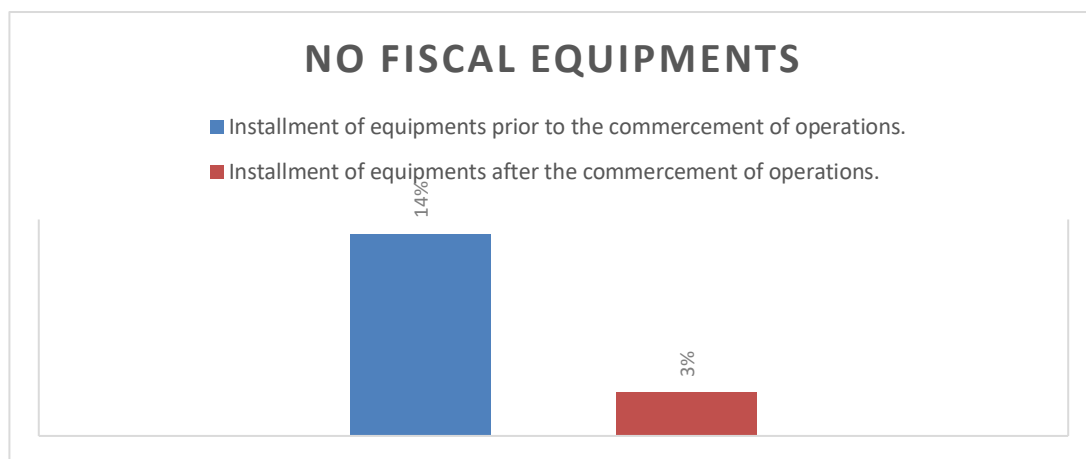
Source: Authors

These micro enterprises were not in a position to bear the tax burden with their low income. Therefore, some of them left the market, leaving the honest competition to the companies that were formalized during the action against informality. Thus, after the action, there was a drastic change in the results from 61% of informal enterprises to 9%, i.e. from 1812 informal enterprises, this number dropped to only 268 very small enterprises, mainly located in rural areas and on the way to formalization, whose action is still ongoing.

While the number of formalized enterprises has increased from 1168 enterprises before the action against informality to 2712 enterprises, i.e. 91% from the 39% before the action.

1. **Institutions that are not equipped with fiscal equipment.** Before the action against informality, of the 1168 registered businesses, 86%, i.e. 1004 businesses, were equipped with cash registers, while 164 businesses, i.e. 14%, were not. The problem, however, was that the taxpayers did not understand the importance of these devices. They had only bought them to avoid the penalties they would face if they were not equipped, and then these devices remained as useless "ornaments" on their shelves or drawers, and only a small number of taxpayers used them regularly. Even after the action against informality, there was an increase in the number of compartments equipped with cash registers to 97% and the number of compartments that did not have control devices installed fell to 80 compartments, i.e. from 14% to 3%.

Fig.2 Report of entities not equipped with fiscal equipments

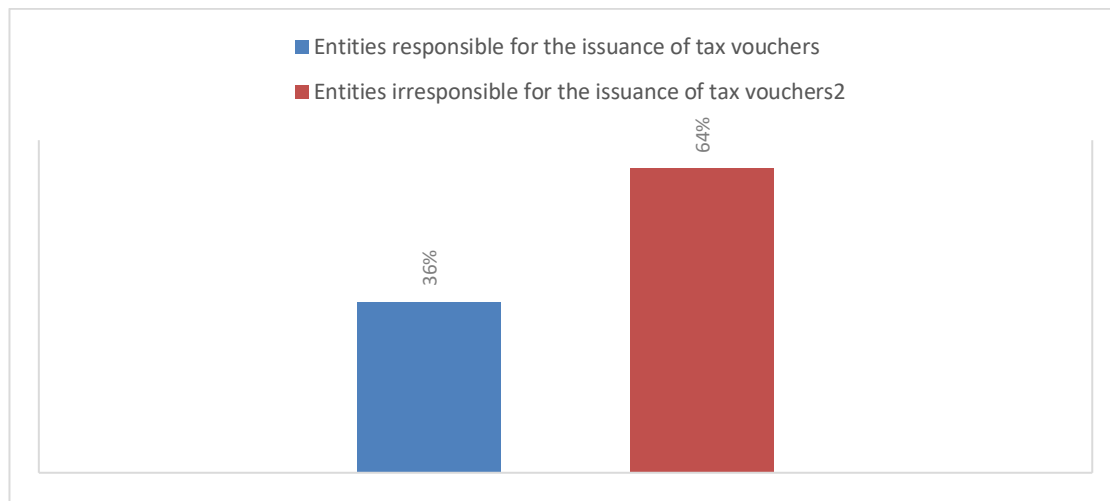


Source: Authors

2. **Institutions that do not issue a tax certificate.** As in many other districts of Albania, the biggest problem of tax evasion in this district is the non-issuance of the tax coupon. The culture of tax coupon is absent, taxpayers try at all costs to hide their income by not issuing the tax coupon in order to pay

as little tax as possible and avoid doing so in order not to exceed the tax threshold. However, if they were to issue tax coupons regularly, their turnover would increase so much that more than 50% of companies would be subject to both the highest profit tax and VAT. For this reason, companies are inclined to hide their revenues, and as long as citizens do not insist on demanding the tax coupon without knowing that this letter represents 20 of the price of a product, which the state later converts into investments such as roads, medicines, new schools or health centers, demands for which we raise our voices every day.

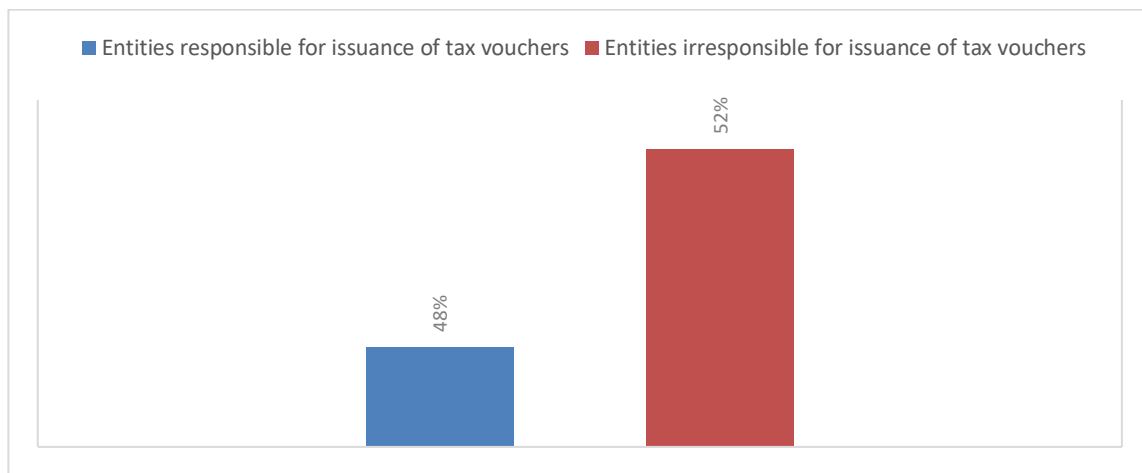
Fig.3 The relationship of the tax documents before the action to informality



Source: Authors

Even after the action against informality, neither taxpayers nor citizens have managed to become aware of this aspect. Only in the month of action was there an increase in the issuance of vouchers and after that the situation was the same as before.

Fig.4 The relationship of tax documents after the action to informality



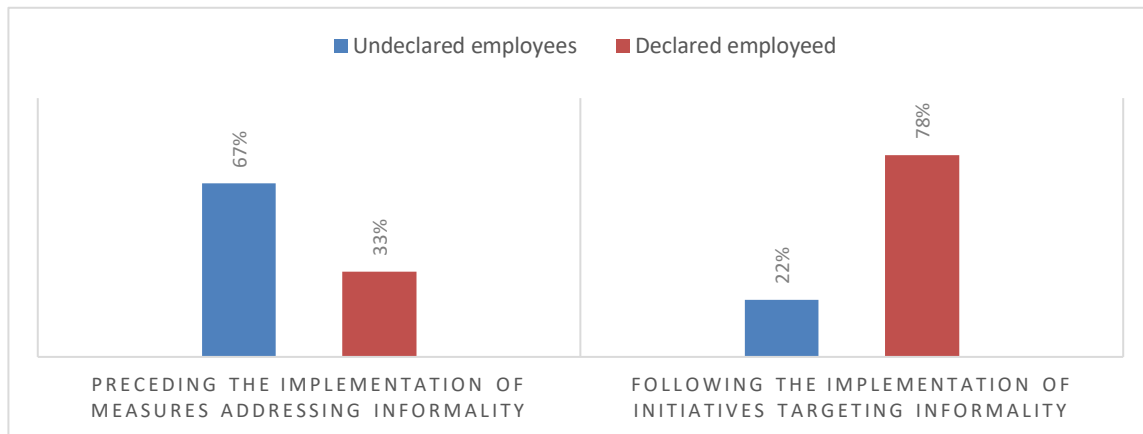
Source: Authors

Thus, out of 1004 businesses equipped with tax vouchers, only 361 of them regularly issue tax vouchers, which corresponds to a rate of around 36%. Of 36% that were responsible for issuing tax coupons before the campaign, the rate increased by only 12% after the campaign, reaching 48%. While 52% of the enterprises that do not issue tax coupons or no longer run the cash registers or whose coalition has ended only issue a small number of coupons up to 10 coupons per day, justifying that this was the daily turnover, while it may have been 10 times higher, causing fatal damage to the state budget. The biggest problem, however, is that such a situation will continue until a solution is found for the awareness of subjects and citizens.

3. Non-declaration of employees. Before the action, all micro-enterprises generally continued to operate with the required number of employees, but only registered the minimum number. Most companies registered their activity as self-employed with a single employee, while they could have more than 5 undeclared employees. Or the common cases where the company has insured some employees while insuring all family members who are not employees, but spends this insurance on family benefits and leaves the real employees working in the dark. In this way, the employees work without being insured for their work. They are exploited mercilessly, with no fixed hours, no limits on working hours and no compensation if they leave work or have an accident while working. In some cases, even underage children are used to take care of the business while the parents stay at home. Before the action against informality, 67% of employees were working in the black, now it is

only 22%, while currently around 78% of employees are insured and working under normal working conditions, compared to before when only 33% were insured. so a 45% improvement in informality.

Fig.5 Non-registration of employees before and after the action against informality



Source: Authors

In summary, we can say that these measures against informality have significantly reduced the level of tax evasion that previously existed. The measures taken by the authorities and the increased commitment of officials to provide relief to all enterprises that have not complied with their legal obligations to register and tax equipment have succeeded in sensitizing most entrepreneurs who had neglected this obligation for a long time. During this period, a high level of awareness of micro-enterprises, an increase in the number of registered entities and a tripling of online declarations in the tax system were recorded.

1. After the campaign, only 9% of micro-enterprises in Durres County were not formalized, and these are companies in rural areas where the administration carries out inspections.
2. Almost all subjects are equipped with tax equipment without experiencing a major change compared to the situation before the action, which was almost the same, and only a small percentage, about 3%, has not yet managed to be fully equipped due to the cost.
3. The problem of issuing tax receipts still exists and is classified as one of the biggest problems that this directorate will continue to face until a solution is found to change this mentality. Even after this measure,

taxpayers and customers are not aware of the importance of the tax voucher. Taxpayers are trying to gain an advantage by not issuing it and customers are not asking for it without knowing its value. Even today, 42% of subjects do not regularly issue tax vouchers for their sales.

4. Currently, about 78% of employees work insured and in compliance with work rules, avoiding the informality that prevailed before the action, when only 33% were registered and the rest worked in the dark and were mercilessly exploited.

Conclusions

Tax evasion reduces revenue in the state budget. The collection and payment of taxes is a constitutional duty for everyone, just as it is a constitutional right to use public services. The collection of this revenue would reduce debt and allow the increase of funds for important areas such as education and health, the attraction of new investments and the reduction of the cost of living.

The action against informality has brought a high level of attention to micro-enterprises in terms of their registration, the provision of tax coffers and the declaration of employees. The reform against informality is truly a national task or action, a revolution of the state that strengthens the state, not only today but also in the future. However, the problem remains the non-issuance of tax receipts.

Low tax revenues mean that spending on essential public services is also low, which translates into their inferior quality and thus influences the decline in private sector investment. With an inefficient public sector, taxpayer discipline will remain low, leaving the economy stuck in a tax trap.

Recommendations

If customers are made aware that receiving the tax voucher today is a patriotic duty to contribute directly to strengthening our public finances and finding a solution through VAT by returning part of the VAT to the individual after the state, they would be inclined to seek and collect tax vouchers.

To combat tax evasion, more cooperation should be achieved between the tax authorities and the Energy, Water Supply and Labor Inspectorate by separating contracts for unregistered businesses, which would help reduce the number of these businesses.

The government must find a way to raise public awareness to resolutely combat tax evasion, which should help improve tax discipline and taxpayer awareness, thereby bringing about improvements in all sectors, debt reduction and development.

Increase the willingness of auditing companies to detect and punish various tax fraud cases and improve the personnel of tax administrations.

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Consumer Perception of Local Food Brands

Eldian BALLA

Abstract

In the background of marketing, perceptions have significant part in the process of buying behavior, because perceptions influence in the behavior of consumers in their purchases. Perception is a process by which people select, organize and interpret information to create a meaningful picture of the environment. This does not depend only on physical stimuli but also on stimuli and conditions the surrounding environment. Perception affects consumer purchases and consumption of goods and services, because it gives a broad meaning to factors such as: colors, symbols, flavors and packaging. Different factors such as culture, tradition and general education determine the consumer's perception on the meaning of the world. Perception is a process of receiving, selecting and interpreting environmental stimuli involving all five senses. Perception is important for marketers because it is the communication gateway for consumers. Today, consumers have many alternatives to choose between different brands, and it is very important for marketers to know how consumers perceive local and foreign brands.

Keyword: perception, consumer behavior, local brands, purchase.

Introduction

When consumer behavior is investigated in consumer research, the socioeconomic and demographic traits of the customers have an impact on the behavior. Accordingly, it is essential to be aware of the customer's attitudes, interests, opinions, knowledge, goals, and motives in addition to their demographic traits (Solomon et al. 2006). According to Kotler et al. (2006), consumer research indicates that social, cultural, personal, and psychological traits have a significant impact on the purchasing process. While these elements are outside the marketers' control, they should nevertheless be taken into account. The fundamental quality of a civilization that sets it apart from other groups is its culture, which has the greatest and broadest impact on consumer behavior (Lamb et al. 2011). Similar to social groupings, culture affects how people behave when

consuming goods and services (Grewal, Levy 2008). The entirety of ingrained ideas, beliefs, and customs that shape a society's consumer behavior is referred to as its culture (Schiffman et al. 2012). A number of social class systems significantly impact consumer purchasing behavior. The lower classes in the majority of developed nations have a tendency to rise through emulating the higher classes' purchasing habits (Kotler, Keller 2012). Families, small social groups, social positions, and status all have an impact on consumer behavior. A person's role and status within each group can be used to determine their position. According to Kotler et al. (2005), a buyer selects goods and brands that correspond with his status and role. Personal attributes including age, occupation, financial status, way of life, personality, and self-concept also have an impact on buyers' decisions (Kotler et al. 2006). Consumer spending is significantly influenced by age (Hollensen 2010). Due to the fact that men's and women's tastes and behaviors change constantly, gender segmentation is the most prevalent (Solomon et al. 2006). Consumer behavior can be influenced by the differences between men and women in terms of appearance, attitudes, and activities (Kardes et al., 2011). One socioeconomic element that is frequently used to infer a consumer's social class standing is their personal or family income (Schiffman, Kanuk 2004). Companies now have to put in more effort than ever before to differentiate their items to some extent in the marketplace. There are a lot of brands on the market, and the brand war is getting more intense every day. A brand's popularity can help a business survive and succeed in the marketplace. Businesses provide several packages for customers with varying needs in this regard. Currently, increasing consumer awareness of the marked items is the most effective weapon in the fight against the competition (Aaker 1992). Keller (2003) asserts that the capacity to choose a name, logo, symbol, packaging design, or other features that identify the product and set it apart from competitors is crucial when building a brand. According to Davis et al. (2009), brand image refers to the characteristics and advantages that set a brand apart from its competitors and give the company's offerings a competitive edge. Saydan (2013) posits that a consumer's subjective perception of a product includes the nation of origin, making it one of the most influential elements influencing their purchasing decisions. Solomon et al. (2013) assert that while a product's manufacturing location matters, consumer perceptions of imported goods vary as well. The Food Labeling Act, which required food products to list their nation of origin, was passed by the US Congress in 2008. The law mandates that food retailers, including supermarkets, must list the nation of origin of meat and other food products on the product label (Kegaan, Green 2013). Country of origin can

negatively affect ethnocentric consumers. Ethnocentrism has also been studied by Keillor and Hult (1999), in the context of identity national, as a means of measuring the importance placed on the concentrated conservation of cultural values and consumer behavior. Prior to the year 2000, Albanian products were seen with distrust by local consumers, who were more likely to choose imported goods due to their high level of mistrust. This fact led to significant investments being made in the nation's huge enterprises, particularly in the manufacture of agro-food. Buyers first showed no reaction, which allowed Albanian entrepreneurs' dedication to be morally rewarded (Monitor 2011). USAID and Creative Business Solutions (CBS) presented the Brand Albania project in support of agricultural and tourist development in Albania, taking steps to assist local brands (Monitor 2018). According to INSTAT data, local companies exported food items valued 46.3 billion ALL, or 451 million euros, between January and October of 2023. This represents an increase of 50.3 million euros over the same period the previous year (Instat 2023). First, from a business standpoint, a company's brand portfolio in a given category should include both local and international brand types for sale. Businesses who are successful with global brands assert that local brands can never fully replace standardized worldwide marketing strategies, which are only effective with certain items in certain situations and countries. Thus, it appears that there will always be chances for strong local brands, even in the face of the trend toward globalization (Keller 2013).

Methodology

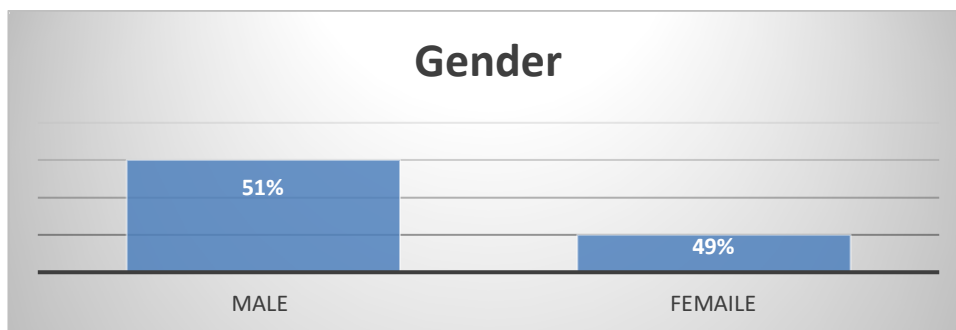
Depending on the methodology employed, data from consumer behavior studies can be both qualitative and quantitative in character. The purpose of the study is to determine the value of data obtained via closed-ended questionnaires. Because of its transversal character, quantitative research helps academics understand how different promotional inputs affect consumers, enabling marketers to "predict" customer behavior (Schiffman et al. 2012). Analytical procedures and numerical measures are used in empirical evaluations to address the research objectives in quantitative marketing research. Since quantitative research necessitates less interpretation, it is more likely to stand alone (Zikmund, Babin 2007). Researchers can obtain precise information about the who, what, when, and where of consumers in the market by using the survey approach. Researchers can work with large samples when conducting surveys, which improves the data's dependability.

Four methods are used to conduct these surveys: in-person interviews, phone interviews, postal interviews, and online interviews (Shukla 2008). In this study the sample is 242 respondents.

Data analyses

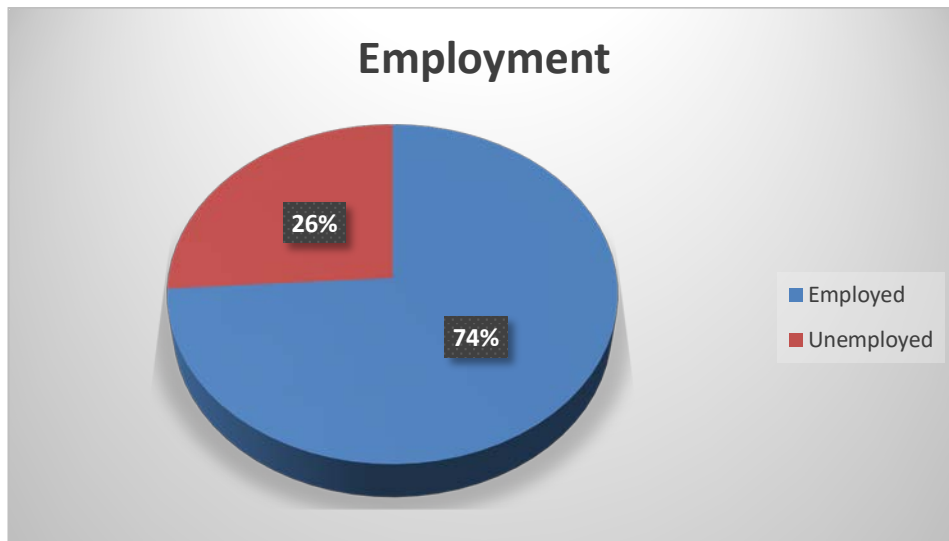
The data collected from the respondents is subjected to a descriptive analysis using the Excel application. The data analysis produced the following findings. According to the data, 49% of respondents are female and 51% of respondents are male (Figure 1).

Figure 1. Gender of respondents



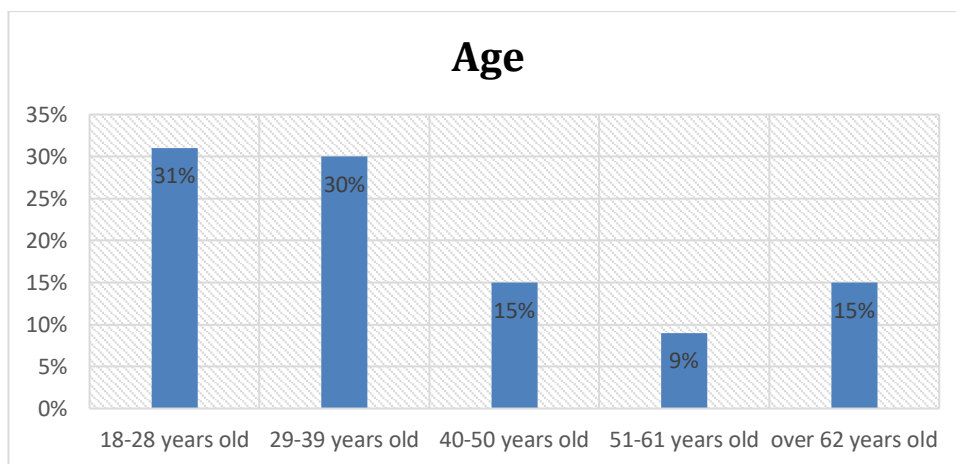
According to the employment data, 26% of respondents are unemployed and 74% of respondents are employed (Figure 2).

Figure 2. Employment of respondents



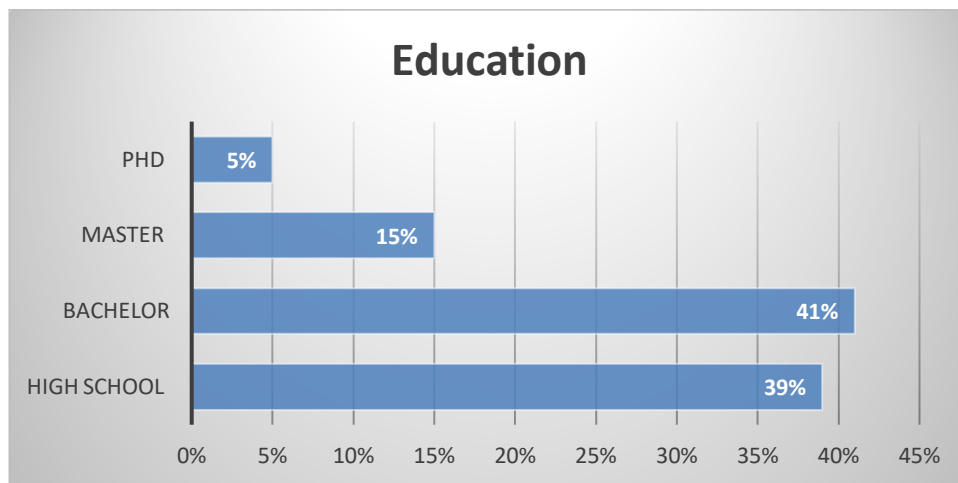
Based on age-related statistics, 31% of respondents are between the ages of 18 and 28, 30% are between the ages of 29 and 39, 15% are between 40 and 50, 9% are between the ages of 51 and 61, and 15% are older than 62 (Figure 3).

Figure 3. Age of respondents



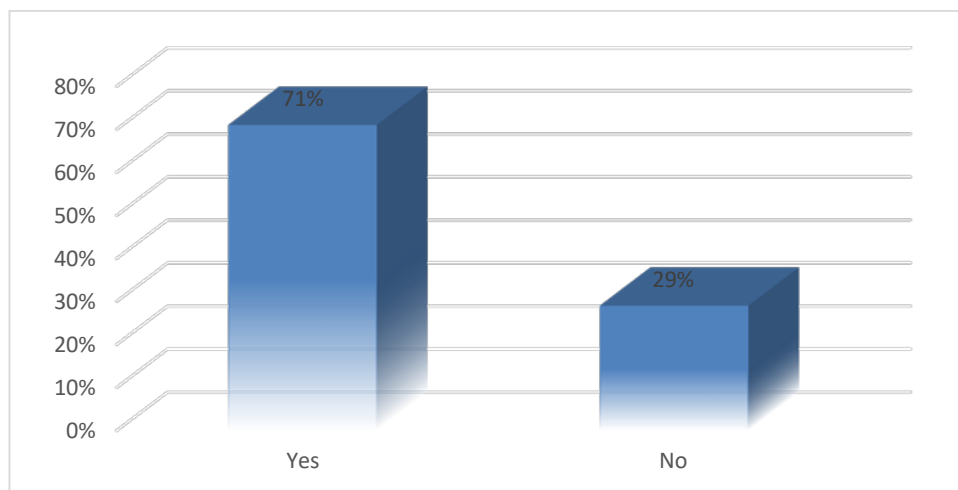
According to data on education level, 41% of people have a bachelor's degree, 15% have a master's degree, and 5% have a doctorate (Figure 4).

Figure 4. Educational level of respondents



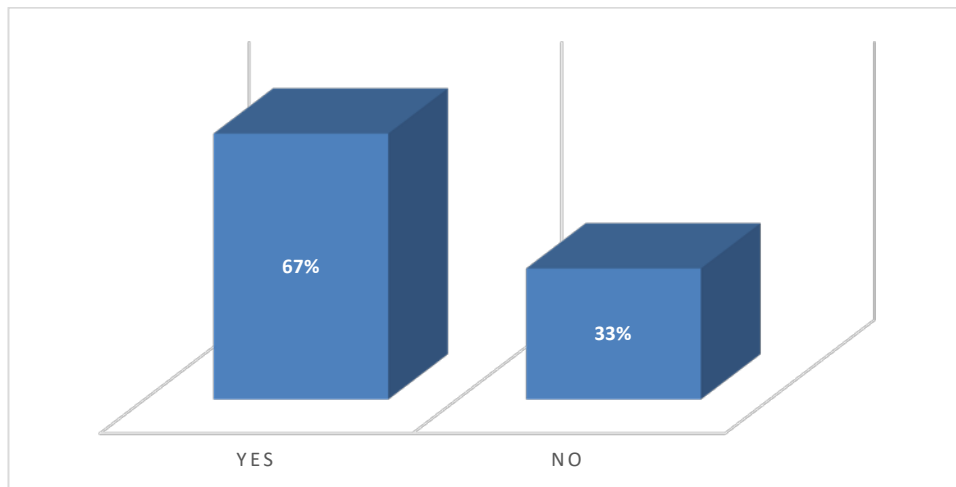
According to preference answer statistics, 29% of respondents say they don't know, and 71% say they do (Figure 5).

Figure 5. Do you prefer local brands of food products?



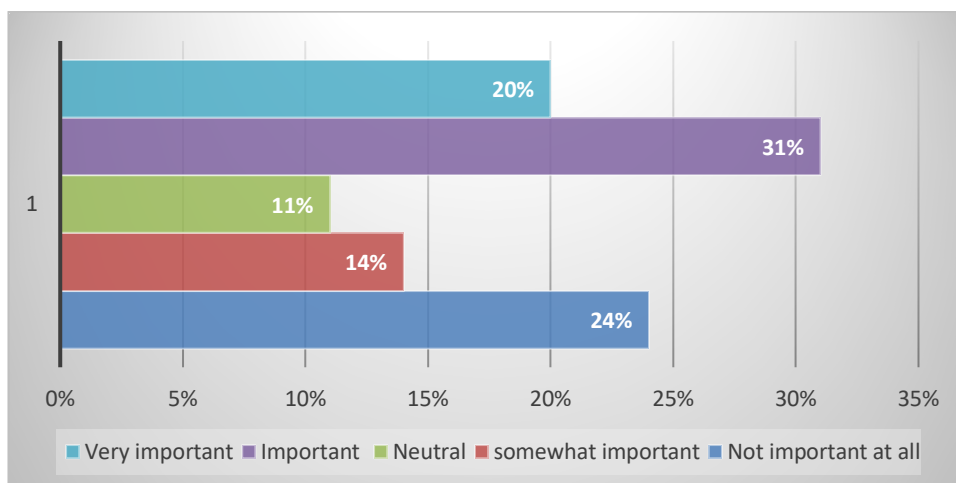
According to data on country of origin, 67% of respondents say yes, and 33% say no (Figure 6).

Figure 6. Do you consider where a food product is manufactured when purchasing it?

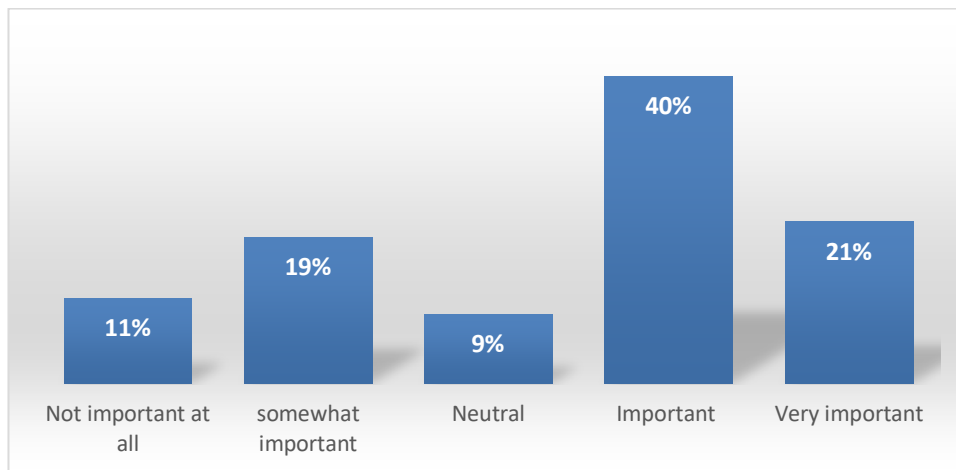


According to research, 20% of manufacturers' brands are very important, 31% are important, 11% are neutral, 14% are somewhat important, and 24% are not important at all (Figure 7).

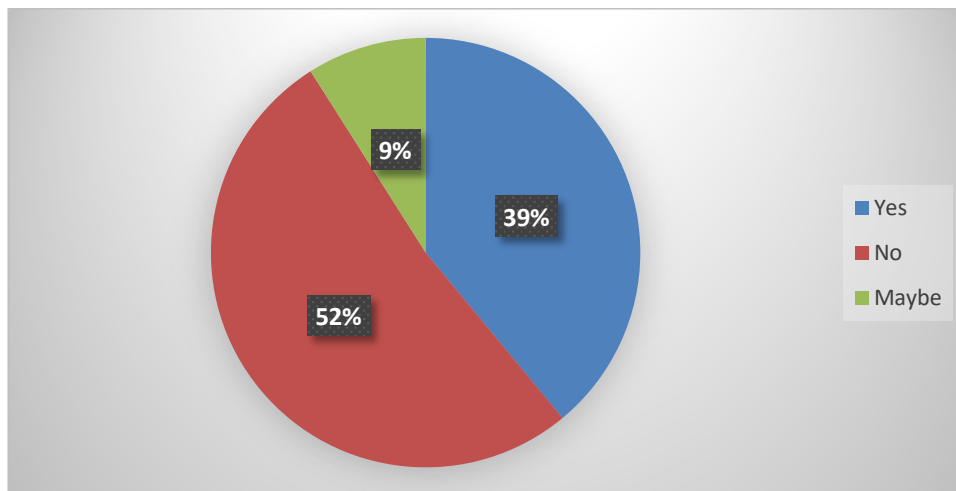
Figure 7. When buying food products, does the manufacturer's brand matter?



According to research on the significance of promotional offers, 21% are extremely important, 40% are important, 9% are neutral, 19% are somewhat important, and 11% are not important at all (Figure 8).

Figure 8. How important are promotional offers for food products?

Reliability of the quality perception data is 39% yes, 52% no, and 9% maybe.

Figure 9. Do you think that Albanian food products are better on quality than foreign ones?

Conclusions and Recommendations

A considerable number of supermarket networks operate in the Albanian market. Customers can select food products by facing many domestic and foreign brands, the study shows that 57 % of respondents prefer local

brands and 43 % do not prefer. Also 67% of respondents take the product of the product origin and 33% ignored. Regarding the importance of brands offered by food products in their choice for 20% of respondent's brand is very important, 31% important, 11% neutral, 14% somewhat important and for 24% of respondents is not very important. Promotion has a negligible impact on 11% of consumers' product decisions, 19% somewhat important, 9% neutral, 40% important, and 21% extremely important. According to data analysis, 52% of respondents believe that local food goods are no better than foreign food products, while 39% believe they may be 9% better. Albanian food manufacturing companies must to do more to advertise their products, highlighting the benefits Albania's climate offers for their goods as well as the social and economic advantages that come with supporting local businesses. Businesses gain from the cost advantages over imported goods, which reflects in domestic product pricing that are more competitive than those of imported goods. to increase public acceptance of the belief among customers that domestic food brands are superior to those that are imported.

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Why is EU intervention necessary in SME financial instruments? (Albania case)

Erisa MUSABELLI¹, Olta NEXHIPI², Valbona MEHMETI³

Abstract

In 2020, SMEs represented 99.8% of all enterprises and employed 81.9% of the working population in Albania. Although many businesses were able to generate profit during the first part of 2020, there were significant contractions in the volume of sales in most sectors in 2020, which have affected the profit margins of SMEs. The drop in sales led to an increased reliance on external financing through loans, which have been used mostly for covering expenses. Small and medium-sized enterprises (SMEs) represent 99% of all businesses in the EU. The role of SMEs in the European economy has been repeatedly acknowledged at the highest political level. Persistent market gaps are still observed in different policy areas for loans, guarantees and equity, which hold back investment. Insufficient finance available to cover needs in key sectors. One of the EU SME priority areas is access to finance. Two financial instruments are: -Loan Guarantee Facility (LGF), -Equity Facility for Growth (EFG). The aim of this paper is to see how SMEs will be affected in financial terms if we will be part of the EU in the future.

Key words: *SME, financial instruments, EU*

JEL Classification: *F00, F65, F36, F68*

1.Introduction

The EU SME Definition (hereafter ‘the Definition’) is the structural tool to identify enterprises that are confronted with market failure and particular challenges due to their size, and are therefore allowed to receive preferential treatment in public support. It has become a key instrument in the EU SME policy and is referenced in a large number of legal acts. The role of SMEs in the European economy has been repeatedly acknowledged at the highest political level. The national and local environments in which SMEs operate are very different and so is the nature of SMEs themselves (including crafts, micro-enterprises, family owned or social economy enterprises). The role of SMEs in our society has become even more important as providers of employment opportunities and key players for the wellbeing of local and regional communities, in a globally changing landscape characterised by continuous structural changes and enhanced competitive

pressures. There are 2 broad types of potential benefit for an enterprise if it meets the criteria : -eligibility for support under many (EU business-support programmes) targeted specifically at SMEs: research funding, competitiveness and innovation funding and similar national support programmes that could otherwise be banned as unfair government support : - fewer requirements or reduced fees for EU administrative compliance. High-growth firms create many more new jobs compared to other firms. 1 Start-ups scaling up into bigger firms form a large share of these businesses. They increase EU innovation, strengthening the economy and competitiveness,. Such "scale-ups" can also provide social benefits, including offering more modern working arrangements and flexibility. In the Single Market Strategy, the Commission announced that it will look at how to make the Single Market more efficient for start-ups and scale-ups. Start-ups are widely recognised as engines for growth and job creation. **The start-up environment is very vibrant** in Europe. Member States are putting forward policies to support their establishment. The EU has various programmes and policies in place too. The market itself is quite active with a number of initiatives to create and support the start-up ecosystem (incubators, accelerators, business angels, crowdfunding, venture capital). Persistent market gaps are still observed in different policy areas for loans, guarantees and equity, which hold back investment. Insufficient finance available to cover needs in key sectors. One of the EU SME priority areas is access to finance. Two financial instruments are: -Loan Guarantee Facility (LGF), - Equity Facility for Growth (EFG).

2.Methodology

This paper is based on a number of sources: an external study, desktop analysis, statistical review, and analysis of EU legal acts applying the Definition as well as case law of the Union Courts. This is a research paper in which secondary and non-primary data were used, which together with all other data were used to reach a conclusion related to the main purpose of the paper, how will indicate being part of EU for SME-s in financial instruments. The study was conducted data since the year 2005, where the data were further analyzed in exploratory explanations.

3. Results and Discussion

The smaller the fund's size, the more difficult is for big institutional investors (such as pension funds and insurance companies) to invest, since they often prefer to invest big tickets, where the big funds are. Thus, there is scope for improving financing so that entrepreneurs based in EU Member States can have an easier time raising capital and are able to better benefit from the diverse expertise and talent pools available within the EU Single Market. EU intervention helps SMEs in the following fields: 1) Access to finance or lack thereof - is often the first and the most important stumbling block for SMEs considering to innovate, diversify or internationalise. What is, however, beyond any doubt whatsoever, is that SMEs have a strong information deficit when it comes to possible sources of funds. Why is EU intervention needed. There are so many points that we can say why. -Persistent market gaps are still observed in different policy areas for loans, guarantees and equity, which hold back investment, -Encouraging more private investment - Investment levels insufficient to compensate years of underinvestment as a percentage of GDP, -Insufficient finance available to cover needs in key sectors, -Information asymmetry and transactions costs, -Complementing national and regional schemes, -Difficulties in accessing start-up/scale-up finance, -Need for an integrated European venture capital market. Below are some of Loan Guarantee facility implementation results. – 106 agreements with financial intermediaries, - 28 countries covered by financial intermediaries, more than EUR 32 bn of financing transactions supported, more than 380000 SME-s received financing. The Commission will also continue to monitor tax schemes/incentives for investments into start-ups/scale-ups, and building on successful approaches implemented by Member States and the results of the on-going study on the effectiveness of tax incentives for Venture Capital and business angels to attract more patient capital, it will consider further ways to support Member States' policy design. Crowdfunding is the most impressive phenomenon of democratisation of finance. It already existed before but internet made it a mass phenomenon. It is a way to address market gap left by banks. It is still early days of crowdfunding in EU, but it has enormous potential to become a major source of finance for SMEs.

4. SME-s in Albania

In Albania, SME's employ more 80% of the labour population, compared to the EU average of 67%. Albanian SMEs provide about 68% of the country's total value added, while the average in the EU is about

58%. Due to the fact that the Albanian economy is led by SMEs, it is expected that the projected economic upswing will result in increased SME employment and output growth.

In light of the challenges posed by the pandemic, Albania's per capital gross domestic product (GDP) by purchasing power parity stood below 2018 levels in 2020 at USD 13 192 (in constant 2017 international dollars), leaving the economy the second-lowest ranking in the WBT region, above Kosovo (World Bank, 2022). The distribution of GDP across economic sectors has not changed significantly in the past years, with services representing 48.4% of GDP in 2020. Industry, including construction, represented 20.2% of GDP, albeit a 7% decrease in real terms since 2019. Despite a significant decline over the past decade, agriculture remains a very important sector in Albania compared to neighbouring economies, representing 19.1% of GDP (INSTAT, 2021). The agricultural and services sectors have the highest share of total employment in the economy, representing together almost 80% of the working population in 2020 (INSTAT, 2021). In 2020, SMEs represented 99.8% of all enterprises and employed 81.9% of the working population in Albania. Although many businesses were able to generate profit during the first part of 2020, there were significant contractions in the volume of sales in most sectors in 2020, which have affected the profit margins of SMEs. The drop in sales led to an increased reliance on external financing through loans, which have been used mostly for covering expenses. For about 80% of registered companies, the debt level rose to approximately 50% of their capital (CM Albania, 2021). The ability of the central bank and the government to react quickly and appropriately reduced the impact on the labour market and preserved macroeconomic and financial-sector stability. The potential of the Albanian business environment remains hindered by several structural weaknesses, in particular the lack of know-how, low financial literacy and a high degree of informality, all of which are obstructing the access to financing in the private sector (European Commission, 2021).

5. EU financial instruments for SME-s

“Think Small First” A “Small Business Act” for Europe. Managing the transition towards a knowledge-based economy is the key challenge for the EU today. Success will ensure a competitive and dynamic economy with more and better jobs and a higher level of social cohesion. The definition of an SME is important for access to finance and EU support programmes targeted specifically at these enterprises. The main factors determining whether an enterprise is an SME are : - staff headcount, -either turnover or balance

sheet total. The role of SMEs in the European economy has been repeatedly acknowledged at the highest political level.

Figure 1 The EU SME definition – categories

Enterprise category	Headcount	Annual turnover	or	Annual balance sheet
Medium	< 250	≤ € 50 million		≤ € 43 million
Small	< 50	≤ € 10 million		≤ € 10 million
Micro	< 10	≤ € 2 million		≤ € 2 million

One of programme of EEN is access to finance which means that COSME Financial Instruments are: **Debt and equity financial instrument**

a) Loan Guarantee Facility (LGF)

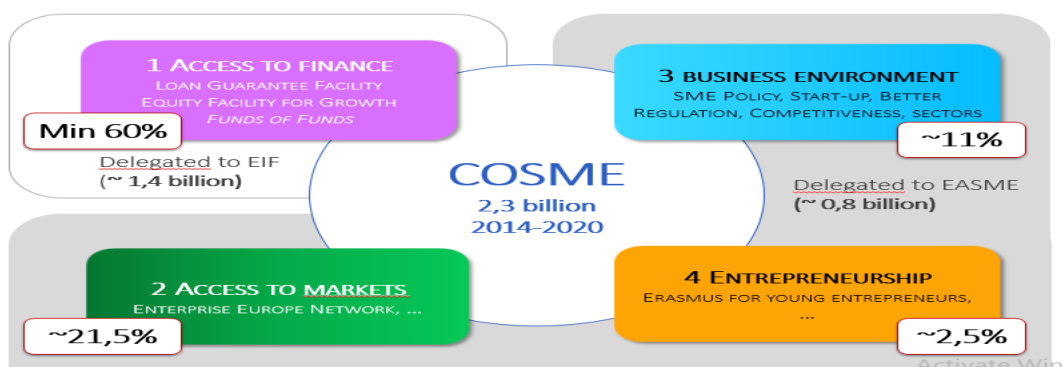
- **LGF Policy objective:** Support for transactions which otherwise would not have taken place (e.g. perceived higher SME risk, insufficient collateral, across all sectors)
- **LGF Risk sharing:** Portfolio Guarantees to financial intermediaries for newly generated SME financing portfolios (commercial banks, promotional institutes, guarantee societies, alternative lending platforms, leasing companies, etc.)
- **LGF Broad transaction coverage:** Working capital, investments, bank loans, subordinated loans, bank guarantees, leasing transactions

b) Equity Facility for Growth (EFG)

- **EFG Policy objective:** a) attract private capital into venture capital (VC) investments and support creation of a pan-European VC market and b) support those funds which invest on a cross-border basis or which help portfolio companies to internationalise
- **EFG Investment focus:** Equity funds investing into SMEs at the growth and expansion stage (established product and revenue stream)
- **the smaller the fund's size, the more difficult is for big institutional investors** (such as pension funds and insurance companies) **to invest**, since they often prefer to invest big tickets, where the big funds are. Thus, there is scope for improving financing so that entrepreneurs based in EU Member States can have an easier time raising capital and are able to better benefit from the diverse expertise and talent pools available within the EU Single Market.

Crowdfunding is the most impressive phenomenon of democratisation of finance. It already existed before but internet made it a mass phenomenon. It is a way to address market gap left by banks. It is still early days of crowdfunding in EU, but it has enormous potential to become a major source of finance for SMEs. UK has the biggest share in EU, while continental Europe still struggles with success stories. Its value is 4 billion EUR ca. in EU (3.5 in UK). France, Germany, Netherlands are major markets. **Capital Markets Union** has a focus on crowdfunding: "The Commission will assess national regimes and best practice and monitor the evolution of the crowdfunding sector."

Figure 2. The programme of EEN (Enterprise Europe Network)



4. Conclusions

Most of SME-s in Albania fail in the first years due to the lack of financing, the market to operate and the lack of partners. Many of SME-s fear that growing too big will be penalised by more burdensome rules, even without cross-border expansion. Being part of EU gives us the opportunity to reduce the administrative burden, the access to finance, to the markets and entrepreneurship. Future financial instruments InvestEU (2021-2027) are: Increase access to and availability of finance for SMEs, in support of employment creation and economic growth Providing support for SMEs for which access to finance problem is the most pronounced: (start-ups, younger and smaller companies, SMEs lacking sufficient collateral and, innovative SMEs). Promoting the implementation of specific Union's policy priorities in the areas of: (uptake of innovation, internationalisation, cultural and creative industries). Some of benefits of SME being part of EU and EEN are: - Support for transactions which otherwise would not have taken place (e.g. perceived higher SME risk, insufficient collateral, across all sectors). - Portfolio Guarantees to financial intermediaries for newly generated SME financing portfolios (commercial banks, promotional institutes, guarantee societies, alternative lending platforms, leasing companies, etc.), - Working capital, investments, bank loans, subordinated loans, bank guarantees, leasing transactions, - Attract private capital into venture capital (VC) investments and support creation of a pan-European VC market, - Support those funds which invest on a cross-border basis or which help portfolio companies to internationalise, - Equity funds investing into SMEs at the growth and expansion stage (established product and revenue stream). The Commission will also continue to monitor tax schemes/incentives for investments into start-ups/scale-ups, and building on successful approaches implemented by Member States and the results of the on-going study on the effectiveness of tax incentives for Venture Capital and business angels to attract more patient capital, it will consider further ways to support Member States' policy design. Crowdfunding is the most impressive phenomenon of democratisation of finance. It already existed before but internet made it a mass phenomenon.

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Impact of Technological Innovation and AI on HRM

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Abstract

In the era marked by globalization and the transformation of post-COVID, Human Resources Management (HRM) has been recognized as an important department for organizational success. This paper reviews the evolving landscape of HRM, particularly in technology and digitalization. In a time when technology has reached the highest advanced levels, organizations are using innovation to optimize and transform the processes of Human Resources, such as recruitment, training, employee engagement, employee scheduling and tracking, and management of employee performance. Recognizing the importance of HRM in navigating these complexities, the study explores the profound impact of technology on Human Resources practices.

This paper reviews existing studies about technology and HRM's multifaceted relationship. It studies how digitalization has reshaped HRM process management strategies. By exploring those topics and how HRM and technology interact with each other the question arises, "How do technological innovations help Human Resources Management, and how does the innovative Artificial Intelligence bring HRM to the next level?" The help of artificial intelligence, and other innovative tools in HR processes is certainly a step into the future for HRM. After studying different articles we have understood that the HRM is developing and that the Human Resources are the core of the organizations to succeed.

In the end this article will reflect the impact of the technology in optimization of the processes of the Human Resources. The changes in processes show the direction of a campaign when technology and Human Resources Management are together to create a work space more innovative and effective.

Key words: Human Resources Management, Technology, Artificial Intelligence

JEL classification: O15, J24, E24

Introduction

In the era of technological innovation and the introduction of AI, it is impossible not to accept and understand that AI is affecting every aspect of our lives, including the profession of HRM. In the year 2023, AI was

introduced to the community evoted for personal usage, but in reality, the beginning of the implementation of AI in business happened several years before. With the motivation and the volunteer to better understand how the HRM job will be developed in the future with the implication of AI, we have started studying and developing this paper. HR is a fundamental department of a company, it's core, and managing human capital is not quite an easy task, it involves different processes, and with the innovations, the new AI is bringing the HRM profession to the next level.

The objectives:

1. To examine the advantages and disadvantages of using Innovative technology and AI in Human Resource Management.
2. The future and the challenge of Innovation technology and Artificial Intelligence.

RQ1. What are the advantages and challenges of AI and technological innovation? Methodology:

The paper aims to review the literature on the impact of AI in HRM and Innovative Technology on the functions of HRM.

Our data collection process starts with searching different kinds of databases such as “Google Scholar”, “Umea University Library”, and “Research Gate”. We have conducted our research by keeping our research questions in mind. By analyzing different papers about the HRM and AI relationship we have responded to our questions and delivered the responses through our paper.

Literature review

The basic concept of the paper

Artificial intelligence (AI) refers to an intelligence system that uses machine learning and AI algorithms to perform tasks that usually require human intelligence.

Human resource management (HRM) involves coordinating, managing, and allocating human capital, or employees, in ways that move an organization's goals forward.

The improvement of HRM by AI

AI has improved the processes of HRM, by bringing innovation and making HRM professionals focus on strategic tasks. Every process of HRM is affected by innovations of AI, and HRM professional's are

separated by being positive and accepting that AI is helping. In contrast, others decline the innovation and point out that human emotions can never be replaced by AI. We will mention the most important processes that are affected by AI.

Recruitment

Automated Resume Screening:

Now AI can analyze resumes much faster than humans. The new systems use natural language processing algorithms to analyze and identify relevant keywords on resumes, so you can get a better idea of which candidate better fits the job position. This innovation helps HRM to save more time and not analyze every resume individually.

“AI will augment HR and give HR time to work on more strategic business issues. The opportunity is to use AI to streamline HR manual processes and provide a more consumer-grade service to employees.” (Jeanne Meister, co-author, The Future Workplace Experience, The People Space, May 2017)

Predictive Analytics for Hiring:

By analyzing a large amount of data like backgrounds, skills, and performance, the AI can predict which candidate will be most perfect for a specific role. This helps HRM to get an idea of the perfect candidate and make a better decision.

Skills Assessment and Training:

By giving the candidates different tasks like simulations, quizzes, and tests the AI can better understand their abilities and growth potential by evaluating the results of the tasks. This helps HRM professionals and organizations to develop a training program based on those insights.

AI Chatbots:

By using chatbots included with the recruitment websites, the recruitment process can be done more easily and you can get insights by the process because the AI chatbots are not automated responses but are trained chatbots that can be trained to get the insights you need the position and the questions and the responses by using natural language processes (NLP) the candidate will feel like is talking to a human benign and he will ask questions based on what you have trained the chatbot and in meantime, the candidate will also learn more about the company before he applied. [1]

Onboarding Process

With the advanced technology that AI-powered systems offer for HR by automating tasks like document verification, compliance training, and employee orientation. By reducing the time-consuming paperwork and enhancing engagement during Onboarding, organizations can reduce time to productivity. [3]

Training

With AI you can bring the training to the next level. It can help accelerate skill development at the level of the individual, and the level of the organization. With AI the uploaded assets for the training can be accessed easily by trainees and by the employees because the uploaded content gets metadata directly from the AI, "Metadata is a description that is inserted with the content uploaded". There are three essential components of learning:

- Open learning platforms:
- Employee-specific experience:
- Content channels:

With AI learning it's more accessible and available when needed. Because the AI analyzes and understands when learners are struggling, by giving tasks and tests to the learners, they can provide and support the learner with the resources and the support needed. With the insights from learners, the AI can develop a personal learning program with the resources provided by the company, so each individual can get the best from the training program. [1]

"With AI, we are able to see how learning relates to engagement without even having to ask our employees for their perceptions. If managers went to manager training, are their people more engaged? We have the answer and that gives us important feedback on how effective our training is." (Gordon Fuller, Vice President and Chief Learning Officer, IBM)

Performance Management

Automated Performance Reviews:

With advanced algorithms and machine learning now performance management can be automated, so the employees can see their performance and KPI in real-time, and can get objective feedback. [5]

Real-Time Performance Monitoring:

By using the algorithms of AI we now can track the key performance indicators (KPIs) in real-time. HRM professionals can see in real-time the KPIs of employees, reevaluate them in real-time, and take action if they identify that someone needs to improve something, so they improve the metrics. [5]

Compensation and Benefits

Smart Compensation Planning:

Taking into account different factors such as market rate, skills on demand, and whether is better to reward based on performance in base pays or in bounsese, to make the optimal decision we can use AI so the data is analyzed by a human for weeks can be reduced to only a few hours and use AI to analyze those large data. This helps the HRM professionals to focus more on the decision than analyzing the data. [1]

AI for 24/7 employee interaction

Chatbot is an application that understands natural language and interacts with the users in conversation like humans. With the implementation of the chatbot, surely training the chatbot with the needed materials the employees can get support 24/7 from the chatbot, for every question that they can have, in real-time you can get the answer, for example, if the employee needs to see his performance for the month, he can ask the chatbot and will get a real-time answer with their performance, and he doesn't need to get the report directly from an HRM professional. [1]

How HR departments benefit from AI

By automating the processes of HR managers with advanced algorithms and machine learning the HR managers can focus on more decision-making processes and with the time-consuming processes that need data to be analyzed and verified, now can be done by AI. For example, by reviewing the resumes by AI you can better understand with AI insights on which candidate is a better fit for the position, and you can focus more on making the decision, and the time-consuming of analyzing every resume individually is now done by AI.

Advantages

About the advantages of AI, we can mention the first thing is ROI (Return on investment) since the costs of AI in time it's much lower than when an employee takes the tasks. Other advantages are:

Enhanced candidate experience: The candidate gets much more information in pre-hiring. Efficient and effective recruitment: Better prioritization of job requisitions.

Smarter compensation planning: The compensation budgets its better aligned with the business strategy.

Personalized learning: The employee skills are better aligned with the business needs.

24/7/365 Employee support: The answers can be in real-time for any of the employee's questions at every moment of the day, and immediately.

Challenges of AI

Data Privacy: The AI to learn more about something needs data and sometimes they extract sensitive data for example from the resume, so it needs to be developed carefully so the sensitive data cannot be saved and unauthorized access to those data. [4]

Contextual Understanding: Understanding an employee's emotional state is an important job for HRM professionals, and AI can not always understand the emotional state of employees. [4]

Trust and User Acceptance: Sometimes employees can resist engaging with AI-driven HR processes because they don't trust the AI and normally human engagement differs from AI engagement. [4]

How AI is changing the HRM functions

After studying different papers we understood that the future of HRM professionals will not include anymore the process of the data and the actual function of HRM will be decision-making, since the new algorithm and machine learning of AI the filtering of data and generating insight into any process of HRM will be easier with AI. The time-consuming processes will be done automatically and the HRM will be more of a decision making, so this will help the HRM professionals to focus more on making good decisions and focusing on getting the best out of the Human Capital.

Conclusion and Recommendation Conclusion

In conclusion, through this paper, we have seen that the impact of AI in HRM is fundamental, it improves every process of HRM efficiently, enhances the decision-making of HRM, and optimizes workforce agility. But we need to mention that the challenges are even greater. Implementing AI means a company needs to invest in data security measures and provide adequate training and support for HRM professional's. The

HRM professionals and AI will work together in close relationships even more in the future since the better machine learning gets data the better the AI will be in the future.

Recommendation

Develop a clear strategy: Before implementing AI into HRM you need to develop a clear strategy to establish metrics for success.

High Data Quality: High data quality is important for AI since machine learning needs that data to better develop itself and to give an efficient and optimized result.

Training: To implement the AI in the HR department the company needs to train the HRM professionals since the usage of AI is not that easy and they need to understand how AI works so they can get the most out of the AI.

Data Privacy: There is a need to establish data privacy guidelines since the AI will work with lots of sensitive data and if someone outside the company can access that data it will be a disaster.

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Green economy. Its advantages and Challenges in developing countries.

Evelina Lusha

Abstract

This research delves into the concept of a green economy, exploring its principles, strategies, and potential impacts. It aims to understand the significance of transitioning towards a green economy in reconciling economic growth with environmental preservation. Prior Work: Building upon existing literature, this paper contributes to the discourse on sustainable development by examining the principles and strategies of a green economy. It relates to previous research by synthesizing concepts and experiences to highlight the importance of balancing economic prosperity with environmental stewardship. Approach: Employing a comprehensive approach, this research integrates literature review and analysis of empirical evidence. It examines case studies and policy frameworks to capture practical insights into transitioning towards a green economy. Results: Key findings emphasize the benefits of a green economy, including job creation, improved public health, and enhanced resilience to climate change. The paper identifies challenges such as financial constraints and political inertia, underscoring the importance of collective action and innovative solutions. Implications: This study has implications for policymakers, businesses, and civil society, offering insights into the potential of transitioning towards a green economy. It informs strategic decision-making and underscores the importance of balancing economic growth with environmental sustainability. Value: The paper contributes to the field by offering a nuanced analysis of the principles, strategies, and impacts of a green economy. Its synthesis of existing literature and practical insights ensures its relevance and high quality, providing valuable guidance for stakeholders committed to building a more sustainable future.

Keywords: Collaboration, governments , strategies, challenges, environmental sustainability.

JEL classification: O10, O31, O19, F20.

Introduction

The concept of the Green Economy (GE) has become increasingly popular in both academic and policy-making circles in recent times¹. Despite its widespread usage, there is no single definition for the GE that is widely accepted²². In this regard, the paper aims to identify and describe the main theories and concepts related to the GE, as well as to explain its links to sustainability and its implications for policy-making. The paper further elaborates on the underlying assumptions in terms of substitutability of productive inputs, while considering notions of weak and strong sustainability. Moreover, the paper develops a heuristic framework to explain the distinctive components of the GE and to understand its various definitions. The GE is seen as an inclusive and participatory approach, which seeks to bridge the gap between economic and environmental agendas and address global environmental concerns²³. It also focuses on the preservation of natural capital, which includes ecosystems and natural resources. In addition, it emphasizes the use of renewable energy and low-carbon production methods, as well as greening the economy in response to the current economic crisis²⁴. The main form of the GE that is adopted by governments is mostly focused on “cleantech” solutions. The GE concept is however controversial due to its theoretical blurriness, and the lack of consideration of political, economical, and cultural constraints. Despite this, it is believed that a successful implementation of the GE approach will result in improved well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

Objectives, research and questions.

In simple terms, this research aims to examine the role and capacity of developing countries in the dimensional increase of their capacities for the implementation of the Green Economy. The study is exploratory in nature and aims to provide important insights into the dynamics and interactions of various

²² Vitaly Ivlev y Marina Ivleva, «Philosophical Foundations of the Concept of Green Economy», en (Atlantis Press, 2018), 869–73, acceso 4 de marzo de 2024:26:45, <https://www.atlantis-press.com/proceedings/cesses-18/25906644>.

²³ Philip Moore, «Planetary Collective’s Overview: <https://vimeo.com/55073825>», *Biodiversity* 20, no. 4 (2019), doi:10.1080/14888386.2019.1665586.

²⁴ Albert Merino-Saum et al., «Unpacking the Green Economy concept: A quantitative analysis of 140 definitions», *Journal of Cleaner Production* 242 (2020), doi:10.1016/j.jclepro.2019.118339.

factors for the creation of sustainable economic security. To investigate the principles, strategies, and potential impacts of transitioning towards a green economy. To understand the significance of promoting inclusive education through embracing cultural diversity in society.

The main questions asked in this research

- What are the core principles of green economy?
- Which are advantages and disadvantages of Green Economy in Developing Countries?
- How does green economy promote sustainable development?
- What are the opportunities for economic growth through green economy in developing countries?
- How can developing countries overcome the financial and technical barriers to implementing Green Economy?
- How can green economy promote job creation and economic growth in developing countries?
- What policies can be implemented to ensure the equitable distribution of the benefits of Green Economy in developing countries?

Research methodology

Analysis issues: There are several levels of analysis where challenges can arise due to various factors. A challenge for developing countries.

The first challenge is the lack of resources and infrastructure to support the transition to a Green Economy. The second challenge is the need for policy and regulatory frameworks that support the transition to Green Economy. Developing countries should create policies that encourage green investment, support innovation and promote sustainable practices.

Research methodology: A qualitative methodology is the most appropriate and effective tool to address the objectives of this study with the aim of answering the main questions that have been raised. Quantitative analysis involves data collection through surveys or statistical analysis to assess the impact of green economy initiatives on economic growth, environmental preservation, and social well-being. Surveys may be administered to businesses, policymakers, and stakeholders to gather data on perceptions, attitudes, and behaviors related to green economy practices.

Data collection method: This study refers to the behavior patterns of developing countries. Considering the theoretical framework, the methodology was built to answer the main issues raised and the materials that supported the research argument were used. For this research on the transition towards a green economy, a multi-faceted data collection approach is adopted to gather comprehensive insights into various aspects of the topic. **Literature Review:** Extensive review of existing academic literature, policy documents, reports, and case studies related to green economy transitions is conducted. **Case Studies:** Detailed case studies of successful green economy projects or initiatives are analyzed to understand their implementation processes, impacts, and lessons learned. **Observational Research:** Direct observation of green economy practices, infrastructure, and policies in real-world settings is employed to supplement other data collection methods.

How does green economy differ from traditional economic models?

Green economy represents a new approach to economic growth, distinct from traditional economic models²⁵. It prioritizes environmental objectives, such as prevention of loss of biodiversity and ecosystem services, over maximizing economic growth²⁶. This involves significantly reducing environmental risks and ecological scarcities, as well as enhancing energy and resource efficiency. It also promotes circular systems, reduces waste and material consumption and encourages the reuse of materials²⁷. Moreover, a green economy focuses on more than just emission reduction, as it prioritizes sustainable development without degrading the environment, and recognizes the importance of global and country level equity dimensions. It also stresses the importance of integrating economic and environmental policies and highlights opportunities

²⁵ Ulrich Brand, «Green Economy – the Next Oxymoron? No Lessons Learned from Failures of Implementing Sustainable Development», *GAIA - Ecological Perspectives for Science and Society* 21, no. 1 (2012), doi:10.14512/gaia.21.1.9.

²⁶ «A new understanding of the green economy - Arup», <https://www.arup.com/en/perspectives/a-new-understanding-of-the-green-economy>.

²⁷ «Green Economy: UNEP - UN Environment Programme». U. N. Environment, <http://www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy>.

for new sources of economic growth²⁸. Furthermore, green economy strategies use a combination of measures, such as economic instruments, regulatory policies, voluntary approaches and information provision, to promote greater biodiversity and build capacity to adapt to climate change. In addition to its primary objective of environmental protection, green economy also creates additional prosperity and social benefits, provides economic and social benefits and fosters greater prosperity, boosts local growth and innovation, and fosters competitiveness. Moreover, green economy aims to create a virtuous relationship between economic growth and environmental wellbeing, as well as provide a more just and inclusive society. Finally, green economy is not sector specific and needs to be defined based on critical elements to encourage integrated assessments and enhance understanding and effectiveness in decision-making, while also applying to the whole economy.

What are the core principles of green economy?

The core principles of the green economy encompass sustainable resource use, consumption, and production. We contend that new conceptualisations, stressing the social fairness aspects of green economics, are required along with better prescriptions about how to implement the concept in practice²⁹. Additionally, the green economy adopts a precautionary approach in order to reduce social and environmental harm. Its principles are in line with the ideals of sustainable development, and it recognizes natural and social capital through green accounting, internalization of external costs, whole- life costing and improved governance. Equity and fairness within and between generations are also core principles. Furthermore, green economy needs to fit with existing macroeconomic goals by creating green jobs, eradicating poverty, and improving competitiveness and growth in key sectors. The green economy is focused on reducing environmental risks and ecological scarcities, while still adhering to the principles of sustainable development. Moreover, it seeks to improve human well-being and social equity, is both low carbon and resource efficient. In order for the

²⁸ Ivo Iavicoli et al., «Opportunities and challenges of nanotechnology in the green economy», *Environmental Health* 13, no. 1 (2014), doi:10.1186/1476-069X-13-78.

²⁹ *Emerging governance of a green economy: cases of European implementation* (New York: Cambridge University Press, 2020).

green economy to be successful, green innovations should be economically and environmentally sustainable, and should change the way society manages the interaction of environmental and economic domains. Resource efficiency is a core principle of green and sustainable growth, and the traditional linear flow of materials in a ‘take-make-use-dispose’ economy is being replaced by a more sustainable, circular one³⁰. Green chemistry is also a core principle of the green economy, its principles include design for resource efficiency and waste minimization. The European Commission’s “Roadmap to a resource efficient Europe” is thus based on the philosophy of resource efficiency, green economy seeks to eliminate waste through deliberate design of products and processes. Green economy further emphasizes the use of renewable raw materials for sustainable production, the direct conversion of plant biomass to biofuels, chemicals, and biomaterials, in integrated biorefineries, forms the basis for a carbon-neutral, bio-based economy. Waste minimization is also essential to reduce the production of carbon dioxide as waste. Additionally, non-renewable fossil resources are being used at a much higher rate than they can be replaced by natural geological processes, making their use unsustainable in the long term. Consequently, any sustainable technology must fulfill two conditions: using natural resources at rates that do not unacceptably deplete supplies over the long term and generating residues at rates no higher than can be assimilated by the natural environment. Moreover, revolutionary changes must also be cautiously assessed for their economic, social, environmental and occupational health and safety implications. The proposed principles for green economy emphasize the importance of taking advantage of nanotechnology opportunities while overcoming its practical challenges. Furthermore, green chemistry aims to prevent pollution by waste minimization and avoiding toxic and hazardous substances in chemical production and application, and pollution abatement by waste prevention at the source is preferred over waste remediation.

Advantages of Green Economy in Developing Countries

³⁰ Roger A. Sheldon, «Green chemistry and resource efficiency: towards a green economy», *Green Chemistry* 18, no. 11 (2016), doi:10.1039/C6GC90040B.

Transitioning to a green economy in developing countries could bring about a range of potential benefits. Developing countries have a unique set of strengths that could help them to facilitate the transition, such as geographical location, environmental policies, potential for green energy mix, a young and dynamic population, efforts to reduce poverty levels and illiteracy rates³¹. There are also various opportunities, such as commercial interests in driving the development and transfer of green technology, cross-border collaborations and global attention to climate change, local and international support for green economy, awareness and understanding of environmental protection. To assess the potential of transitioning to a green economy and to identify the support needed to do so, the paper developed a methodology to measure the productive capabilities of countries for the green economy³². The results of the study shed new light on green industrialization and have implications for green industrial policy. Further, the study revealed that countries with higher rankings in terms of their ability to export complex green products are more likely to have higher environmental patenting rates, lower CO₂ emissions and more stringent environmental policies. Moreover, there is a strong path dependence in the accumulation of green capabilities in countries, developing countries can reorient their existing industrial structures to become more competitive in an environmentally friendly world³³. Transitioning to a green economy can have positive impacts on main indicators for different sectors in developing countries, and it can help attain regional and international sustainable development goals (SDGs) and minimize environmental impacts of economic growth³⁴. Green technology has a promising future to meet the need for economic prosperity in developing countries, it can also stabilize

³¹ Ernest B. Ali, Valery P. Anufriev y Bismark Amfo, «Green economy implementation in Ghana as a road map for a sustainable development drive: A review», *Scientific African* 12 (2021), doi:10.1016/j.sciaf.2021.e00756.

³² Penny Mealy y Alexander Teytelboym, «Economic Complexity and the Green Economy», *SSRN Electronic Journal* (2017), doi:10.2139/ssrn.3111644.

³³ Josephine K. Musango, Alan C. Brent y Andrea M. Bassi, «Modelling the transition towards a green economy in South Africa», *Technological Forecasting and Social Change* 87 (2014), doi:10.1016/j.techfore.2013.12.022.

³⁴ Muhammad Ikram et al., «Enabling Progress in Developing Economies: A Novel Hybrid Decision-Making Model for Green Technology Planning», *Sustainability* 14, no. 1 (2021), doi:10.3390/su14010258.

natural systems as developing countries consider their vulnerability to environmental hazards. The potential benefits of transitioning to a green economy can include environmental protection, efficient energy resources, eco-friendly products, collaboration between public and private sectors for technological advancement and economic stability, human development and accelerated economic development. Additionally, green innovations protect the environment by providing safe means to utilize energy and resources, and when combined, they help reduce environmental impacts and increase productivity. Investment in green growth development with national and regional investment banks can boost economic growth while ensuring environmental sustainability, and high productivity potential in the agriculture sector is a key sub-factor for strategic green technology planning. The evidence of green growth and the support the countries are receiving in the implementation of green initiatives, with the key aim of making the country clean, green and healthy while addressing social and economic challenges, are very important. Thus, green growth in developing countries has the potential to lead to sustainable development, and transitioning to a green economy can eliminate the trade-offs between economic growth and investment and gains in environmental quality and social inclusiveness³⁵. Green growth can also provide a sustainable solution to environmental problems in developing countries, promote sustainable development, reduce greenhouse gases and hazardous air pollutants and be significantly correlated with technological innovation and ISO. This theory has a few advantages. A green growth is a better alternative than a business-as-usual growth. It can revitalise the economy in periods of economic decline (jobs, investments, innovation). Green growth can also have a positive effect on markets and investments in the field of adaptation³⁶.

How does green economy promote sustainable development?

³⁵ Nabila Abid, Federica Ceci y Muhammad Ikram, «Green growth and sustainable development: dynamic linkage between technological innovation, ISO 14001, and environmental challenges», *Environmental Science and Pollution Research* 29, no. 17 (2022), doi:10.1007/s11356-021-17518-y.

³⁶ Lilian Yap, «Trade Unions in the Green Economy: Working for the Environment. Nora Räthzel and David Uzzell, eds. New York: Routledge, 2013, pp. xvi, 266», *Canadian Journal of Political Science* 47, no. 4 (2014), doi:10.1017/S0008423914001000.

Green economy is becoming more and more important for sustainable development. It promotes eco-innovations, which involve the use of green funding, green processes, green innovation, and green growth³⁷. The macroeconomics of the green economy has policy implications for sustainable development in the post Covid-19 era. The transition to a green economy can promote sustainable development, by decoupling economic growth from environmental degradation, creating new economic opportunities and jobs, and encouraging the private sector to develop environmental technology³⁸. However, the impact of public financing on the development of environmental technology in the private sector is a topic of debate. Green innovation, carbon-neutrality, and green funding have also become key challenges for the emerging seven (E7) economies in recent years. Eco-industries are becoming increasingly organized in a chain of eco-industry with the help of eco-innovations. The growth of eco-industries is surging, this is accompanied by a growing consciousness to move towards green growth with sustainability. To achieve green growth, organizations and R&D support are necessary, and eco-consciousness needs to be enhanced among producers and consumers. The green economy acknowledges environmental resource limitations and other systemic problems, and renewable technologies are added to the natural process³⁹. Apart from connecting intermittent renewables of the same type, different renewables can be integrated together (or with energy efficiency measures and technologies) to create very reliable hybrid systems⁴⁰. Green finance covers all kinds of technologies which concentrate on environmental issues and seek to be sustainable.

³⁷ A. N. Sarkar, «Promoting Eco-innovations to Leverage Sustainable Development of Eco-industry and Green Growth», *European Journal of Sustainable Development* 2, no. 1 (2013), doi:10.14207/ejsd.2013.v2n1p171.

³⁸ Xiao Bai et al., «Measuring China's green economic recovery and energy environment sustainability: Econometric analysis of sustainable development goals», *Economic Analysis and Policy* 75 (2022), doi:10.1016/j.eap.2022.07.005.

³⁹ Clara I. P. Martínez y Alexander C. Poveda, «The Importance of Science, Technology and Innovation in the Green Growth and Sustainable Development Goals of Colombia», *Environmental and Climate Technologies* 25, no. 1 (2021).

⁴⁰ Miguel Mendonça, David Jacobs y Benjamin K. Sovacool, *Powering the green economy: the feed-in tariff handbook* (London, Sterling, VA: Earthscan, 2010).

What are the opportunities for economic growth through green economy in developing countries?

Developing countries have a unique opportunity to transition from passive governance to active investment in the green economy, which can stimulate economic and job growth. Moreover, the financial crisis of 2008 presented a historic opportunity for the rise of the green economy. Green economy is a concept that embodies the idea of improving human welfare, social equity and reducing environmental risks. Extending this concept in practice, studies on energy utilization efficiency and environmental pollution in economic development has been implemented, allowing developing countries to find a balance between environmental protection and economic development. In order to transform ecological advantages into economic benefits, developing rural tourism is an important way to stimulate the positive role of rural tourism and form a virtuous cycle. This is also known as the “Green Mountains are Gold Mountains” concept proposed by the Chinese government. The Chinese government recognizes and attaches great importance to the implementation of the green economy. However, the primary problem facing the Chinese government is how to guide farmers to accept this new concept of green development. Existing policies are mostly based on the entire country’s environment and development issues without in-depth analysis at the micro level. In other words, it is necessary to find out how villagers can play a greater role in achieving green economic development. Conditional cash transfer (CCT) projects are being implemented to correct market failures that lead to underinvestment in social security in developing countries, while there is a growing consensus on policy instruments like pay for environmental services (PES) to tackle excessive environmental degradation⁴¹. The theory of endogenous development provides important opportunities for economic growth through green economy in developing countries. Most measures taken by developing countries are from a macro perspective, lacking exploration on the rural level. Therefore, developing countries need to find ways to increase economic income while protecting the ecological environment. China has made positive progress in transforming its ecological advantages into economic benefits, with the two-mountain slogan combining ecological environment and economic development. The weak awareness of rural residents is a major

⁴¹ Lili Li et al., «Developing Village-Based Green Economy in an Endogenous Way: A Case Study from China», *International Journal of Environmental Research and Public Health* 19, no. 13 (2022), doi:10.3390/ijerph19137580.

constraint on promoting green economic development in rural areas. Developing countries are facing a dilemma in terms of economic growth and environmental protection. Developed countries have a higher level of national income, making it easier to achieve a win-win situation of ecology and economy. Rural residents in developing countries have weak awareness of environmental protection and green economy development. The key for transforming rural ecological advantages into economic benefits is to cultivate the village's endogenous development capability. It also provides a new theoretical perspective to examine the role of rural ecological advantages in economic development, including activating local resources, cultivating local identity, stimulating local participation, and building a collaborative network. Yucun in China serves as an example of developing green economy at the village level by making use of local resources and scientifically formulating a development strategy. China, as the largest developing country in the world, is seeking a "rapid industrialization" solution which compresses the process of industrialization in developed countries over 100 years into a relatively short period. This will induce a significantly increase in energy intensity and carbon dioxide emission intensity. At present China is at the rapid growth stage in industrialization and urbanization, which means more resource consumption and energy consumption. However with the rapid economic growth and the economic expansion, China is facing strong constraints from energy, mining and water resources and the environment. So China will be the focus and the key of global sustainable development⁴².

Challenges of Implementing Green Economy in Developing Countries

Transiting to a green economy presents many challenges for developing countries, related to inadequate funding, political will, costs of green technologies, weak institutions, lack of long-term policies, and capacity and process dimensions of governance⁴³. Moreover, developing countries may struggle with limited access

⁴² *The green economy and its implementation in China* (Singapore: Enrich, 2011).

⁴³ candidate of economic sciences, docent, international humanitarian and technical university, shyment, republic of kazakhstan, <https://orcid.org/0000-0002-8805-5924>, e-mail: aiganymk7676@gmail.com et al., «integration of kazakhstan's agro-industrial complex within the framework of economic processes globalization», *series of social and human sciences* 4, no. 332 (2020), doi:10.32014/2020.2224-5294.99.

to technology and knowledge transfer, economic and social disruptions, and balancing economic growth with environmental sustainability. There is also the risk of job insecurity and decreased income for workers in traditional industries, as well as limited access to financing and investment for sustainable development. Furthermore, mainstreaming the green economy faces tremendous governance challenges, wherein decision-making and organizational capacity are the main issues⁴⁴. Additionally, energy consumption can be a barrier to green growth development in developing countries. Strong sustainability shows that the economy, society and the environment are inextricably linked. What occurs in the environment is affected by society or the economy. Addressing problems occurring in the economy or society without considering the environment is a partial and incomprehensive approach to solving issues. A methodology is provided for this by systems thinking. The model connotes that searching for solutions has to go beyond the individual by addressing relations and interconnections in complex systems. Given the multi-dimensionality of sustainable development, this model may help in conceptualising and understanding these issues. In order to overcome these challenges, developing countries require support and cooperation from the international community, as the challenges in both dimensions need to be addressed simultaneously and in an integrated manner⁴⁵.

Developing countries can overcome the financial and technical barriers to implementing green economy

Developing countries may face financial and technical obstacles when attempting to implement green economy. This is due to the heightened investment capital requirements and the need for advanced know-how to execute modern green energy projects⁴⁶. Therefore, it is essential to emphasize strategies such as building green supply chains within industrial parks to make traditional industries more environmentally bearable, economically viable, and socially equitable. By studying existing case studies, such as those from the iron

⁴⁴ Agnes Musyoki, *The emerging policy for green economy and social development in Limpopo, South Africa* (Geneva, Switzerland: United Nations Research Institute for Social Development, 2012).

⁴⁵ *Green economy and climate mitigation: topics of relevance to Africa* (Pretoria 0001: South Africa, 2011).

⁴⁶ Patrik Söderholm, «The green economy transition: the challenges of technological change for sustainability», *Sustainable Earth* 3, no. 1 (2020), doi:10.1186/s42055-020-00029-y.

and steel-making, paper mill and pulping, and petrochemical industries, we can learn more about the framework of green supply chains. Additionally, green supply chains can play a role in eco- industrial parks, leading to a green economy. To ensure that the green economy is successful, effective evaluation procedures must assess barriers from the perspective of institution, regulation, technology, and finance. It is worth noting that green supply chains are capable of producing both economic growth and environmental protection. In developing countries, there is an immediate need for the development and implementation of green technologies in existing facilities⁴⁷. However, it is uncertain whether consumers are willing to pay a price premium for carbon-free blast furnace processes in modern iron and steel plants. Additionally, small and medium sized firms may struggle to up-scale and optimize production technologies, which may be a major hurdle. In the absence of direct policy support, businesses may not have the capacity to invest in long-term green technology development. Furthermore, green product innovations may be easier to develop than process innovations since businesses can charge consumers a price premium.

The political and cultural challenges of transitioning to a green economy in developing countries

Transitioning to a green economy presents many political and cultural challenges for developing countries. These challenges are highlighted by the case of Bali, a developing country that is conscious of the complex connections between tourism, culture, and the environment. In recent years, Bali has seen rapid growth in tourism that has had a negative impact on the environment⁴⁸. As a result, the Ministry of Tourism and Creative Economy commissioned a green economy strategy to address the pressing need to protect the environment. This strategy was intended to improve human well-being, social equity, and sustainability, while taking into account the cultural and political context of the local population. The green economy strategy sought to reduce carbon emissions, pollution, and resource consumption, while at the same time

⁴⁷ Jacqueline Li et al., «Building green supply chains in eco-industrial parks towards a green economy: Barriers and strategies», *Journal of Environmental Management* 162 (2015), doi:10.1016/j.jenvman.2015.07.030.

⁴⁸ Alexandra Law et al., «Transitioning to a green economy: the case of tourism in Bali, Indonesia», *Journal of Cleaner Production* 111 (2016), doi:10.1016/j.jclepro.2014.12.070.

encouraging investment in economic activities and infrastructure that would drive employment and income growth. In this way, the green economy strategy provided a framework for addressing the political and cultural challenges of transitioning to a green economy in developing countries. Sustainable development has been interpreted differently by different sectors of the global community. Some sectors prefer the dualistic typology that emphasises the relationship between humankind and nature, whereas some prefer the tripartite and holistic approach that emphasises the social, economic and ecological dimensions of sustainable development.

Sustainable Use of Natural Resources.

Systems analysis tools will only help in generating multiple “what if” scenarios, i.e., possible future scenarios. Scenario that will play out in the future is dependent on the actions of the individuals, society, and the systems response to those actions. Many solutions have been proposed for moving humanity on a more sustainable path. Since the socio-economic-ecological system is extremely complex with so many feedback loops that are not understood well or not even identified at all, it is impossible to plan with certainty⁴⁹. Strategies to promote sustainable use of natural resources in developing countries are essential in protecting the environment while still meeting their needs. Sustainable use of natural resources means using them in a way that does not harm the environment or nearby communities. As such, it is important to explore strategies that allow for sustainable use of resources while still meeting the needs of developing countries. One such strategy can be to look for better and more efficient methods of manufacturing building materials such as concrete. This would help to reduce the use of natural resources while still providing the necessary materials. In addition, exploring ways to incorporate highly sustainable materials such as bamboo into fabric and other products can also be beneficial. This would help reduce the use of resources while also creating products that are both environmentally friendly and beneficial to local communities. Moreover, it is important to use resources responsibly and in a way that does not harm the environment or the people who depend on it for survival. Therefore, strategies should be employed to promote sustainable use of natural resources in

⁴⁹ Edgard Gnansounou, Samir K. Khanal y Ashok Pandey, *Green-economy: systems analysis for sustainability* (Amsterdam: Elsevier, 2022).

developing countries. This would help to preserve the environment and resources for future generations while also allowing for the needs of developing countries to be met in a sustainable manner⁵⁰.

How can developing countries promote the efficient use of energy and water resources?

Developing countries, such as Azerbaijan, need to focus on efficient use of energy and water resources. Efficient water management is crucial for achieving sustainable water management and is also important for building an inclusive society. Water management needs to include urban water supply, irrigation needs, industrial water use, water tariffs and the impact of water on export potential. Improving the efficiency of water management and consumption is also necessary for sustainable development. Public policy should focus on identifying factors for effective water resource management and sustainable development. Azerbaijan's National Program for Sustainable Socio-Economic Development includes a section on water policy issues. It also seeks to transition to a sustainable green economy based on innovative management principles⁵¹. To promote efficient use of energy and water resources, Azerbaijan needs to formulate a comprehensive strategy to ensure sustainable management. This should include developing effective policies, regulations and improvement of institutional capacity, as well as investments in water-saving technologies. A key aspect of this strategy should be to focus on developing renewable energy sources such as solar and wind, which can help reduce dependence on traditional energy sources and can help to conserve water resources. Furthermore, Azerbaijan should also look at ways to promote efficient use of water in agriculture, such as adopting better irrigation techniques and water conservation measures. Finally, Azerbaijan should also focus on educating people on the importance of efficient energy and water use and creating awareness about the consequences of overconsumption.

⁵⁰ P. H. Whetton, Victoria. y CSIRO (Australia)., *Climate averages and variability based on a transient CO2 simulation: research undertaken for the Department of Natural Resources and Environment* (East Melbourne: Dept. of Natural Resources and Environment, 2000).

⁵¹ Elshan Ahmadov, «Water resources management to achieve sustainable development in Azerbaijan», *Sustainable Futures 2* (2020), doi:10.1016/j.sftr.2020.100030.

What steps can be taken to ensure the protection and conservation of natural resources in developing countries?

To ensure the protection and conservation of natural resources in developing countries, various steps can be taken. These can include promoting economic empowerment, strengthening community capacity, controlling environmental pollution, rehabilitating damaged natural resources. Community economic empowerment can be implemented to increase the productivity of economic businesses and maintain sustainability of environmental ecosystems, while community capacity strengthening can be used to accomplish the conservation of natural resources. Additionally, socialization to the local community about the benefits of natural resources can also be done. Pollution control is a requisite for preserving environmental quality, and strategies for reducing poverty and improving natural resources can be designed⁵². Furthermore, engaging the local community in conservation efforts can increase the success of natural resource management initiatives. Additionally, it is beneficial to build partnerships with international organizations and donors to secure funding for conservation efforts. Moreover, economic empowerment in the local community can be achieved through issues of access to resources and entitlements, capacity building, nurturing of leadership and local initiative, and institutional development⁵³. This can be done through facilitation, assistance, and mapping of economic potential towards ecotourism-based productive economic business training. Biodiversity is also important for environmental sustainability, can be preserved by orienting conservation of natural resources towards watersheds and balancing environmental ecosystems. Furthermore, integration of mangrove forest conservation with tourism development can increase community economic productivity, while reinforcing institutional capacity, community participation, and social knowledge based on local wisdom can be used to achieve green economic development. In addition, payments for environmental services can incentivize conservation efforts and promote sustainable resource

⁵² Batara Surya et al., «Natural Resource Conservation Based on Community Economic Empowerment: Perspectives on Watershed Management and Slum Settlements in Makassar City, South Sulawesi, Indonesia», *Land* 9, no. 4 (2020), doi:10.3390/land9040104.

⁵³ Sara J. Scherr, «A downward spiral? Research evidence on the relationship between poverty and natural resource degradation», *Food Policy* 25, no. 4 (2000), doi:10.1016/S0306-9192(00)00022-1.

use, effective financing options can be used to promote sustainable natural resource management in developing countries⁵⁴. Finally, four steps are required to ensure protection and conservation of natural resources in developing countries. These include active community participation to support conservation and rehabilitation of mangrove forests, government policy support for conservation-based regulations, integrating conservation efforts with tourism development, supervision, control, and community participation to preserve natural resources. Therefore, these steps can be taken to ensure the protection and conservation of natural resources in developing countries.

Green Economy and Poverty Reduction. The potential benefits of green economy on poverty reduction in developing countries

The potential benefits of green growth on poverty reduction in developing countries are evident. To maximize the positive synergies of green growth strategies, OECD countries should design green growth policies in a way that promotes poverty reduction⁵⁵. In this regard, green growth in developing countries should be labor-intensive and should not reduce the share of agriculture in GDP or employment. Additionally, green growth policies should take into consideration migration and urbanization to maximize their effectiveness in poverty reduction. In terms of agriculture and fisheries, green growth policies should be designed to improve livelihoods in developing countries. Moreover, there are trade-offs between green growth and poverty reduction that must be explicitly addressed to ensure that the social costs of green growth policies are minimized. Common and stylized green-sensitive growth ideas related to agriculture, trade, technology, infrastructure, urban development can also cause a slowdown in the effectiveness of growth to

⁵⁴ Santiago de Francisco Vela et al., «Bio-currencies: an alternative to Payments for Environmental Services (PES)», *Dearq*, no. 26 (2020), doi:10.18389/dearq26.2020.07.

⁵⁵ Andrew Shepherd, «Growth and Poverty Reduction: Policy Implications from Qualitative Research in Tanzania», *SSRN Electronic Journal* (2010), doi:10.2139/ssrn.1720978.

reduce poverty⁵⁶. It is essential to learn from case studies such as the Anti- Counterfeiting Trade Agreement, the reform of EU biofuels policy, and EU fisheries access to ensure that green growth policies are implemented in an effective and coherent manner.

How can green economy promote job creation and economic growth in developing countries?

Developing countries in particular are embracing green economy as a way to create jobs, reduce poverty, and address environmental concerns. By introducing green industries such as renewable energy, sustainable agriculture and forestry, and eco-tourism, green economy can promote economic growth and job creation in developing countries. However, it is important to ensure that green economy policies are designed in a way that is inclusive and equitable and that takes into account the needs and perspectives of all stakeholders. Otherwise, there is a risk that green economy policies may exclude or marginalize certain groups, such as informal sector workers or small-scale farmers. This is a key challenge for developing countries in implementing green economy policies. Moreover, achieving the mutual objective of sustainable development and green economy requires collaboration between local economies and societies⁵⁷ . Therefore, it is important to ensure that the decision-making process for green economy policies includes all stakeholders, including the most marginalized groups. What policies can be implemented to ensure the equitable distribution of the benefits of green economy in developing countries?

Conclusion

In conclusion, the green economy is a crucial concept for developing countries, as it offers a sustainable path for economic growth and development. A green economy is defined as low carbon, resource efficient, and socially inclusive, with growth in employment and income driven by sustainable development practices. Developing

⁵⁶ Stefan Dercon, *Is Green Growth Good for the Poor?* (The World Bank, 2012), <http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-6231>.

⁵⁷ Sylvia Lorek y Joachim H. Spangenberg, «Sustainable consumption within a sustainable economy – beyond green growth and green economies», *Journal of Cleaner Production* 63 (2014), doi:10.1016/j.jclepro.2013.08.045.

countries face unique challenges in achieving a green economy, including the need to address poverty and inequality while also promoting environmental sustainability. However, the benefits of a green economy are numerous, including improved health, education, and economic opportunities. Therefore, it is essential for developing countries to prioritize the transition to a green economy to achieve sustainable development goals and ensure a better future for all. Collaboration and multi-stakeholder engagement are crucial for achieving a green economy in developing countries. Addressing complex environmental problems requires the involvement of stakeholders with diverse perspectives and expertise. The sustainable development goals reinforce the link between the ecological system and the economic system, emphasizing the need for collaboration and multi-stakeholder engagement to achieve sustainable development. Therefore, governments, businesses, civil society, and individuals must work together to promote sustainable practices and ensure a successful transition to a green economy. Policies to insure equitable distribution of the benefits of green economy in developing countries must focus on justice and democracy. This would require strategies to ensure that the most marginalized and vulnerable populations receive their fair portion of the benefits. Furthermore, policies should ensure the empowerment of marginalized groups. This can be achieved by providing opportunities and resources to access education, health care, and other essential services and civil rights that are necessary to ensure a healthy and prosperous society. Moreover, policies must enable and facilitate the participation of all stakeholders, including those who are marginalized in decision-making processes. Additionally, policies must focus on creating and strengthening the social safety net in order to reduce poverty and inequality³⁷. This can be achieved by providing incentives and subsidies for those who are unable to take full advantage of the opportunities provided by green economy. For example, microcredit and other financial services can be made available to those who are unable to access formal credit markets. Finally, policies must support the creation of green jobs and the development of green technologies in order to ensure the equitable distribution of the benefits of green economy in developing countries. In conclusion, the transition to a green economy is a call to action for sustainable development in developing countries. Developing a green economy requires striking a balance between environmental protection and economic development. The sustainable development goals emphasize the importance of promoting sustainable practices and ensuring access to sustainable energy for all. Therefore, it is essential for

developing countries to prioritize the transition to a green economy and work collaboratively towards sustainable development for the benefit of both society and the planet.

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Legal applications and economic performance

*Prof. Assoc. Dr. Fatbardha Kadiu*⁵⁸, *Prof. Assoc. Dr. Alba Ramallari*⁵⁹, *Prof. Assoc. Dr. Shqipe Xhaferri*⁶⁰

Abstract

The impact of rules and laws is reflected in every element, both economic and social. Laws are what protect performance and activity. If in an economy we do not have a correct bunch of rules and laws then we will not have the possibility of creations of situations like evasion and corruption.

The impacts on the labor market are also very important in the economy of the country and others. Often, the assessment of intellectual property is required so that the problem is not emphasized and sometimes the fact of the financial and economic development situations of the country is also highlighted.

That's why we often associate rules and laws with economic growth, with changes in GDP and even with overall performance. In this paper is important to evaluate the changes in economic growth, protected by laws and regulations by evaluating human capital.

Keywords: Intellectual Property, Performance, Economic Growth

JEL Classification: O34 O47 K10

Introduction and Literature review

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Nowadays, it is widely accepted in both academic and law-making spheres that legal reforms that create market-friendly regulatory environments are crucial for economic growth. For this there is a lot of literature and even cases that require special applications or cases of specific economies.

In the studies, we try to determine whether there is an effect of legal origin on legal rules and regulatory outcomes at the beginning and end of the period, and whether the relative position of legal traditions changed after the reform. In some countries of the world, we mention here; France, Britain, USA, etc., have changed a part of their laws only to create the possibility of economic developments and thinking that they reach a target of the impact of the law.

The 17th-century English civil wars saw a coalition victory, promoting private property rights and adapting the legal system based on case-law principles. The French Revolution's separation of powers weakened judges' role, highlighting the "adaptability channel" in British law.

The pretended superiority of the common law has had important consequences. Policy makers imitate legal tools related to the common law (the winning origin) instead of improving existing institutions typical of the civil law tradition (Roe and Siegel 2009). Indeed, it has been observed certain catching up of civil law countries in terms of this implies that investors, both shareholders and creditors, are protected by law from expropriation by firms' majority shareholders and the management. These are like legal features typical of common law systems (Armour et al., 2009a). However, a growing number of scholars have recently criticized the assumptions and findings of the Legal Origins Theory (e.g., Rajan and Zingales, 2003; Klerman et al., 2011; Spamann, 2010a,b; Oto-Peralías and Romero-Ávila, 2014a,b). Therefore, given the important policy implications of this criticism in the lawmaking sphere, it is crucial to conduct a critical revision of the state of the literature about the Legal Origins Theory, and to assess the impact of the new evidence from the point of view of legal reforms. Hence, in the rest of the section we divide all the criticisms to the Legal Origins Theory into three main blocks.

Of course, the literature discusses the impediments of justice due to formal procedures, organizational structures, and incentives for service providers. New institutional economics, which began with Williamson, connects transaction cost theory with relational contracts and fundamental transformation. However, the

binomial public-private relationship does not yield expected results. Institutions explain economic transformations and performances through comparative analysis, with entrepreneurs, employees, and others acting as active actors. Personal maximization and limited rationality are the foundation of this movement.

Also in theory, institutional interaction (the new institutional economy) begins with Williamson (1975; 2000) who saw the transaction only as a bilateral relationship. Only later does he link the theory of interconnected transaction costs and the underlying transformation.

Intellectual property and the law and regulations

The extension of intellectual property may include the granting of rights to new forms of creation or the extension of existing copyright protections. For example, this could include recognizing works created by under copyright law or increasing protection for digital assets in virtual environments.

Intellectual property (IP) plays a crucial role in the economy by driving innovation and creativity. It would work better if it encouraged innovation by ensuring it. Fostering innovation would be accomplished when IP rights provide creators and innovators with exclusive rights to their creations, encouraging them to invest their time and effort as well as every effort and resource in the development of products, technologies, and works of art. artistic cloud. Innovation could be developed depending on the degree of competitiveness in the markets. While IP rights grant exclusivity to creators, they also encourage competition. Competitors are motivated to develop alternative solutions or products, leading to continuous innovation and improvement in the market and environment. Protection of IP behavior and new development in industry and production. IP-intensive industries contribute significantly to economic growth and job creation and grow over time. Industries such as technology, pharmaceuticals, entertainment and fashion rely heavily on IP protection to develop the sector and market. An important factor in the market would be if the level of investments could be increased. In our analysis, we need to distinguish the possibilities of internal investments and foreign investments. a good number of international patents in the world are inclined to open their daughters wherever they can have a chance for profit and development. Strong IP protection attracts investment by giving investors confidence that their investments will be protected and that they can benefit from their innovations and creations now and in the future. However, every product that brings a new development to

the market needs support until it becomes stronger in the market and can create its place in the world market. Therefore, IP is also related to the increase in commercial opportunities due to its advantages, in which not a little the place and the geographical part of the occurrence of the product. However, IP rights are essential in international trade as they provide a framework for businesses to protect their assets across borders and engage in licensing and technology transfer agreements. In general, intellectual property rights serve as a cornerstone of modern economies, driving innovation, fostering growth and facilitating the exchange of ideas and technologies from period to period.

Laws have a significant impact on intellectual property (IP) in several ways.

However, laws have a significant impact on intellectual property (IP) in several ways. Laws affect the creation of IP and the preservation of IP rights. It is the laws that set the framework for the creation and enforcement of IP rights, including patents, copyrights, trademarks and trade secrets. They determine which types of creations are eligible for protection and the extent of those protections, and who else is excluded due to specific conditions.

In the IP situation, the entire period of time or the time of preservation of the copyright of a patent or a certain product is determined. Here it is worth noting that copyright conditions vary depending on the jurisdiction, as well as the criteria for patenting and trademark registration.

IP should also be treated at the level of benefits of a public good. The moment they are carried out and give their positive fruits, their impact is felt in society and is qualified as a benefit from a public good. but even though it provides benefits as a public good, its creative identity and originality must be protected, and it also protects for compulsory licensing in the patent law, which enables access to essential technologies.

The laws also play a crucial role in harmonizing IP regimes in different jurisdictions, facilitating international trade and cooperation. Treaties and agreements, such as the Berne Convention for the Protection of Literary and Artistic Works and the TRIPS Agreement, set minimum standards for the protection of a creation. not only that, but every element requires adaptation and here we also look at how strategic planning should be changed in relation to innovation, technology that changes even with the interventions of artificial intelligence.

Laws to protect IP rights include civil remedies such as injunctions and damages, as well as criminal penalties for infringement.

Overall, the legal framework surrounding intellectual property has a profound impact on innovation, creativity, economic growth and the balance of interests between rights holders and consumers.

The IP legal landscape is constantly evolving to adapt to new challenges and opportunities. Laws and regulations governing trademarks, patents, copyrights and trade secrets are subject to revisions and updates to adapt to changes in technology and markets as well as business practices and international agreements.

Enforcement of IP rights is a key aspect of the legal landscape. Effective enforcement mechanisms, including civil remedies and criminal penalties for infringement, are essential to protect the rights of the author and the individual trying to keep up with the times. However, challenges such as cross-border infringement and digital piracy require a new development for implementation.

Intellectual property rights have a significant economic impact. IP-intensive industries contribute significantly to GDP and employment in many countries. Strong IP protections stimulate investment in innovation and creativity, driving economic growth and competition on a global scale.

Technological advances, such as artificial intelligence, blockchain and 3D printing, present opportunities and challenges for IP. They enable new forms of creation, distribution and consumption of intellectual property, as they leave complementary spaces from special tasks, thus avoiding a little of the problem that artificial intelligence encounters in relation to ownership, attribution and implementation.

Economic development, innovation and globalization have increased the importance of IP in international trade and commerce. Trade agreements and treaties set standards for IP protection and enforcement, facilitating broad cross-border cooperation. However, disputes over IP policies can also lead to trade tensions and disputes between nations mentioning here advantages in manufacturing and trading products. But still, these problems that come along with the benefits give the opportunity for a critical discussion on IP and become the trigger for compulsory licensing and technology transfer agreements which rightly aim to

promote access to essential technologies and cultural works while protecting the interests of creators. to them or to the buyers of the respective patents.

Overall, the legal and economic situation for intellectual property is dynamic and complex, reflecting the evolving nature of innovation, technology and global markets. Achieving the right balance between protection, access and incentives for innovation is essential for fostering creativity, growth and societal well-being.

Summary and Conclusions

Intellectual property (IP) law serves as a fundamental pillar in fostering innovation and creativity within society. Its comprehensive framework, including patents, trademarks, copyrights and trade secrets, provides essential protections that encourage inventors, artists and businesses to develop new ideas and products period after period in accordance with the demands of society. These protections are essential for maintaining a balance between the interests of creators and consumers interested in them, ensuring that creators are recognized for the work they have done and for this work receive their benefits as compensation for the dissemination of knowledge and culture.

In the area of patents, legal protections encourage investment in research and development by giving inventors exclusive rights to their inventions for a limited time. This exclusivity allows inventors to recoup their investments and profit from their innovations, spurring technological advances that accompany economic growth. However, the patent system must be carefully managed to avoid stifling competition and to ensure that patents are not overbroad or granted for trivial improvements.

Trademarks protect brand identity by ensuring that consumers can distinguish between different products and services in the marketplace. This protection helps preserve the integrity of brands and prevents consumer confusion, thus promoting consumer confidence in brands and creating reliable trading conditions. Strong trademark protection is essential for businesses to build and maintain their reputation, which can be crucial to their success in competitive markets.

Copyright law protects the rights of authors, musicians, filmmakers and other creators, giving them control over the use and distribution of their works. In doing so, copyright law not only protects creativity, but also ensures that a diverse range of cultural expressions can flourish and benefit later. However, in the digital age, copyright law faces significant challenges from piracy and the rapid distribution of content online, requiring adaptation and enforcement mechanisms to effectively protect creators' rights.

Trade secrets provide protection for confidential business information that provides a competitive advantage. this is important in open international markets. This aspect of IP law is vital for businesses to protect proprietary processes, formulas and strategies. Effective protection of trade secrets helps maintain a company's competitive advantage and encourages the development of innovative business practices.

Despite the critical role of IP law in promoting innovation and protecting the rights of creators, it is essential to address potential limitations and shortcomings. IP law must strike a delicate balance between fostering innovation and ensuring public access to the benefits of that innovation. Overly strict IP protections can hinder access to knowledge, stifle competition and limit the availability of affordable products, especially in areas such as pharmaceuticals and technology. Therefore,

In addition, globalization and the digital revolution have presented significant challenges to IP law enforcement. The ease of copying and distribution of digital content across borders requires international cooperation and harmonization of IP laws to effectively protect intellectual property rights around the world.

In conclusion, intellectual property law is necessary to foster an environment that fosters innovation, creativity and economic growth in our day where everything tends to develop. Effective implementation and innovation steps are essential to encourage the development of new ideas and to ensure that creators can reap the benefits of their contributions in the future. However, it is equally important to continually reassess and adapt IP laws to address evolving challenges, promote fair competition, and ensure that individual consumers have access to and benefit from the fruits of human creativity and ingenuity. . By maintaining this balance, IP law can continue to be a driving force for cultural progress and enrichment in today's modern world.

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The relation between innovation and healthcare industry in Albania: A theoretical approach

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Abstract

The significance of innovation in the healthcare sector is becoming increasingly apparent.

Innovation encompasses crafting new tools and methodologies and plays a key role in enhancing patient care standards. Notably, innovation broadens reach within health domains, leading patients into a realm of ease via electronic wellness programs. An equally crucial asset for patient servicing exists in the labor force. The presence of a skilled, receptive medical team is paramount for delivering trustworthy, high-caliber healthcare services. Hence, novel approaches paired with labor are considered fundamental essentials in health initiatives. This paper aims to dissect how innovative products are increasing job growth in the healthcare sector and drawing new employment within Albania. The emphasis of the research will be on a theoretical perspective.

Keywords: Innovation, Healthcare Industry, Employment, Albania, Theoretical Approach

Introduction

In times the blending of innovation and healthcare has become a focus, for researchers, policymakers, and industry players worldwide. This convergence shows potential in enhancing healthcare services improving patient well-being and fostering development. Albania, a country in Southeast Europe experiencing socio changes offers an intriguing case study to explore the dynamic connection between innovation and its healthcare sector. Albania's healthcare system has seen transformations since the 2000s moving from a centralized government-controlled model to one marked by decentralization and market-driven policies. Alongside this shift, there has been a rise in progress and digitalization within the country creating opportunities for innovation in its healthcare field. However, there is still much to uncover regarding how innovation has impacted Albania's healthcare sector in terms of delivery methods, accessibility levels, and quality standards.

This research endeavor aims to bridge this knowledge gap by delving into the relationship between innovation and the Albanian healthcare industry. By utilizing a framework that integrates insights, from innovation studies, health economics, and public policy domains this study seeks to shed light on how innovation shapes healthcare practices, policies, and outcomes within Albania.

In an attempt to apply the ideas put forward by scholars like Christensen (1997), Rogers (2003), and Freeman (1982), among others, we are going to analyze the notion of innovation, from an all-embracing standpoint, by touching on its conceptual elements and different forms, drivers, and wider consequences for the healthcare systems. On this account, we are going to marry theory and focus on some of the studies on healthcare innovation ecosystems and technology adoption models to clarify the factors that make up the innovation landscape of the healthcare system in Albania.

In addition, the investigation will cover the organizational dynamics, the rule-making mechanisms, and the economic and sociological components that drive the dissemination and implementation of the advances in health care in Albania. Critically evaluating, governmental policies, collaboration of industries, and the partnerships of international will be the very first points we will research to answer to what are the factors that may vary the use of healthcare innovation in Albania.

The theoretical study presented in this chapter contributes to the elaboration of different aspects of the link between innovation and Albania's healthcare sector by analyzing the opportunities that it provides for further research in this domain, public policy design, and initiatives that seek to benefit from the interaction between innovation-led growth and the healthcare development.

Literature Review

Innovation in Healthcare: Conceptual Framework

Forming the bedrock of knowing the intersection of innovation and healthcare is a precise cognitive representation of innovation alone. The healthcare innovation term typically denotes a range of various activities from drugs or medical technology innovation to new care delivery models or organization practices (Damanpour et al., 2009). By taking Rogers' (2003) idea as a departure point, healthcare innovation can be

put as the process that has the possibility of diffusing among healthcare institutions and systems in a big way. Furthermore, innovations in healthcare cover more than just technological progression it also encompasses process innovations, service innovations, and policy innovations (Greenhalgh, W, Robert, M, Macfarlane, A, Bate, P & Kyriakidou, O, 2004).

The State of Healthcare Innovation in Albania

Despite some improvements over the last few years, Albania still is confronted with numerous health system problems, including resource gap, lack of necessary infrastructure, and the health advantages and disadvantages in access. This scenario is very important, so we could say that, in the end, innovation can enable and help progress within the Albanian healthcare system. Nevertheless, by the empirical basis, which refers to the level of healthcare innovation in Albania, the issue remains not very clear.

Khafaj et. al. (2017) conducted thorough research on innovations in the Albanian healthcare sector that demonstrated the rise of several new initiatives employed or in use to ensure healthcare is not only available but also meeting the needs of the patients. Among the actions referred to are the use of electronic health records (EHRs), remote care via telemedicine, and quality improvement programs. Nonetheless, the study exhibited several problems that hinder the innovation fields, among them are lack of funding, poor technological infrastructure, and lack of support from regulatory frameworks.

Factors Shaping Healthcare Innovation in Albania

Appreciating the forces that shape healthcare innovation in Albania is a key consideration that should be explored while striving to have innovative strategies adopted within the health sector. The innovation diffusion theory built by Rogers (2003) states that several factors such as the perceived benefits, the compatibility of the innovated product/service with the existing system, as well as the trialability of the product, influence the adoption of innovations in healthcare. Building on this theory, many determinants have been identified as the ones shaping healthcare innovations in Albania.

Governments and regulators provide a thorough and detailed environment for medical innovation more than any other factors (Orsini, et. al., 2020). Nonetheless, these policies point to the need for greater coherence

and alignment among the policies that address health system innovation and the issues that relate to broader health policy agendas (Ibrahimi et al., 2019).

Besides, the involvement of human capital and workforce enhancement is a widely known fact, that plays a significant role in the creation of a culture of innovation within healthcare organizations (Xhafaj et al., 2017). Programming along with continuous education and knowledge-sharing platforms can serve as a cognitive apparatus fostering the receptiveness among healthcare providers and the adoption of innovation.

This research paper utilizes the theoretical way of addressing the topic of innovation and the healthcare industry in Albania. The methodology requires critical investigation and synthesis of current literature and theories on healthcare innovation from both global and Albanian contexts.

Methodology

Literature Review: A comprehensive educational review of such sources as academic journals, books, policy reports, and conference materials will be conducted to clarify crucial theoretical models and empirical research related to healthcare innovation. The literature review will cover not only traditional faculties of innovation studies, but also medicine economics, public policy, and health care management.

Conceptual Framework Development: The incorporation of relevant literature findings will assist in the construction of a conceptual framework that is meant to direct the process of theoretical inquiry related to healthcare innovation in Albania. The framework (structure) will outline the key dimensions, concepts, and relations relevant to discovering the mechanisms, determinants, and results of this kind of innovative process in the Albanian healthcare context.

Theoretical Synthesis: Knowledge will be increased by analyzing innovation theories like the theory of innovation diffusion, systems thinking, institutional theory, and resource-based view, to be offered explanations for innovations in the Albanian healthcare system. Yet, these frameworks shed light and give nuance to different mechanisms that play a role in the process of innovation and knowledge diffusion.

Critical Analysis and Interpretation: A critical survey of the theoretical literature is mandatory to identify a theme that has recur, contradictions, and gaps in our current views of healthcare innovation. Practical

application will follow the literature summary with suggestions on what can be empirically researched as well as what policy analysis is needed.

By adopting this theoretical frame of reference, the study aims to advance the perspective on the nexus between innovation and the healthcare sector in Albania, reaching scientific conclusions that can be used to determine research agendas, policy discussions, and strategic deliberations in the context of striving to achieve healthcare magnitude and the worth of society.

Conclusion

Finally, to conclude, two things that literary works prove about innovations in the healthcare sector in Albania are that it is a crucial component of the healthcare system and that innovation improves the system of healthcare. The country of Albania has effected quite a notable transition in incorporating fresh innovations into its operations, yet it has in the meantime faced some intrinsic challenges, which include a shortage of resources, regulatory constraints, and workforce capacity problems. Addressing these unsettling challenges is a multi-sided problem that involves policymakers, the healthcare areas, and the community as a whole through the creation of innovative policies that are geared towards the improvement of healthcare delivery and the well-being of the people of Albania.

Policy Implications and Recommendations:

The theoretical findings that will be drawn from the analysis will be transferred to the practical sphere and suggest implications and recommendations for policymakers, practitioners as well as business owners in Albania. This will be done by an expert evaluation that will offer guidance regarding the policy creation, strategy, and interventions that would help in creating an amiable environment for healthcare innovation and enhancement.

Limitations and Future Directions

The theoretical limits and avenues for future research will be discussed as well in the analysis to respect the scope and the boundaries of theoretical inquest. Investigations on methods and an analysis of empirical

studies are suggested to move on with the work regarding healthcare innovation in Albania and the policy and practice implications.

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Impact of education programs in Museums increases accessibility to Tourism

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Abstract

Purpose - This paper examines the increased accessibility in Tourism, based on educational programs organized in Museum. Museums are important institutions in society especially in cultural heritage and education programs. Museums should be considered as a good offer to manage modules and training related to equality and accessibility in tourism. Museums are preferred to be visited by all social categories, therefore call to organize training regarding equality and accessibility in tourism would be welcomed by all categories.

Accessibility in tourism remains a challenge for many categories in society, this challenge is still not addressed properly not only in schools, but there are also a large number of institutions that are working in education programs. Education programs in the Museum could have a good impact on accessibility in Tourism because could involve professionals and young people with smart ideas about accessibility in Tourism.

Design/methodology/approach – Participants were from three different groups: The first group of the study consisted of teacher candidates who visited museums (n=25). The first group works in secondary school teaching. The second group includes the museum professional staff with experience in education programs (n=20) in Museums and the last group (n=25) are from businesses that deal with the tourism sector.

Findings – The results show education programs in the Museum have an impact on increasing Accessibility in Tourism and digitalization. Consistent with the findings of this study, all interviewed people considered the impact of Museums on Cultural Heritage Education and Accessibility in Tourism.

Originality/value – This study extends the current literature in Cultural Heritage Education and the impact of museums on accessibility in Tourism.

Keywords-Accessibility in Tourism, Education programs, Accessible Museums of the Future, and Cultural Heritage and Museums.

1. Introduction

The service industry is present in developed countries, but also in developing countries, part of this service industry is the tourism sector, which is known as one of the largest economic sectors. Tourism is evaluated as an industry that has undergone significant growth in recent decades compared to other industries. As a very dynamic industry, the ability to adapt to changes that come with reform processes is the key to success for organizations. For a long time, importance has been given to some dimensions as sustainable territorial development and the form of socio-economic organization of the territory, but another dimension such as Accessible tourism has not yet found its place (Ercan, 2022; Dwyer et al., 2012; Evci & Sahin, 2017; Clergeau & Violier, 2011; Sharpley & Telfer, 2002; Getz, 2007; Wall & Mathieson, 2006 and Gashi, 2024).

The rapid developments taking place in the tourism sector and the environment in which many organizations operate have become complex and unpredictable. This complex and unpredictable situation creates increasing uncertainty and becomes a challenging environment. Today, in the conditions these organizations are operating in global markets, the challenges and uncertainties are expected to increase. As a result of this phenomenon, these organizations, regardless of their size, need the drafting of strategic public policy plans respecting accepted standards. Accessible tourism promotes equal inclusion for all categories, including persons with disabilities and other individuals from communities, offering equal facilities and opportunities. Well, this possibility is not offered by all countries and we can say that many countries do not have public policies that deal with accessibility in tourism, especially some countries in Southeast Europe (Amason, 2011; Demirezen, 2019 & Gashi, 2024).

Assuming that tourism is a growing industry, the need to overcome difficulties that tourists may have would be an advantage. Such an advantage would be promoting services to develop educational programs in the museum on topics such as Accessibility in Tourism and digitalization.

2. Review of Literature

The research focused on Museums, museum education, and accessibility in Tourism. The future of accessible tourism is related to educational programs, physical infrastructure, and the equal treatment of visitors.

According to Authors Dincer et al (2019) from reports received from the World Health Organization, there are over 1 billion people who have a disability in the world. This means 1 in 7 people. 200 million people need glasses or other low vision devices; 70 million people need a wheelchair; 360 million people globally suffer from profound hearing loss”. Therefore, the suitability of museums and other tourist objects based on the criteria for persons with special needs accessibility is necessary for equality in tourism (Dincer, 2019; Islek, 2023 & Sen et al., 2014).

The absence of physical infrastructure was one of the problems presented by individuals with disabilities and their families. In a study conducted by Akıncı and Sonmez (2015), the findings presented those individuals with disabilities had many problems related to physical and environmental conditions, with an emphasis on physical infrastructure and transportation. (Akıncı & Sönmez, 2015). The authors Hutchinson and Eardley (2020) emphasized that after research done in the museum, it was deemed necessary to apply audio-visual techniques to adapt the needs to the categories and create a full acceptance. The development of tourism should be based on the factors that are presented as criteria from the economic, cultural, ethical, and social aspects when it is in question visits to local destinations (Saravanan & Rao, 2012 & Garcia, 2012). The author Healey (2002) presents the inequalities that can be encountered by tourists who are present in each country. The development of equal tourism by distributing the services and respecting the conditions would give more security in the sustainable development of tourism advancement for local communities. Equal tourism is not an easy process, since everyone should be engaged, starting from the local community to professional people, but is systematic teamwork (Dileep, 2020).

Global developments have increased requests from customers to create satisfaction and rest, at a time when work obligations have become a daily pressure on people. With new global developments, the degree of application of steps on tourism development has been raised, taking into account that this factor is an industry with rapid changes and competition, trying to adapt to the needs of customers to create satisfaction and comfort (Chang et al., 2014). So, it is the new global developments that enabled a greater surge in movements, creating space for progress in effective IT in the development of tourism. Providing high-quality services and ensuring customer satisfaction have been recognized as important factors in the success of the tourism industry (Chen et al., 2011; Rodrigo et al., 2023). The best practices for accessible tourism, are

presented below in three steps: First, the permitting of public policies, 2nd the increase of awareness among decision-makers and 3rd, the sharing of practices, and the transfer of knowledge through joining and networking. In addition to the growth of tourism, museums after the Second World War have been the segment with the greatest growth as a cultural enterprise (Weil, 2002). Museums, compared to schools, are the most visited institutions and have less formality, they are visited by all ages and categories of people without exception (Hein, 1998 & Gracia, 2012; Courtney, 2014). Analyzing the relationship between formal education and the opportunities for the realization of training modules in museums, we say that teaching is recognized in a variety of methods, such as an active process between the student and his environment that museums offer. Therefore, this process will be very welcome by the participants, since museums are objects dedicated to the entertainment of the public (Hein, 1998).

The author Garcia, (2012) emphasizes that museums should articulate values related to education and raise the value of museums in the education process. Museums are institutions that send educational messages, but they must develop adequate methods to create educational awareness that will respond to all categories (Courtney, 2014).

3. The Aim of the Research

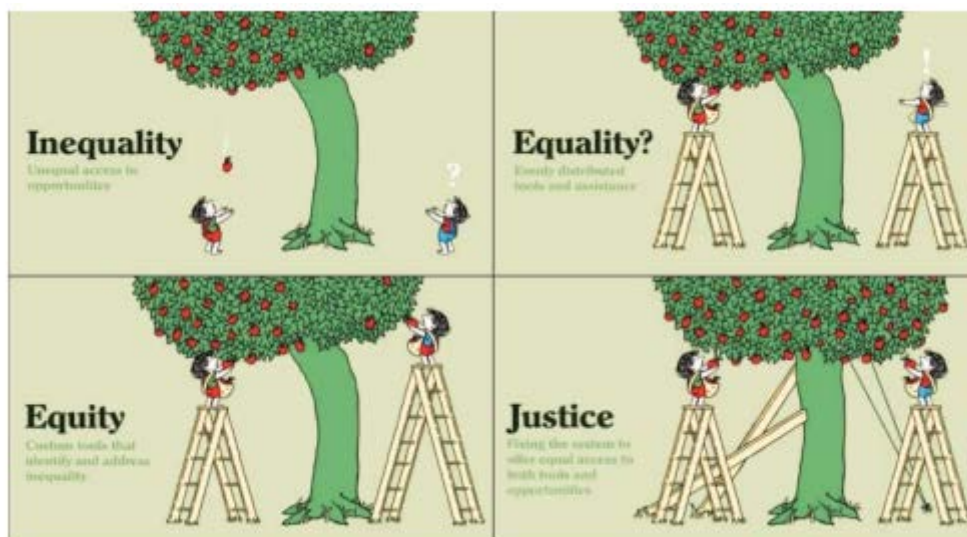
Tourism companies or institutions or any other organization in the business world, facing today a very competitive and challenging environment. One of the challenges is to provide good, equal, and full-access services. Awareness regarding equality and accessibility in tourism is a topic that will be addressed in this paper. This study is limited to participants from museums, school professors, and hotel businesses. The research aim is to know the actual situation regarding accessibility in museums and hotel businesses on one side and if the education programs are a good selection to help reforms and to create full accessibility in the tourism sector, especially including Digital Accessibility and Inclusion. In this direction, there are some research questions:

Research Questions:

1. How is the actual situation? Is infrastructure accessible in the museum and other institutions or organizations that offer services in the tourism sector?
2. Do you think accessible hospitality is essential for the travel experience of travelers with disabilities?
3. Can you propose some good practices that can be applied to enable accessibility in tourism?

4. What do you think, does education programs affect the increase of access and digitization in the tourism sector
5. Do museums are adequate institutions for the development of education training about Digital Accessibility and Inclusion for tourists? Do you think the museum's environment would suit all the categories in need of training?

Figure 1: The Basic Social Rights



Source: Inclusion Training for Explainers in Museums and Science Centres Training modules Version1: In-person Training-
<https://www.deutsches-museum.de/assets/Forschung/Forschungsinstitut/Bilder/Projekte/>

ITEMS/ITEMS_Training_EN_in-person-CC.pdf (Ruth, 2022)

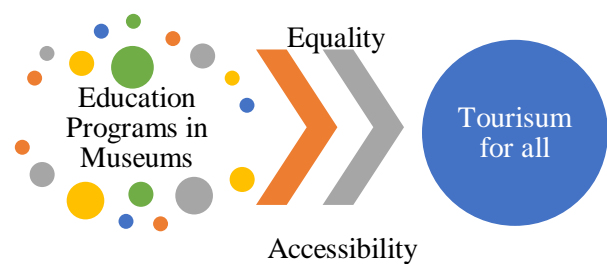
4. Methodology

4.1. The Research Model

To present the results, using a qualitative study, based on the phenomenology model, which model is one of the qualitative methods to reach the results. The Phenomenology model is used because this model is oriented on the experiences of individuals and he assumes that the essence of these experiences will be

reached in the resulting product. During the research, a semi-structured interview series was used, creating open questions through a literature review (Dincer et al, 2019; Akıncı & Sönmez, 2015; Richards, 2009 & Islek, 2023).

Figure 2: Model of the study



Source: The author's model design

4.2. Participants in the study

Participants were from three different groups: The first group consisted of teacher candidates who visited museums (n=25). The first group works in secondary schools as History, Civil Education, and Information Technology teachers. The second group includes the museum professional staff with experience in education programs (n=20) in Museums and the last group (n=25) is from businesses that deal with the tourism sector.

Table 1: Participants in the study

Participants groups	Demographic	Characteristics	N-75	%
	Age	16–24	7	10
		30–44	53	75.7
		45–59	8	11.4
		60–65	2	2.8

Professors in secondary school n- 25	Gender	Men	40	57.1
		Women	30	42.9
Museum professional staff-n-20	Marital status	Single	5	7
		Married	65	93
		Divorced	0	0
		Widowed	0	0
Businesses Managers n-25	Education	Graduate	40	57.1
		Master's degree	23	32.8
		Other	7	10
	Experience with activities related to tourism	Yes	63	90
		No	7	10

4.3. Data Instrument and Analysis

In the research, a qualitative study is based on the phenomenology model. This model is one of the qualitative methods to reach the results. This method is suggested in research theory with the argument, that it allows the collection of personal knowledge, beliefs, understanding, thoughts, and views that come directly from the participants involved in a phenomenon. When the details of the phenomenon being studied are not known, then qualitative research seems more appropriate (Miles & Huberman (1994). In this study, the was used qualitative method because the tourism sector is relatively new in our country and its details are still unknown. Lofland (1995) suggests that qualitative researchers should offer the richest possible data, which can be gathered from face-to-face interaction with the subject, typically involving small samples of people and allowing collection and analysis within context (Richards 2009; Miles and Huberman, 1994). During the research, a semi-structured interview series was used, creating open questions through a literature review (Dincer et al, 2019; Akıncı & Sönmez, 2015 and Islek, 2023).

5. Results

The research results analyzed below were based on the information from the interview. As explained in the methodology, the participants included in the interview resulted in a total of 75. Participants were from three different groups; the first group was teachers who visited or collaborated with museums (n=25). The first group works in secondary schools teaching subjects of History, Civil Education, and IT. The second group of participants was museum professional staff with experience in education programs (n=20) in Museums and the last group (n=25) was from businesses that are part of the tourism sector. To reach the results of the paper and to interpret the research questions raised, this part is separated into five titles.

5.1. How is the actual situation? Is infrastructure accessible in the museum and other institutions or organizations that offer services in the tourism sector?

The declaration of the participants regarding the interview questions. The first question was " How is the actual situation? Is infrastructure accessible in the museum and other institutions or organizations that offer services in the tourism sector?" the participants declared that there is no adequate physical infrastructure which creates conditions for the Accessible in Museum or other institutions who offer the services in the tourism sector. The participants asked for intervention from competent personnel to adjust the infrastructure about accessibility in museums and other institutions.

5.2 Do you think accessible hospitality is essential for the travel experience of travelers with disabilities?

Accessible hospitality was the question that created a lot of discussion among the interviewers. The group from the professional staff of the Museum emphasized that the treatment of Accessible hospitality is of interest since in many cases the impression is created that only the public should adhere to accessibility standards. Then, individuals from the group in question emphasized that accessible hospitality should be understood as inclusive of all profiles as cultural institutions, hotels, restaurants, bars, and resorts. It is interesting to note that, there were complete answers where the participants in the interview said that accessible hospitality was needed and that everyone should work together to achieve this. In the analysis

regarding the importance of accessibility, the participants answered accessible hospitality is essential for the travel experience of travelers with disabilities.

Table 2: Participants' views on accessible hospitality

Accessible hospitality is essential for the travel experience of travelers with disabilities	N	Answer
Teacher	25-3	1Strongly Disagree
Museum professional staff	20-3	2Disagree
Businesses managers	25-3	3Strongly Agree

5.3 Can you propose some good practices that can be applied to enable accessibility in tourism?

Based on the performed interviews there are some urgent findings regarding old practices that can be applied to enable accessibility in tourism. The findings are presented in the table below, along with additional data of interest.

Table 3: Best steps to enable accessibility in tourism

Subject	Steps	Number of proposals
Addressing needs through improving public policies	Physical infrastructure planning and accessibility	70
	Transportation regulation	
	Training about Customer service, Hospitality, Physical planning	
	Innovative projects	

Increases awareness of decision-makers	Training	58
Creating cooperation between all actors	Cooperation in Information and promotion mechanisms	70
	Knowledge of market and Research and development	
	Innovative projects	
	Creation of organizations dedicated to	
	tourism for disabled persons	

5.4. What do you think, does education programs affect the increase of access and digitization in the tourism sector

The results obtained from the interviews show the fact that all of them agreed with the raised hypotheses and had solid information regarding the analysis of the problem. Even the question posed that education programs help in the development of tourist organizations in Digital Accessibility and Inclusion for tourists declares that educational programs will increase and develop the topic in question. Education programs are important in the field of tourism, especially about Digital Accessibility and Inclusion for tourists.

5.5. Do museums are adequate institutions for the development of education training about Digital Accessibility and Inclusion for tourists? Do you think the museum's environment would suit all the categories in need of training?

During the interview, the participants of the three groups selected for the interview declared that museums can be adequate institutions for the preparation of training related to Digital Accessibility and Inclusion for tourists. Museum spaces are fantastic for organizing events with trends, including training, when someone goes to the museum, he notices that he has a positive feeling in himself, which can have a positive influence.

Museum spaces can easily be adapted into spaces for education and training, providing spaces conducive to working in groups.

Table 4: Museums are adequate institutions for the development of education training about Digital Accessibility and Inclusion for tourists

Participant	Answers
groups in the interview	
Professors	Museum spaces can easily be adapted into spaces for education and training, providing also spaces conducive to working in groups.
Businesses Managers	Museum spaces are fantastic for organizing events with trends, including training, if someone goes to the museum, he notices that he has a positive feeling in himself, which can have a positive influence
Museum Professional Staff	From experience with visitors, we say that there are many categories in society that I don't want to be trained in schools as it has been years since they graduated and they don't feel good in schools, all of them have stated that even the organization of training in Hotel Bars does not sometimes have the required results, while the organization in the museum would have positive effects

There are many categories in society that I don't want to be trained in schools as it has been years since they graduated and they don't feel good in schools, all of them have stated that even the organization of training in Hotel Bars does not sometimes have the required results, while the organization in the museum would have positive effects

5. Conclusions

Tourism is considered one of the most strategic sectors of development, due to its economic contribution, as well as increasingly sensitive socio-cultural influences, holding a specific weight in the totality of exports and constituting a key factor of global development. This study highlights that the tourism industry must create conditions for full accessibility for all categories. The findings from the research revealed that most participants, not to say almost everyone agree that education for full accessibility for all categories in institutions that host tourists is urgent.

Cultural institutions that offer services for tourists have not created even minimal conditions regarding accessibility and equal treatment of tourists in Kosovo. The participants who contributed stated that the cultural institutions do not offer even the minimum conditions regarding the equal treatment and access of tourists. Therefore, they demanded the urgent treatment of this topic on accessibility and equal treatment of tourists. which has not been handled by competent institutions for years.

Regarding accessibility, which will progress with time, the participants agreed that new technological developments should be used in providing facilities for visitors. In addition to the collected results, in the review of the literature, it was emphasized that education for full accessibility for all categories in institutions that host tourists is the need of the time and the use of technology should increase the accessibility of museums (Islek,2023 and (Rodrigo et al, 2019).

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The opportunities and challenges of SMEs in the economic development of Albania

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Abstract

The transition from the centralized economy to the market economy in the early 90s was expected to be challenging for Albania. Faced with the necessity of applying an economic model focusing on sustainable development, policymakers have increased their focus on developing and supporting the SME sector, which is considered a vital part of the economy. During the last three decades, the SME sector has been the primary source of employment, creating the spirit of entrepreneurship and innovation and consequently promoting competition in the country. Despite the steps that the SME sector has made in reducing the time for opening a new business with lower costs, in regulatory reforms to reduce administrative barriers for obtaining licenses, in tax system reforms reducing the fiscal burden, in the reform of focalization and digitization of tax procedures, but also in increasing the opportunities to be financially supported by national programs/projects, this sector is facing many challenges. The high level of interest rates, the high requirements for collateral, and the need for more reliability of business plans when it comes to financing are among the main obstacles to the development of SMEs in Albania. To reach our goal, we prepared a survey on 120 businesses from Albania, located in the DURANA economic zone, aiming to analyse SMEs' opportunities and challenges in economic development in Albania.

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JEL classification: O5, Q01, D92

Introduction

Small and medium enterprises (SMEs) play a vital social and economic role in transition economies due to their contribution to economic development, job creation, and poverty reduction (Acs, Z., et al., 2007). For the small, upper-middle-income economies where the vast majority of the private sector consists of small and medium-sized enterprises, it is understandable that the multi-dimensional support of their development should be a priority. These social and economic roles led to the consideration of the SME sector as a strategic interest of the economy (Avasilicai, 2009).

As the global economy faces prevailing confrontation, governments increasingly turn to SMEs as a significant element of sustainable and inclusive economic growth. The significance of SMEs to economic development, innovation, job formation, and social cohesion are substantial keys. In OECD countries, SMEs are generally responsible for more than 50% of business sector operations and almost two-thirds of jobs. For emerging economies, SMEs carry over 40% of GDP and 50% of jobs, but business conditions have declined in many OECD economies. Also, the indications of slowdown productivity in the MSME sector can be seen primarily in micro and small businesses. Increasing SMEs' investment and productivity levels is essential to recovering the healing and protecting the economic growth patterns. To help small businesses that take advantage of international markets deeply, involvement and improvement in the global value chains are essential. Accessing to funds alone is not the only act for small businesses to innovate, raise, become more productive, and take part in the international markets but a crucial part of opening up their capacities (Bayraktar, 2019).

As SMEs contribute strongly to achieving crucial goals for an economy, they represent the primary motivation of economic development and the backbone of socio-economic development (Druker, 2009). The Small and Medium Enterprises (SMEs) sector is vital to the Albanian market because it creates most jobs, especially new ones. The transformation process of the Albanian economy was accompanied by some unique

features of new businesses in development, which have faced various difficulties and problems in financing their businesses and the supporting policies of the Albanian government to help this sector.

The development of the SME sector is associated with several problems related to the financing of their constant activity, diversification of products and services, human resource management, improvement and application of new technologies, as well as costs associated with these businesses, etc. The main challenges to increasing the competitiveness of SMEs remain improving the investment climate and financing, law enforcement, management skills, etc (Tomorri et al., 2015).

This paper tries to explain the problematic conditions that SMEs have challenged and analyse the impact of SMEs on the local economy and how these SMEs serve to improve the economy and reduce the unemployment rate. This study will provide an accurate assessment of the cooperation between these factors for the impact of SMEs on the economy. The reason for selecting such a study is the lack of such a study for the market in Albania, but also to analyse the importance that should be given to the empowerment of SMEs.

Overview of the current situation of SMEs in Albania

The start and development of the private sector in Albania occurs with the collapse of the centralized economic system and the opening of the doors to the market economy. In this period, small and medium-sized enterprises experienced remarkable development, which, in the twenty-year economic transition that our country has experienced, has played a decisive role in the country's economic growth.

In Albania, many entrepreneurs have started their businesses when there was "nothing to lose" and have progressed and learned while moving in parallel with the market's growth. In the beginning, there were many growth opportunities, very few barriers to entering the market, and low competition, and the country was in a very early stage of growth. For these reasons, these small businesses, although with little experience and managed mainly by people who needed more experience running and managing small businesses, succeeded and worked to develop. However, despite these businesses' success in the first years of their creation, the crisis of 1997 proved the fragility of this progress and the many limitations of the reforms undertaken.

Even after the 1997 riots, small and medium-sized businesses somehow managed to free the Albanian economy from the impasse caused by the collapse of pyramid schemes. Although most operated in conditions of informality, these small businesses made possible the movement of capital or the circulation of money and, in this way, the economy's progress. Developing small and medium-sized companies is considered the most efficient instrument for transition economies, generating sustainable economic growth, employment, and poverty reduction. The agricultural and services sectors have the highest share of total employment in the economy, representing almost 80% of the working population in 2020 (INSTAT, 2021⁶⁵). These small enterprises, mainly from the accommodation and food services and trade sectors, were hit the most during the pandemic (European Commission, 2021⁶⁶). In 2020, SMEs represented 99.8% of all enterprises and employed 81.9% of the working population in Albania. These small enterprises, mainly from the accommodation, food services, and trade sectors, were hit the most during the pandemic. Also, considering their vast number in the market, SMEs significantly contribute to the national economic well-being. Firstly, SMEs constitute the backbone of the Albanian economy, as an important source of employment and an essential factor for industrial growth. They are critical in creating entrepreneurial spirit and innovations, thus becoming crucial to competitiveness and local economic development. SMEs are known for their ability to be very flexible and innovative, for the ability to change output more quickly and without significant consequences, depending on the changes in the environment in which they operate.

Albania continues implementing its 2021-2027 business and investment development strategy, focusing on SME development and innovation, investment, attractiveness, internationalization, and human capital development. It is also implementing its 2020-2024 inclusive and sustainable industrial development program. The business and investment development strategy and the inclusive and sustainable industrial development program create the strategic framework for Albania's enterprise and industrial policy. Albania follows the EU Small Business Act (SBA) implementation and considers SBA recommendations when

⁶⁵ <https://www.instat.gov.al/en/publications/books/2021/regional-statistical-yearbook-2021/>

⁶⁶ https://neighbourhood-enlargement.ec.europa.eu/albania-report-2021_en

drafting its SME policy. Albania is implementing its 2017 national strategy on innovation and technology and is currently drafting an intelligent specialization strategy. The law on start-ups in innovation No. 25/2022⁶⁷, was amended from the Albanian government to set up the state start-up agency and cover digital nomads.

Referring to the EU progress report for 2023, the business community asserts that the critical persistent challenges that harm the business climate are:

- Corruption, the informal economy, and unfair competition.
- There needs to be more transparency in public procurement procedures (especially for public-private partnerships).
- The need for predictability of legislation.
- Bureaucracy and an inefficient public-private consultation mechanism.

Lengthy court procedures also remain a concern despite progress on justice reform. Issues with property titles remain a persistent obstacle to foreign investors. Other areas that need to be addressed include the weak diversification of exports and a high dependency on imports. Businesses also need more skilled workers and access to finance. They, in turn, need to adjust to modernization and green processes, digitalization, innovation, and e-commerce.

Despite the increased business costs, companies have responded positively to the government's decision to raise the minimum wage to keep workers, particularly in labour-intensive companies. The tax administration continued its efforts to tackle the informal economy by expanding the taxpayer base, enforcing compliance, and working to create a level playing field for economic operators, including in the tourism and construction

⁶⁷ <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://siper.marrja.gov.al/wp-content/uploads/2022/05/Ligji-p%C3%ABr-mb%C3%ABshtetjen-dhe-zhvillimin-e-startup-eve.pdf>

sectors. According to Labour Inspectorate data for 2022, the tourism (hotel, bar, and restaurant sector had the highest exposure to informal employment, accounting for 44% of total cases identified, followed by manufacturing with 25% and construction with 21%. Due to intensified efforts to tackle informal employment, the number of identified informal workers increased by over 64% in 2022 compared to 2021. More efforts are required to increase economic productivity and improve the business climate. In the area of enterprise and industry policy instruments, the Albanian Investment Development Agency operates an online platform to help businesses access information on financing opportunities. The agency also provides training on e-commerce and has published a digital self-assessment tool and guidance to help SMEs start e-businesses and e-commerce. Albanian Information Society Agency offers intensive training for start-uppers in entrepreneurship skills through 'Tec Space, and entrepreneurship is now in the pre-university curriculum. Albania is implementing a 2021-2024 action plan on facilitating and developing e-commerce by establishing an inter-ministerial working group in line with the commitments among CEFTA parties.

Regarding research and innovation policy, the interinstitutional working group monitoring the implementation of the 2017-2022 national strategy for scientific research, technology, and innovation recommended open online access for all scientific publications financed by public funds. The working group also recommended revising the implementing legislation to create legal and fiscal incentives to encourage businesses to finance scientific research. The new 2023-2030 national strategy on scientific research and innovation, which aims to address these recommendations in line with the latest European Research Area, needs to be adopted. Albania needs to embrace the new law on scientific research. Albania increased funding for scientific research to 0.08% of GDP in 2023, up from 0.05% in 2022 and 0.04% in 2021. However, this is still far below the target of 1% GDP by 2030. Research funding as a percentage of public expenditure amounted to 0.17% of GDP in 2022. INSTAT needs to produce a complete data set on scientific research and innovation.

The methodology

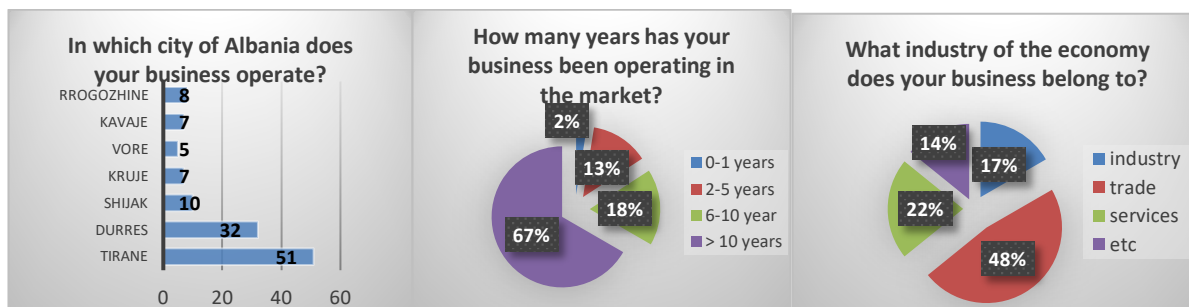
Primary data were collected using an online questionnaire formulated in Google Forms, containing 20 questions sustained using prior studies and literature research on a similar topic. The questionnaire includes 20 questions about. The respondent's contacts were taken from the National Business Centre database. The

sample of this study is 120 random SMEs located in the DURANA economic zone (Tirana, Durres, Shijak, Krujë; Kamëz et al.). The random selection of SMEs from DURANA is to understand the problem we are trying to study from a broader perspective. A total of 120 responses were collected. Further, anonymously, we analysed the data. The limitations of this study about the survey consist first of all of the number of respondents and the need for more trust of entrepreneurs to give information about their economic activity. The difficulty of increasing the number of respondents is mainly related to time and budget constraints. Despite the limitations, this study provides an excellent example of how SME financing works and is carried out in Albania.

Main findings from the study

The total of 120 respondents that participated in this survey were mainly from the cities of Tirana (51) and Durres (32), with experience operating in the market for more than ten years (67%) and being involved in the trade sector (48%). The data from business experience shows that SMEs in Albania find a suitable market in which to operate in the long term. Even though our country went through an economic crisis after the COVID-19 pandemic, this is overcome. SME entrepreneurs have begun to take the courage to invest in the local economy again.

Figure 1: Demographic characteristics: Location, Business experience, sector of economy



Source: Author calculations, from questionnaire results

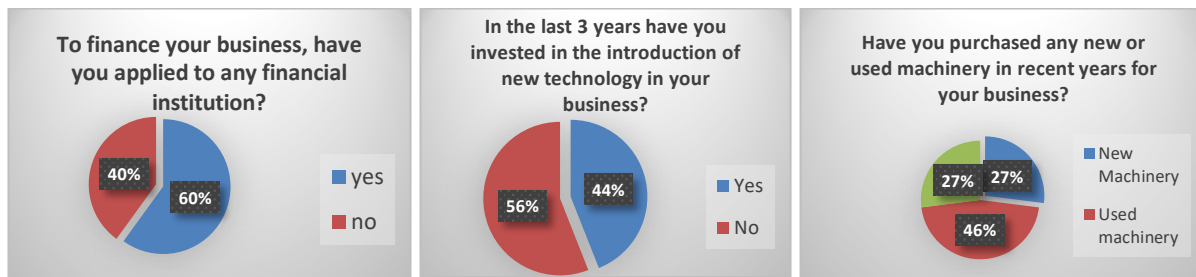
The flexibility of SMEs allows them to be less affected by economic crises and provides opportunities for recovery from such challenges (Hallunovi, 2021). However, some questions focus on SMEs' performance, which can be measured by different variables such as employment, turnover, profits, and productivity (Siepel et al., 2020). To measure the business stability of the SMEs interviewed (Figure 2), we questioned their opinion on business location, stability of profits, and number of employees. The total of 120 respondents that participated in this survey mostly answered that they are satisfied on average in the locations where they carry out their activity (89%), have registered a positive profit (88%), and have more than seven employees (59%).

Figure 2: Business stability: operating business location, economic profitability, number of employees



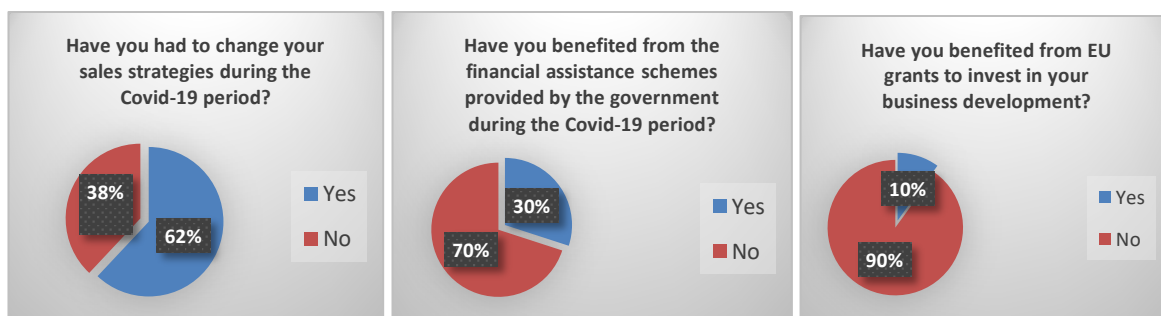
Source: Author calculations, from questionnaire results

Access to finance is critical for economic growth and inclusive development, allowing companies to expand their operations and invest in efficiency and productivity. However, the availability and affordability of credit are typically strongly correlated with firm size, meaning that the smaller the company, the more difficult it is to access funding. Albania's SMEs continuously need to use different financial products, including equity, guarantees, trade finance, and other risk-bearing instruments, to introduce new technology or extend their economic activity (Figure 3). Of the total of 120 respondents that participated in this survey, most have had at least one financial product (60%), and 56% of total responders have introduced new technology in the last three years to purchase mainly used machinery (46%) and new machinery (27%).

Figure 3: Financial involvement- new technology/machinery

Source: Author calculations, from questionnaire results

Due to their increased repayment risks, the COVID-19 pandemic caused SMEs to face difficulties in accessing the external financing resources they need, such as bank loans. Of the total of 120 respondents that participated in this survey mainly (62%) had to change their sales strategies during the Covid-19 period, 70% benefited from the financial assistance schemes provided by the government during the Covid-19 period, and only 10% have benefited from EU grants to invest in your business development.

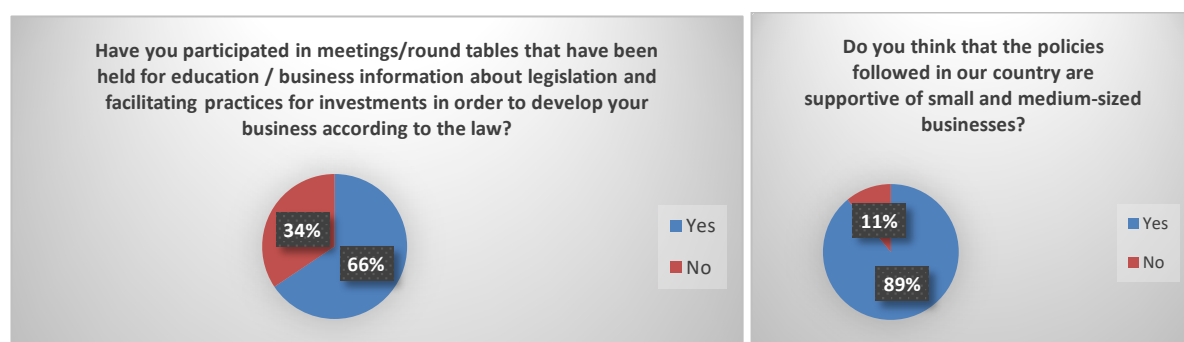
Figure 4: Financial support – National/International projects

Source: Author calculations, from questionnaire results

SMEs are more prone than larger companies to need more managerial and technical skills, suboptimal technology, limited access to markets and information, and a lack of entrepreneurial skillset, which can hinder their growth. Business support services (BSSs) provided or supported by the government – ranging from general information and advice to training, mentoring, and technical services – seek to address these challenges, thus providing a tool to boost SME productivity. While the COVID-19 pandemic negatively

affected the provision of BSSs across the globe, particularly those involving direct contact with SMEs, it also provided an opportunity to reduce the cost of participation for SMEs by moving part of the activities online. SMEs struggling to boost their productivity and competitiveness are common in small, open economies like Albania. Of the 120 respondents that participated in this survey, mainly (66%) have participated in meetings/round tables held for education/business information about legislation and facilitating practices for investments to develop business according to the law.

Figure 5: Government support – Information/training/legislation



Source: Author calculations, from questionnaire results

Recommendations

Based on the problems facing the SME sector and the challenges and strategies for further development of their activities, we recommend:

Firstly, Albania needs to build on its already well-developed advisory support services provided by AIDA to extend its offer of programs to SMEs at risk of financial distress.

Secondly, Albania needs to increase financial support schemes for SMEs. The availability of financial support provided by AIDA can further facilitate access to finance for enterprises that need support the most. As part of this approach, the government can consider extending the lifetime of the sovereign guarantee funds to provide a scalable and sustainable tool to encourage lending to SMEs. Such a guarantee scheme should include a transparent, multi-stakeholder governance structure, robust risk management, and capacity building for implementing financial institutions, and regular monitoring and evaluation.

Thirdly, Albania must create a conducive business environment for SME digitalization and e-commerce adoption. The Business Development and Investment Strategy (2021-2027) foresees tangible support for SME digitalization; however, the Albanian government has yet to introduce policies fostering a conducive environment for digitalization and e-commerce, hindering SMEs' adoption of the digital sales channel (Government of Albania, 2021).

Finally, ensuring the practical realization and monitoring of green measures is crucial for encouraging Albanian SMEs' greening transition. Limited progress was achieved in implementing the environmental policies included in the previous Business and Investment Development Strategy (2014-2020), partly due to poor coordination between relevant institutions and limited allocated funds. A government body must lead in establishing a network of actors engaged in implementing and monitoring measures to encourage SMEs to improve their environmental performance. This task could be entrusted to AIDA, which is already in charge of SME policy implementation, or to a specific working group involving all relevant institutions and business association representatives.

Conclusions

Most of the SMEs are located in the Tirana and Durrës Regions, with experience operating in the market for more than ten years and being involved in the trade sector. By analysing the business stability, the questionnaire showed positive results, especially regarding business location, positive profit, and number of employees. However, analysing the financial involvement and support, it was evident that there is still a need to increase financial education, which will support SMEs' stability and improve their new technology investments.

The results taken in this paper are essential information firstly for the SMEs to understand what they need to improve and how to do it; secondly, for the financial sector to increase their attention and activities to financial education for SMEs and private clients; and finally, for the related parties such as universities and government to create more opportunities for young generations to be more motivated to be involved and become the new entrepreneurs. Another challenge that goes directly to the local and central authorities is to

increase the accessibility and participation of SMEs to meetings/round tables organized for information about new legislation and facilitating practices for grants/EU projects.

In conclusion, based on the analysis of this paper, SMEs in Albania will continue to be a significant contributor to the economic development of Albania, so future studies and exploration are needed to define better the behaviour modification techniques that SMEs can implement and be helpful to achieve the next decade's economic goals.

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The challenges of the new income tax law and its effect at fiscal evasion

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Abstract

A new challenge awaits the self-employed who offer services this year. On January 1, 2024, the new law 29/2023 "on income tax" comes into force. What is the difference between personal income tax, business income tax and employment income tax? The purpose of this study is to study the behavior of the self-employed who offer services that are now subject to taxation. Will the new law affect the collection of more taxes? Will the new law encourage more fiscal evasion or its reduction? What is the role of the tax administration whenever a law is fundamentally changed? These and other answers will come out of the paper. The study is based on a questionnaire directed to self-employed and other businesses in the city of Durres and Tirana to see their approach to the new law.

Keywords: Income Tax, Self-employed, Tax Evasion

Jel classification: M41, M 49.

Introduction

An amendment to the income tax law in the Republic of Albania in 2020, through which a new Government policy was materialized to facilitate small business, the self-employed in post-pandemic conditions, in addition to facilitating the self-employed and freelancers, it also encouraged a number of people to open commercial activities as self-employed or freelancers. Referring to these legal changes, for commercial activities that reached the annual turnover of their activity up to 14,000,000 (fourteen million) ALL, they

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would not pay tax on the profit generated, while until the entry into force of this change, tax on the profit for this category was 5%.

With the new law on income tax in 2023⁷¹, the tax on net taxable income (taxable profit) from business was remodeled for commercial individuals and the self-employed, for whom it was decided to be taxed at a progressive rate starting from the annual turnover of their activity, respectively with the rates:

- For activities with net income up to 14,000,000 (fourteen million) ALL, profit tax was 15%.
- For activities with net income over 14,000,000 (fourteen million) ALL, profit tax was 23%.

Also, in this law it was foreseen that, exceptionally, until 2029, a tax relief and exemption will be applied for commercial activities that achieve an annual turnover of no more than 14,000,000 (fourteen million) ALL. But in this category of beneficiaries, those commercial activities that supply professional services are excluded.

Consequently, with the recent legal changes self-employed and freelancers who offer professional services, regardless of the form of organization, are charged with a tax burden of 15% of the tax on the net profit generated by their activity, making their position in the free market, unlike other commercial activities.

One important article is article 14 of the new law. Article 14⁷² states that: “*commercial individuals or self-employed individuals, with an annual turnover of up to 10,000,000 ALL, for the purposes of recognizing deductible expenses, have the right to choose one of the following methods:*

a) the acceptance of a special regime, through which the alleged expenses are deducted a priori according to certain amounts and without being subject to the control of accounting records related to them by the tax administration, or b) the calculation of deductible expenses based on the respective documentation and

⁷¹ Neni 24 i Ligjit 29/2023 “Për tatimin mbi të ardhurat”

⁷² Law 23/2029, Article 14, “special regime for commercial and self-employed individuals”

invoices for each expense". Is this article fair for all types of businesses? Will it encourage to keep accounting records after its implementation?

The aim of this paper is to study the approach of businesses toward the new law. To emphasize the challenges that they face, and to answer the main research question: "if the new law will encourage tax evasion" Through the questionnaire we will see if owners/CEO of different types of businesses are aware of the changes in the new law, does this changes affects them, do they understand this changes. The most important questions are addressed to study their approach toward the application of the new law and tax evasion. These and other questions have received answers for which we will also express in relevant conclusions and recommendations.

The importance of Self – Employed in the countries of the Balkan region and beyond

Designing an appropriate and functional taxation reform has been a challenging objective for all Balkan countries. The primary difficulties lie in making these reforms acceptable and successfully implementable. (Kryeziu, 2019)⁷³ Self-employed are an important category even in the Balkan region even in Europe, as they generate income that is taxed or spent, influencing GDP. Regardless of the fact that there may be under-reporting from the self-employed (Kukk, Paulus, & Staehr, 2020) ⁷⁴, they play an important role in the economy of a country. According (Schuetze, 2000)⁷⁵ to under-reporting of self-employment income is often

⁷³ Kryeziu, R. (2019). Tax System and Rates in the Republic of Kosovo and Their Comparison with the Balkan Countries. *International Journal of Public Finance*, Vol. 4 No. 1 | pp. 49 – 58.

⁷⁴ Kukk, M., Paulus, A., & Staehr, K. (2020). Cheating in Europe: underreporting of self-employment income in comparative perspective. *International Tax and Public Finance*, 27:363–390

⁷⁵ Schuetze, H. (2000). Taxes, economic conditions and recent trends in male self-employment: a Canada–US comparison. *Labour Economics*, pp 507–544

cited as a motivating factor for individuals to choose self-employment. (Merz, 2000)⁷⁶ stated also in his study that one of the emerging trends in the labor market is the significant rise in work categorized as 'self-employment'. In 2022, 19.1% of the annual turnover of active enterprises throughout Albania was from self – employed⁷⁷.

Nearly 14% of European workers are self-employed. This diverse group includes freelance professionals and household cleaners, playing numerous roles in economies across Europe. Self-employment rates are typically higher in southern and eastern Europe, while northern and western European economies tend to have much lower rates of self-employment. (Hatfield, 2015)⁷⁸

The least educated individuals are the most likely to be self-employed; however, evidence indicates that the most highly educated also have relatively high rates of self-employment. (Blanchflower, 2000)⁷⁹ According to (Serafimova, Bardarova, & Atanasovski, 2019)⁸⁰ in Albania, the major part of the self-employed have a low level of education. This may be affected even from business environment in our country.

⁷⁶ Merz, J. (2000). The Distribution of Income of Self-employed, Entrepreneurs and Professions as Revealed from Micro Income Tax Statistics in Germany. *The Personal Distribution of Income in an International Perspective*. Springer, Berlin, Heidelberg

⁷⁷ INSTAT 2023, “Regjistrat e biznesit 2022”.

⁷⁸ Hatfield, I. (2015). Self-employment in Europe. London: Institute for Public Policy Research

⁷⁹ Blanchflower, D. (2000). Self-employment in OECD countries. *Labour Economics* , pp 471–505

⁸⁰ Serafimova, M., Bardarova, S., & Atanasovski, D. (2019). COMPARATIVE ANALYSIS OF EMPLOYMENT AND SELF-EMPLOYMENT IN NORTH MACEDONIA AND THE WESTERN BALKANS. *The 2nd International Scientific Conference-Challenges of Tourism and Business Logistics in the 21st Century*,. Stip, Macedonia

According to (Džafić, 2014) ⁸¹who analyzed the development of entrepreneurship and SME in the Western Balkan countries, the most problematic factors for conducting business include corruption, lack of access to financing, inefficient government bureaucracy, tax regulations, etc. That's why individuals with high education level can find it more difficult to take risks and start a business. Although, (Hajdari & Fetai, 2022) ⁸²found out that individuals with a university education (Bachelor's, Master's, or PhD) are 30% more likely to be employed compared to those with lower levels of education. In its study, Regional Cooperation Council find out that self – employment is typically chosen by young people with either low or medium levels of education, i.e., those without higher education. For example, in 2018, over one-fifth (21.4%) of employees in the Western Balkans with a low level of education were self-employed, as were over one-tenth (11.1%) of those with a medium level of education, while only 5.9% of those with a high level of education were self-employed. ⁸³ The same issue was disclosed in the where in the EU as a whole in 2014, the proportion of the self-employed aged 18-34 with tertiary education was much the same as for employees in all age groups, but it was contrary for non –EU countries.⁸⁴

Changes during the years for “Income Tax” Law and Self – Employed in Albania

⁸¹ Džafić, Z. (2014). BUSINESS ENVIRONMENT - THE CASE OF WESTERN BALKAN COUNTRIES. Economic Review – Journal of Economics and Business,, Vol. XII, Issue 2

⁸² Hajdari, A., & Fetai, B. (2022). The Effect of the Level of Education on Employment: Evidence from Western Balkans. Economic Alternatives, Issue 2, pp. 364-375.

⁸³ Regional Cooperation Council. (2021). Study on Youth Employment in the Western Balkans. Bosnia and Herzegovina: Regional Cooperation Council.

⁸⁴ European Commission, “*Recent changes in self-employment and entrepreneurship across the EU*.” Brussels.

Representing the tax schedule accurately is crucial in analyzing the effects of taxes on self-employment. (Arulampalam & Papini, 2023)⁸⁵In order to understand the new challenges that affect the self-employed as a free professional or others in the field of providing professional services, as a result of the legal changes to the income tax law, we must first understand the difference in tax obligations before the legal changes with those determined by the new law No. 29/2023.

Years 2018-2020	Years 2020-2023	Years 2024-
5%	0%	15%

Table 1: income tax % through years 2018-2024

Also, to understand even more how the tax exemption policy has affected the self-employed and mainly the self-employed in the field of providing professional services, we refer to the official data processed by the Institute of Statistics in the Republic of Albania ⁸⁶.

These data are reflected in the tables below:

Viti	2019	2020	2021	2022	2023
Total Self - Employed	88,310	88,243	88,007	92,897	96,522

Table 2: Total Self - Employed through years 2019-2023

Viti	2019	2020	2021	2022	2023
Total at the end of the year	26,070	26,395	28,191	30,951	33,208

⁸⁵ Arulampalam , W., & Papini, A. (2023). TAX PROGRESSIVITY AND SELF-EMPLOYMENT DYNAMICS. The Review of Economics and Statistics, 105(2): 376–391

⁸⁶ <https://www.instat.gov.al/al/temat/industria-tregtia-dhe-sh%C3%ABrbimet/regjistrat-e-biznesit/#tab2>

Table 3: Total Self - Employed that offer professional services through years 2019-2023

From the interpretation of these data, it results that in the years 2019 and 2020, during which the profit tax for the self-employed was 5%, the number of small businesses was about 88,000 registered active. With the entry into force of the exemption from income tax for the self-employed in 2020, an increase in the number of self-employed individuals is observed, especially in 2022 and 2023, reaching a total number of 96,520 individuals registered with an active status in the year 2023.

The same trend, even stronger, is observed among self-employed individuals who provide professional services. While during the years 2019 and 2020 a stable number of around 26,000 self-employed individuals is observed, after the exemption from income tax came into force, a progressive increase of self - employed with active status exercising professional services activities is observed, from more than 2000 new self - employed type of business every year.

From these statistical data, it is clearly understood that the reduction of profit tax for small business has directly influenced the opening of new businesses for the self-employed category in general and especially the opening of new activities for the self-employed category that offer professional services.

3. Methodology

This paper aims to study the behavior of the self-employed who offer services that are now subject to taxation. The study is based on a questionnaire directed to self-employed and other businesses in the city of Durres and Tirana to see their approach to the new law. The mixes sample will provide wide information and will enable a coverage of various businesses activities. In the questionnaire took part 82 businesses from the city of Durres and Tirana, that have been asked for the most important issues that the new law has addressed. The questions are prepared having in consideration the typical changes made in this new law that affect self – employed or sole proprietorship and to limited liability companies. In the questionnaire took part this types of businesses according to income tax responsibility:

a) self – employed / sole proprietorship that has simplified income tax responsibility

In the changes made in 2020-2023, this category of business wouldn't pay income tax till the year 2029, if their turnover wouldn't exceed 14.000.000 but with the implementation of the Law 29/2023 this category would pay 15% from 2024 for its net profit.

b) Limited Liability Company that has simplified income tax responsibility

In 2020-2023, this category of business wouldn't pay income tax till the year 2029 if their turnover wouldn't exceed 14.000.000, the but with the implementation of the Law 29/2023 this category would pay 15% from 2024 for its net profit.

c) self – employed / sole proprietorship that has Income Tax responsibility 15%

This category of businesses has a turnover that exceed 14.000.000, so they use to pay 15% on Income Tax but with the implementation of the Law 29/2023 this category would pay **15%** for net income till 14.000.000 and **23%** for net income that exceed 14.000.000. This type of business is a mixed between *sole proprietorship* and *limited liability company* responsibilities.

d) Limited Liability Company that has Income Tax responsibility 15%

This category of businesses has a turnover that exceed 14.000.000, so they use to pay 15% on Income Tax and 8% when declared dividend. With the implementation of the Law 29/2023, for this category have been made positive changes that facilitate and improve the situation for the Limited Liability Companies.

4. Analysis of the findings

Since the new law affects the self – employed and all other type of businesses our sample was mixed. As we can see from the answers 50% of the sample were limited liabilities companies, 35% self – employed / sole proprietorship (free professionals) and 15% self – employed / sole proprietorship (commerce).



Figure 1: The organization form, **Source:** Authors

According to the type of activity in the study took part businesses that offer services 44%, commercial activity 23%, production 12%, other free professional 11% and 10% construction activity.

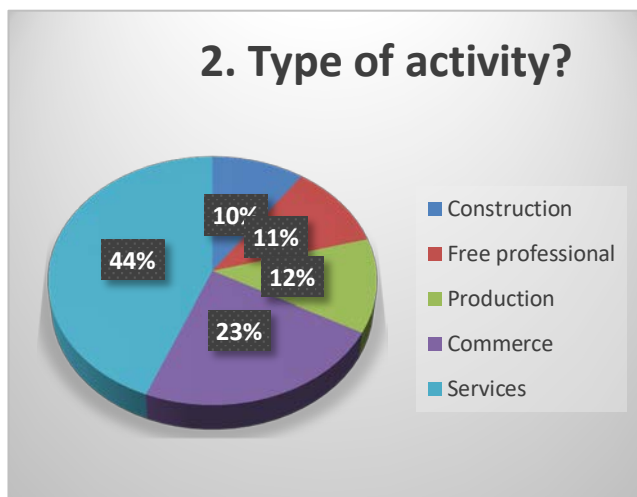


Figure 2: The type of activity, **Source:** Authors

The third question is referred to the tax responsibility. As we discussed at the methodology part, due to different law changes sole proprietorship and limited liability company that have mixed responsibilities, with income tax and simplified income tax. A situation that is inherited from all those frequent changes made on income tax law. Through this question we would like to know which was the tax responsibility before the implementation of the new law. According to the results, 42% were self – employed subject to simplified income tax (0% till 14.000.000). The other part 35% limited liability company, 13%

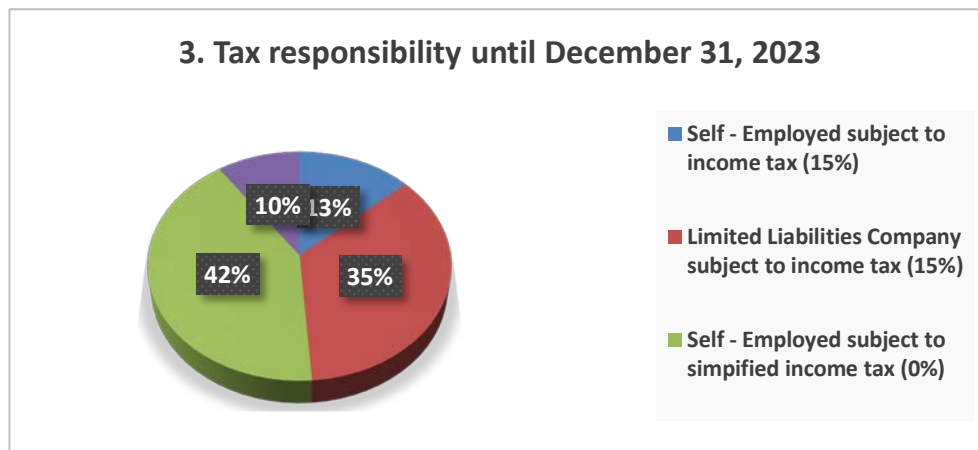


Figure 3: Tax responsibility until Dec.31,2023. **Source:** Authors

In Albania the new law is one of the most important issues discussed since a year. All may know that the law has changed, but not all may have read or carefully studied all the legal changes. According to our study 84% of the sample are aware of the new law “On income tax”, in the other hand 16% aren’t aware of all the changes that their business will have.

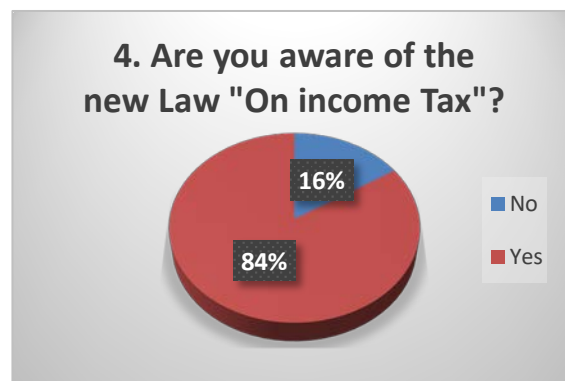
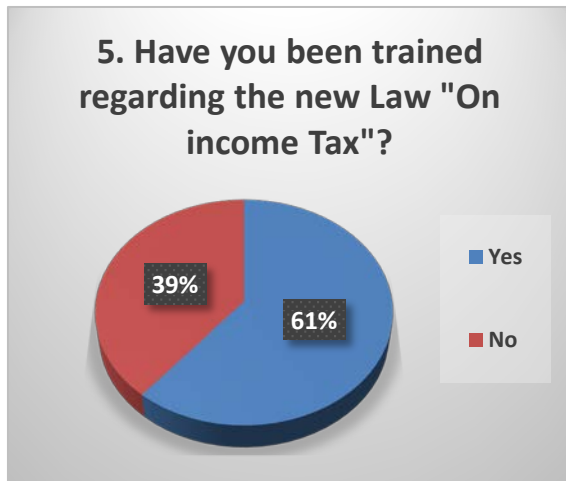


Figure 4: Awareness of the new law, **Source:** Authors

To the question “have you been trained regarding the new law” only 61% of the sample answered yes. 39% of the businesses’ owners or CEOs had no training about the new law. It relates with the organizational form of the business, because for micro entities that are in the same time sole proprietorship it is a little difficult

that one-person business to deal with all the things at the same time and also it is accompanied by significant costs.

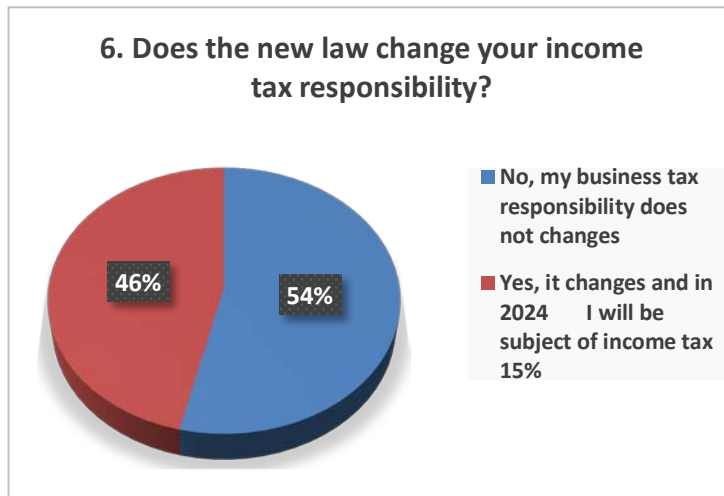
Figure 5: Trainings regarding to the new law, **Source:** Authors



This law was so important because for a significant part of businesses it would change its income tax responsibility. For 54% of the sample of our study it doesn't change but for the rest 46% it does. In this context, there will be many businesses that from zero income tax payment till 2029, in the beginning of the 2024 started pre-paying income tax. All of them will have a reduction of 15% in net profit. New businesses weren't prepared for this drastic change and they didn't include it in their business plan. That's why

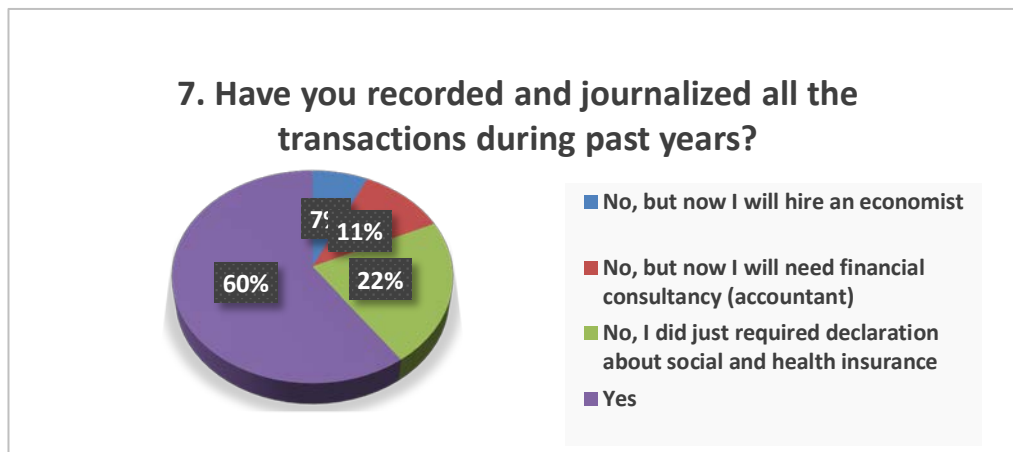
part of them are thinking of closing their businesses or register it in passive status.

Figure 6: Changes of the tax responsibility under the new law, **Source:** Authors



Being a small business has its benefits. One of them is no need to declare transaction recordings and bookkeeping and no need of an accountant. As we can see from the results, only 60% of the businesses have kept recordings or regular accounting during past year. 22% of them did just the basic social and health insurance declaration

and 18% now on will hire an economist or will need financial consultancy from an accounting office. This means that they will have extra costs with the implementation of the new law even in this context.

Figure 7: Keeping accounting records in the past, **Source:** Authors

According to article 14⁸⁷ of the law, we asked businesses if they are going to use the special regime with fixed expenses scheme or will keep accounting records. Through this question we

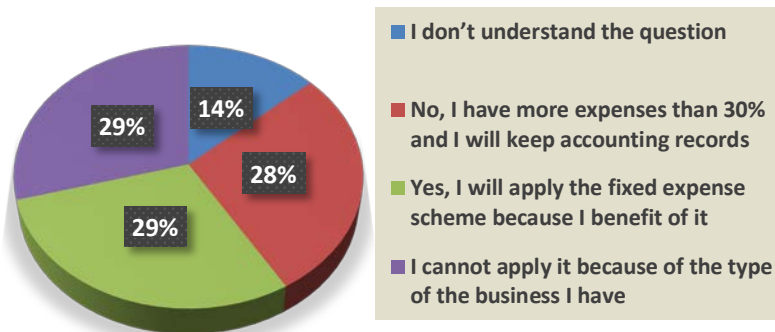
understand firstly if the business is aware of this important article or not, and secondly if they will use it or not.

- 29% of the businesses will use the special regime because they benefit from it. In this category are all those businesses that have less expenses than 30% of annual revenues. (For example, if its annual turnover is 1.000.000 ALL and the expenses are 200.000 ALL, they benefit from the scheme because they will deduct $1.000.000 * 30\% = 300.000$ ALL as expenses instead of 200.000 of its real expenses.
- The other 29% have a turnover more than 10 million or are limited liability companies and can't use the special regime.
- 28% will not use the fixed expense scheme because they have more expenses than 30% of the annual turnover. They are going to keep accounting records to declare and pay a lower income tax.
- The remain part of 14% didn't understand the question. It means that they didn't know the essence of this article and were not aware of its use.

⁸⁷ Law 23/2029, Article 14, "special regime for commercial and self-employed individuals"

Figure 8: Appliance of the special regime under the new law, **Source:** Authors

8. In the new law, all self - employed/ solo proprietorship, under the turnover of 10 million leke, are given the opportunity to implement the fixed expenses scheme. Are you going to use the scheme or you will keep accounting records?

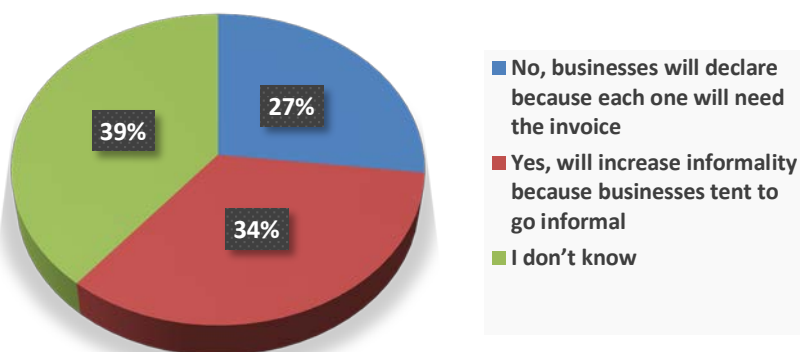


One of the questions is related to one of the research questions of the paper. Will this new law increase informality? Are businesses going to try fraudulent techniques or tax evasion? Which is their approach toward this new law? 39% of them answered “I don’t know”, 34% answered yes, businesses tend to go informal. Through this answer we can perceive even their

reaction. Only 27% of them are like more realistic and hopeful that since anyone will need the invoice to deduct expenses this new law will increase formality and not informality.

Figure 9: The increase of the informality, **Source:** Authors

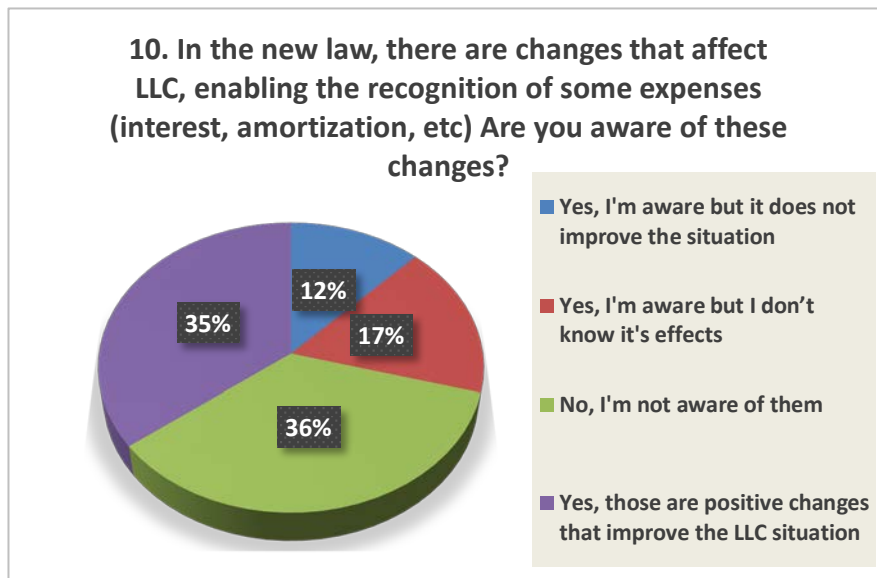
9. Do you think that the new law will increase informality?



The last question is related only to limited liability companies. In the new law there are some positive legal changes for LLC, as: changes the method of amortization (linear method), changes the way of recognizing interest expenses (30% of EBITDA) and will recognized bed debt

expenses etc. Through this question we would like to know if they were aware of all the changes? 36% of the businesses were not, 29% were aware but didn't know its effects, or don't think it will improve their situation and 35% of the sample is aware and think those are positive changes that will improve the limited liability company situation.

Figure 10: Changes for Limited Liability Companies in the new law, **Source:** Authors



5. Conclusions and recommendations

In this paper we studied the application of the now law 29/2023 “On income tax”. What is clearly noticed is that the legislator, with the proposal of the executive, has made a relief of the tax burden for most of the commercial activities, regardless of the form of their organization, with the condition that they have an annual turnover of their activity up to 14,000 000 (fourteen million) ALL and on the other hand has excluded from this tax relief, the activities of supplying professional services, which also represent the classic group of self-employed.

This type of differentiation clearly shows an unequal treatment of entrepreneurship before the law by favoring one part and excluding another part from favoring, seriously violating the principle of constitutional equality. This type of inequality has led to the deterioration of the market conditions for the offer of professional services, since by increasing the indirect tax burden, the cost of obtaining this service also

increases. On the other hand, as a result of the increase in the tax liability, the supply in this sector may also decrease, as many freelancers may feel insecure and close their activity, seeking employment in other, more stable sectors.

Also, another negative effect could be the increase in informality or the avoidance of real declarations of the services provided in order to avoid paying income tax. This phenomenon can be encountered in the form of not invoicing the service or invoicing it at a lower value. Therefore, it would be right for the self-employed professional services sector to be exempted from the tax burden until 2029, like all other sectors. Because of the widely adopted tax burden policies towards small business, the professional services sector flourished and expanded very quickly. This expansion of this sector brought first the increase in the quality of services offered and the competitiveness of prices in the market.

Secondly, the expansion of this sector also increased the demand for the employment of young people, since freelancers with a lot of experience, as their work increases, the need to build auxiliary staff, which are mainly built with new young people, also increases. out of the doors of the universities.

Thirdly, the provision of services from this sector has improved and filled the gaps of larger enterprises, which, in the absence of their internal staff, apply the supply of a series of professional services from outside their companies, receiving better quality services. and at a lower cost.

And precisely at this moment of the expansion of this sector, free professionals and the self-employed are burdened with a tax burden, under exceptional aggravating conditions, inhibiting the further growth of the professional services sector and increasing the uncertainty of the operators who supply these services in market.

The frequent changes in legislation which bring about frequent changes in tax rates, sometimes with increases and sometimes with decreases, without full studies of the effects of these changes, bring uncertainty to the business market and therefore its chaotic developments. That's why we strongly recommend that a solution must be found and that equal opportunities be given to all the self-employed.

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- <https://www.instat.gov.al/al/temat/industria-tregtia-dhe-sh%C3%ABrbimet/regjistrat-e-biznesit/#tab2>

Participation in strategic decision-making

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Abstract

Strategic management determines the organization's performance in the long run and is the process that has the greatest influence on company's successes or failures. A good strategic management process enables objectives achievements. The change of many factors, especially in the external environment, such as the increase of environment dynamism, unexpected events and more limited predictive abilities, the intensification of competitive rivalry, products with a short life cycle, etc., have made this process very difficult. In these conditions the probability of wrong strategic decisions is nowadays higher than in the past. But bad strategic decisions cost the organization dearly, in all senses. So, the issue that arises is how to make such decisions. Maybe it is easier to take them, and increase the possibility of successful decisions, if we move from centralized and individual decision-making processes to participatory decision-making processes.

The main goal of the present research is to understand and formulate some conclusions regarding the way the strategic decisions are made and if they should be taken using participatory processes. For this study is adopted the quantitative research and for the data collection is used the questionnaire. The participants were 63 businesses operating in Albania.

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Key words: Strategic management, Strategic decisions, Organization performance, Decision-making process, Participatory decision-making

JEL classification: D23, L10, M10

1. Introduction

Strategic management determines the organization's performance in the long run. Organizations can have good performance in the short term, but find difficult to maintain it in the future (Thompson and Strickland, 2001). Strategy is the continuous search for opportunities to do new things or to undertake common actions in a new way. The more dynamic a company's environment is, the more critical becomes that its managers are good entrepreneurs both in planning strategies and in making adjustments or strategy changes when they are required. In addition to others, perhaps the greatest benefit from strategic management is the identification of opportunities and threats of the external environment, which allows the organization to plan the ways in which it will adapt to the environment in which it operates (Barney and Hesterly, 2020).

The strategic management process engages managers in making strategic decisions. These kinds of decisions are not simple. They require a lot of information, a lot of analysis and many managerial skills, especially conceptual. They require the use of many organizational resources, especially financial ones. Since strategic decisions are complex, the possibility of making wrong decisions is high. But bad strategic decisions cost the organization dearly, in all senses. So, the issue that arises is how to make such decisions. Maybe it is easier to take them, and increase the possibility of successful decisions, if we move from centralized and individual decision-making processes to participatory decision-making processes?

Participatory decision-making is a process in which several individuals act collectively, analyze problems and situations, consider and evaluate possible courses of action and choose an alternative. Probst (2005) refers to participatory decision-making as the degree to which employers support and allow employees to participate in organizational decision-making processes. The orientation of organizations towards participatory decision-making rather than a choice can be considered a necessity, in conditions where some important contextual factors have undergone fundamental changes. On the other hand, organizations have understood the importance of the participatory decision-making process in creating

competitive advantages. According to Mullins (2005), participatory decision-making leads to higher performance, which is necessary for survival in an increasingly competitive world.

The present paper consists in understanding how important participatory processes for strategic decisions are.

2. Aim of the study and research questions

Leaders in organizations and workplaces work on building a positive environment that ensures high performance of every individual.

Within an organization, the process that has the greatest influence on successes or failures is strategic management. A good strategic management process enables the achievement of objectives. The change of many factors, especially in the external environment, have made this process very difficult. Among them, we can mention the increase of environment dynamism, unexpected events and more limited predictive abilities, the intensification of competitive rivalry, products with a short life cycle, etc. It is easy to understand that in these conditions the probability of wrong strategic decisions is nowadays higher than in the past.

The main goal of the present research is to understand and formulate some conclusions regarding the way strategic decisions are made. The main reason for choosing this topic is the influence of strategic management process on organization's performance.

To support the main purpose, the research questions are as follows:

1. What is the role of strategic management in achieving the desired organizational performance?
2. How are made strategic decisions?
3. Should strategic decisions be made by participatory processes?

In consistency with the main goal and the research questions, the hypotheses to be tested are formulated as below:

H₁: The role of strategic management is determinant for organization's success or failure;

H₂: Strategic decisions should be made by participatory processes;

H₃: Participatory strategic decision-making increases the quality of decisions made.

H₃: Participatory strategic decision-making increases motivation and job satisfaction;

H₄: Participatory strategic decision-making decreases anxiety, fear and uncertainty.

H₅: Participatory strategic decision-making drives innovation.

H₆: Participative strategic decision-making is a waste of time and leads to delays, collisions and conflicts.

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 how strategic decisions are made and if they should be taken using participatory processes. 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 14 questions. They must be evaluated on the Likert scale 1-5, which represents a simple technique that records the intensity of the agreement of each participant for each proposed statement, instead of simply approving or refusing 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 strategic managers of medium and large organizations 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 companies with location in Tirana and Durres as the two main cities of Albania. A total of 74 questionnaires were distributed and 63 collected, with a response rate of 85.1%. The participants to the present research were 49.2% female managers and 50.8% male managers. 22.2% of them belong to the age range of 36-51 years, 14.3% belong to the age range of 52-67% and 63.5% to the age range of 20-35 years.

4. Literature review

Strategic management is the integrative management field that combines analysis, formulation and implementation in the quest for competitive advantage. Mastery of strategic management enables to view an organization in its entirety (Rothaermel, 2018). Empirical data have shown that organizations that engage in strategic management are better positioned than those that do not pay attention or ignore it. The more dynamic the external environment is, the more important strategic management becomes. The benefits of strategic management are many, but they can be summarized in four main areas (Thompson and Strickland, 2003):

- Provides a clearer understanding of the organization's vision;
- Helps the organization to understand what is strategically important;
- Improves understanding of a rapidly changing environment;
- Orients the efforts of everyone in the organization in one direction.

During the process of strategic management, among other things, managers face the need to make strategic decisions. Strategic decisions refer to the future of the organization, they are important and not routine (Wheelen et al., 2018). Also, they are long-term decisions and are characterized by a high degree of complexity and uncertainty. Such decisions are made by top managers or at the strategic level. Often, they are unique decisions, because they can be taken only once during the entire existence of the organization, but they are nevertheless rare decisions whose consequences are felt at all hierarchical levels. Strategic decisions are related to the organization's key activities and determine the relationship between it and the environment (Thompson et al., 2014).

As organizations grow and become more complex, and the environment more uncertain, decisions become increasingly complicated and difficult. Some strategic decisions are made very quickly by a single person (often the entrepreneur or CEO), who has the information he needs and is able to convince others to accept his idea. Other strategic decisions require a sequential series of incremental decisions or are preferably made by using a participatory process.

Participatory strategic decision-making seems to be the most preferred form recently. This is because, in addition to the characteristics of strategic decisions, the strategic manager is increasingly finding himself in situations characterized by an increased level of uncertainty and complexity.

Participatory strategic decision-making becomes important because strategic decisions affect many interest groups, external and internal, affect the entire organization and are determinants of its success or failures. In these conditions, strategic decisions require a lot of information, a lot of analysis and perspectives and multidisciplinary knowledge that a single person is difficult to have. A participatory decision-making process enables the collection of a greater amount of information (Llaci, 2010; Luthans et al., 2021). Each of the participants brings and makes available to others what he knows about the situation/problem. Of course, in the conditions of complexity and uncertainty, there can't be a complete information, but since the participants in the process may belong to different hierarchical levels or different organizational units and as a result of the experiences exchange, the information gathered is greater (Osmani, 2017).

Participatory strategic decision making can result in a better understanding of the choice and therefore a more effective decision (Noorderhaven, 1995; Kume, 2010). This is because often the people involved in the decision-making process will then be the ones who, after the choice, will give the directives or work for its implementation. The probability of failure of a decision is lower when the people who contributed to make the decision will also have the responsibility of implementing it. Thus, using a participatory decision-making process avoids the differentiation between those who make the decision and those who will implement it. This is very important because a strategic decision may theoretically be a very good one in terms of its benefits, but in practice we may not achieve the desired results because we may fail at the implementation stage. And one of the reasons for failure is that the strategic decision is not well understood. Many studies show that decision-making processes in which contribute several individuals result in better quality decisions (Miner, 1984; Surowicki, 2004; Luthans, 2010; Konopaske and et al., 2023). However, this does not mean that participatory decision-making constitutes a guarantee for good decisions, but in general the use of such processes generates fewer wrong decisions. One of the reasons may be that in participatory decision-making are identified more alternatives than in individual decision-making process, thus increasing the probability that the best alternative will be found among them. On the other hand, the participants exchange their experiences and in such decision-making processes we have more tools and interpretative skills to analyze and better understand situations (Osmani, 2017).

Miller and Monge (1986) concluded that participatory decision-making improves personal motivation. Other empirical studies have proven that such decision-making processes increase satisfaction

(Black and Gregersen, 1997; Wright and Kim, 2004; Newstrom, 2015) and self-confidence (Crandall and Parnell, 1994).

Since nowadays organizations operate in a dynamic and complex environment, they have to make decisions accompanied by risk and uncertainty. The individual as a participant of a group is more prone to risk than when he has to decide alone (Shupp and Williams, 2008; Zhang and Casari, 2012; Bougheas et al., 2013). This happens precisely because of the distribution of responsibilities.

All the above findings are important because strategic decision-making is accompanied by an aggravation of the psychological state of the decision-maker. They are important and difficult decisions, and often cause anxiety, fear and uncertainty. Participatory decision-making processes reduce the psychological burden that the decision-maker may feel, and therefore he feels more liberated, more satisfied and more motivated to give the maximum of his potential.

On the other hand, referring to creativity, we can say that individual decision-making is less creative than participatory decision-making (Christensen and Jonsson, 2011). Greater information, discussions and confrontations make it possible for the participants to generate a greater number of alternatives and to be more innovative in the solutions they propose, also due to the distribution of responsibilities. But nowadays, creativity and innovation is very important for creating competitive advantages. An organization that repeats itself and always makes the same decisions, not only fails to position itself better than its competitors, but may also encounter difficulty in saving its position in a certain market or industry.

The reasons discussed above are not insignificant. They are essential to orient strategic decision-making towards participatory processes.

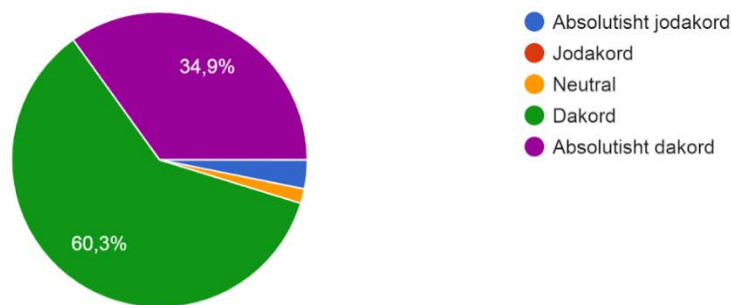
5. Empirical approach

As noted earlier, strategic management determines the organization's performance in the long run and strategic decisions have the greatest influence on company's successes or failures. The effectiveness of decisions depends to an important extent on the method or procedure used. Starting from previous empirical evidences we cannot formulate definitive conclusions regarding strategic decisions. However, most of findings induce to think about a significant correlation between strategic decision-making and participatory processes. Through the distribution of the questionnaires, we have tried to collect information. A total of 74

questionnaires were distributed and 63 collected, for a response rate of 85.1%. Following, through charts are summarized the data collected for each statement included in the questionnaire.

Statement 1. Strategic management is very important for organization's performance.

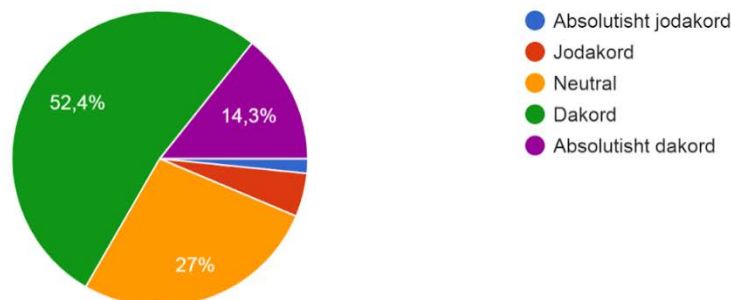
63 risposte



As we note in the chart above, 60.3% of the participants agree and 34.9% of them strongly agree with statement 1. 3.2% do not consider the strategic management process important and 1.6% are neutral referring to this statement.

Statement 2. The process of strategic management is carried out properly in the organization I work.

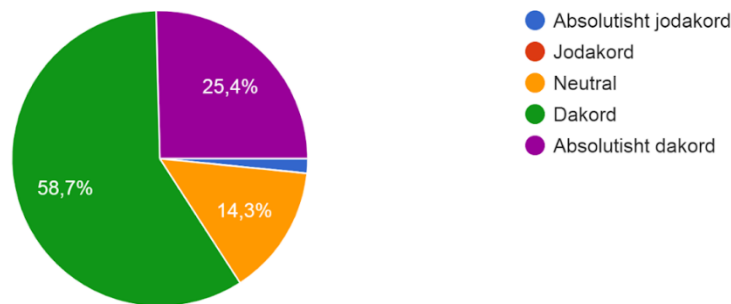
63 risposte



52.4% and 14.3% of the participants respectively agree and strongly agree regarding statement 2. The data show a high percentage of those who prefer not to answer regarding this statement, about 27%. While 4.8% of the participants have reservations regarding the way strategic management is carried out in their company and 1.6% express absolute disagreement for statement 2.

Statement 3. Our company has a clear vision and mission.

63 response

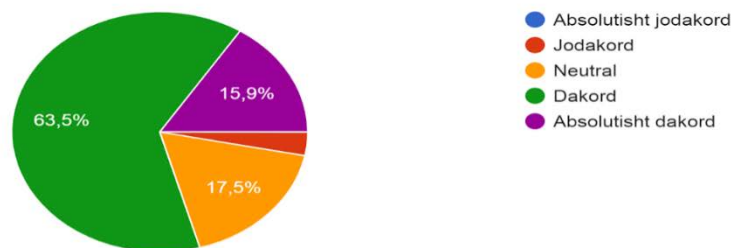


As we

note in the chart above, 58.7% of the participants agree and 25.4% of them strongly agree with statement 3. 1.6% do not think their companies have a clear vision and mission and 14.3% of them are neutral referring to this statement.

Statement 4. Our organization has well-formulated and appropriate objectives.

63 response

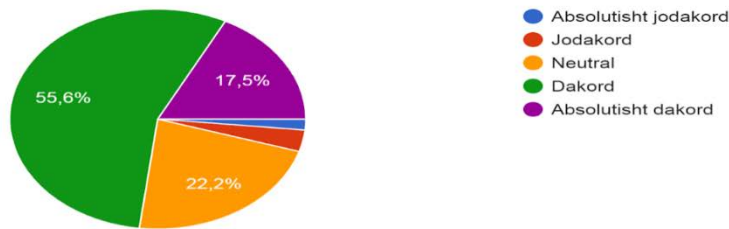


The chart shows important data related to this statement. 63.5% and 15.9% of the participants agree and strongly agree that the objectives of their companies are properly formulated. So, a significant majority agree with this statement. However, 17.5% of the participants are neutral regarding this statement (perhaps they don't want to provide information or don't have an opinion regarding the company's objectives) and only a small minority, 3.2%, do not agree with this statement.

As we note in the chart below, 55.6% of the participants agree and 17.5% of them strongly agree with statement 5. 3.2% don't think and 1.6% absolutely don't think their companies have a clear strategy for objectives achievement, but 22.2% of them are neutral referring to this statement.

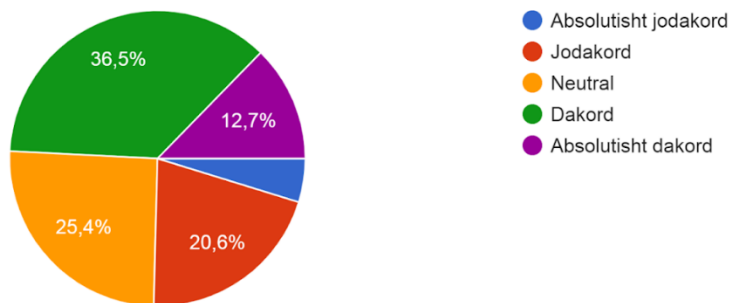
Statement 5. For our organization is clear the strategy to follow in order to achieve the objectives.

63 response



Statement 6. In the company I work, strategic decisions are made by participation.

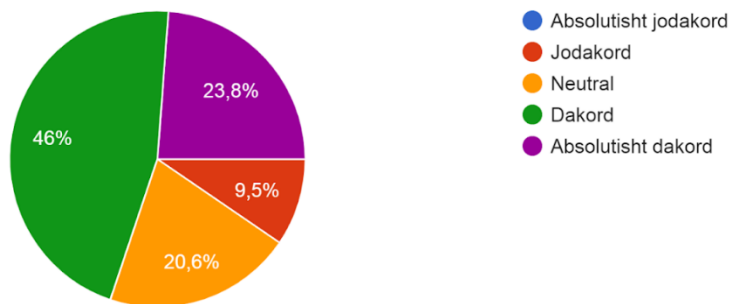
63 response



36.5% and 12.7% of the participants agree and strongly agree that within their companies strategic decisions are made by participation. However, 20.6% and 4.8% of them disagree and strongly disagree with this statement. On the other side, 25.4% of the participants, which is high, are neutral and prefer not to answer.

Statement 7. Strategic decisions are difficult, require many skills, and therefore must be made by participation.

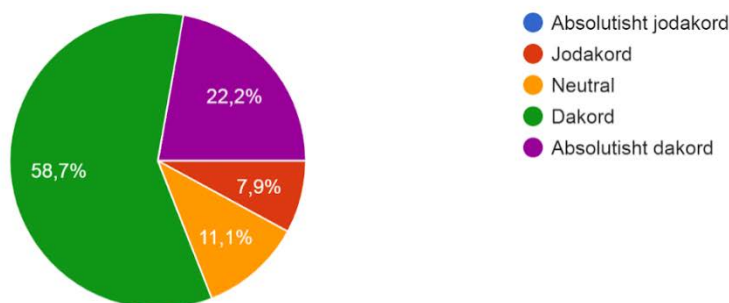
63 response



Regarding the way strategic decisions should be made, 46% and 23.8% of the participants respectively agree and strongly agree with the opinion that this kind of decisions should be made by participation. However, 9.5% of them disagree with this statement and 20.6% of the participants, which is high, are neutral and prefer not to answer.

Statement 8. Participatory strategic decision-making increases the quality of decisions made.

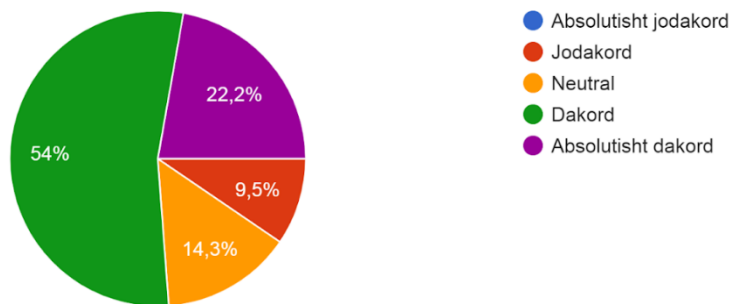
63 response



Regarding the impact of participatory processes on the decisions' quality, 58.7% and 22.2% of the participants respectively agree and strongly agree with the opinion that there is a positive correlation between participatory processes and strategic decisions' quality. However, 7.9% of them disagree with this statement and 11.1% of the participants are neutral and prefer not to answer.

Statement 9. Participatory strategic decision-making increases motivation and job satisfaction.

63 risposte

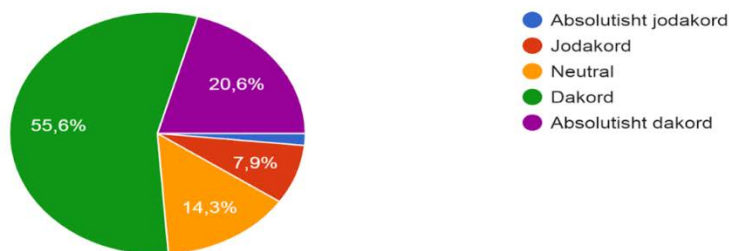


Regarding the impact of participative processes on motivation and job satisfaction, 54% and 22.2% of the participants respectively agree and strongly agree with the opinion that there is a positive correlation between these variables. However, 9.5% of them disagree with this statement and 14.3% of the participants are neutral and prefer not to answer.

As we can note in the chart below, 55.6% and 20.6% of the participants agree and strongly agree that participatory decision-making reduces anxiety, fear and uncertainty. However, 7.9% and 1.6% of them disagree and strongly disagree with this statement. On the other side, 14.3% of the participants are neutral and prefer not to answer.

Statement 10. Participatory strategic decision-making reduces anxiety, fear and uncertainty.

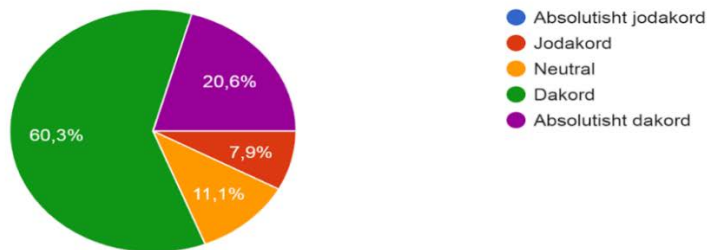
63 risposte



Regarding the fact that strategic decisions require a lot of information and for this reason should be made by participatory processes, 60.3% and 20.6% of the participants respectively agree and strongly agree with this opinion. However, 7.9% of them disagree with this statement and 11.1% of the participants, are neutral and prefer not to answer. These results are reflected in the following chart.

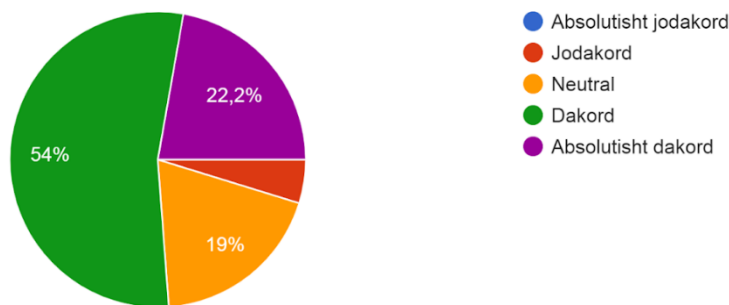
Statement 11. Strategic decisions require a lot of information and therefore must be made with participation.

63 risposte



Statement 12. Participatory strategic decision-making drives innovation.

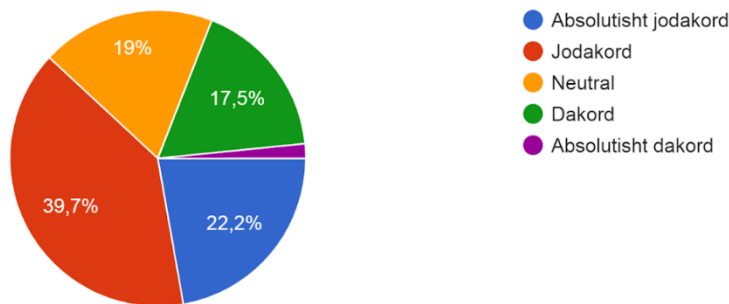
63 risposte



Regarding the impact of participative strategic decision-making on innovation, 54% and 22.2% of the participants respectively agree and strongly agree with the opinion that there is a positive correlation between these variables. However, 4.8% of them disagree with this statement and 19% of the participants, which is high, are neutral and prefer not to answer.

Statement 13. Participatory strategic decision-making is a waste of time and leads to delays.

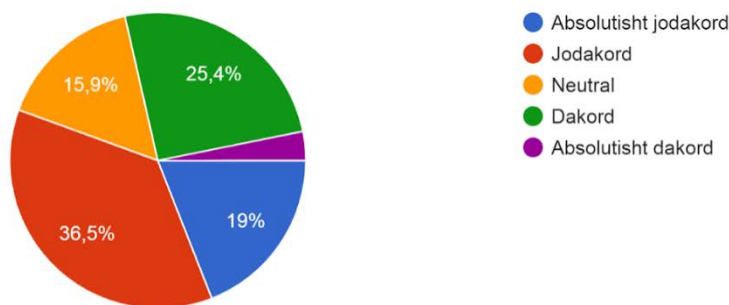
63 risposte



Regarding the correlation between participative processes and time, 39.7% and 22.2% of the participants respectively disagree and strongly disagree with the opinion that participative strategic decision-making is a waste of time and leads to delays. However, 17.5% and 1.6% of them agree and strongly agree with this statement, while 19% of the participants, which is high, are neutral and prefer not to answer.

Statement 14. From participatory strategic decision-making arises collisions and conflicts.

63 risposte



Regarding the correlation between participative processes and collisions or conflicts, 36.5% and 19% of the participants respectively disagree and strongly disagree with the opinion that participative strategic decision-making brings collisions and conflicts. However, 3.2% and 25.4% of them strongly agree and agree with this statement, while 15.9% of the participants are neutral and prefer not to answer.

6. Conclusions

Strategic management helps the organization to find the best way to move from the current situation to the desired situation. A good strategic management process enables the achievement of objectives. The current study tries to understand and formulate some conclusions regarding the way strategic decisions are made. The main reason for choosing this topic is the influence of strategic management process on organization's performance.

So, 95.2% of the participants believe that strategic management is very important for organization's performance and 3.2% believe the opposite, while 1.6% of them are neutral.

66.7% of the participants believe that the process of strategic management is carried out properly in their organization. 6.4% of them believe the opposite, while 27% prefer not to answer.

84.1% of the participants agree that their companies have a clear vision and mission. 1.6% do not think their companies have a clear vision and mission and 14.3% of them are neutral.

79.4% of the participants agree that the objectives of their companies are properly formulated. So, a significant majority agree with this statement. However, 17.5% of the participants are neutral and only a small minority, 3.2%, do not agree.

73.1% of the participants believe that their companies have a clear strategy for objectives achievement. 22.2% of them don't prefer to answer and only a small minority believe that the strategy of the company is not clear.

49.2% of the participants agree that within their companies strategic decisions are made by participation. However, 25.4% of them accept the opposite. A high percentage, 25.4%, prefer not to give information about the way strategic decisions are made.

69.8% of the participants agree with the opinion that strategic decisions should be made by participation. However, 9.5% of them disagree with this statement and 20.6% of the participants, which is high, are neutral and prefer not to answer.

80.9% of the participants agree with the opinion that there is a positive correlation between participatory processes and strategic decisions' quality. However, 7.9% of them disagree with this statement and 11.1% of the participants are neutral and prefer not to answer.

76.2% of the participants agree with the opinion that there is a positive correlation between participative processes and motivation/job satisfaction. However, 9.5% of them disagree with this statement and 14.3% of the participants are neutral and prefer not to answer.

76.2% of the participants agree that participatory decision-making reduces anxiety, fear and uncertainty. 9.5% of them disagree and 14.3% of the participants are neutral and prefer not to answer.

Regarding the fact that strategic decisions require a lot of information and for this reason should be made by participatory processes, 80.9% of the participants agree with this opinion. However, 7.9% of them disagree and 11.1% of the participants, are neutral and prefer not to answer.

Regarding the impact of participative strategic decision-making on innovation, 76.2% of the participants agree with the opinion that there is a positive correlation between these variables. However, 4.8% of them disagree with this statement and 19% of the participants, which is high, are neutral and prefer not to answer.

Referring to the correlation between participative processes and time, 61.9% of the participants disagree with the opinion that participative strategic decision-making is a waste of time and leads to delays. However, 19.1% of them agree, while 19% of the participants are neutral and prefer not to answer.

Regarding the correlation between participative processes and collisions or conflicts, 55.5% of the participants disagree with the opinion that participative strategic decision-making brings collisions and conflicts. However, 28.6% of them agree, while 15.9% of the participants are neutral and prefer not to answer.

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Talent management: Literature Review (a Conceptual Framework)

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Abstract

The most essential capital in organizations remains the human resource. In today's environment, business is changing rapidly and is dynamic. So, it is necessary to manage human resources effectively and efficiently. Over the last few years, debates have been created about attracting, retaining, and managing employees with more skills and knowledge. Regarding studies, talent management is the most significant focus of large and small companies and researchers. However, the concept and interpretation of talent management have a gap, and researchers use different conceptions in different sectors. This study, which is particularly relevant to the economic sectors of IT, tourism, banking services, manufacturers, marketing, and pharmacy, aims to examine and design a model for talent management. The need for clear definitions and criteria to identify talented employees poses a significant challenge, making it difficult to follow policies and development approaches toward them. This study aims to comprehensively review the talent management literature, leaving no stone unturned, and assist future researchers and practitioners. About 100 journal papers, books, and monograph publications have been thoroughly reviewed. Through this study, we will also provide a more complete picture of the approaches to such potential employees. This research will reference future researchers and companies implementing talent management processes.

Keywords: talent, talent management, talent management approaches, human resource management

JEL classification: J21, J24, F16

1. Introduction

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Talent management began to be studied at the end of the 90s. Increased competition from companies made the focus go to the most potential employees who had a better performance than the rest. Over the years, various researchers have widely addressed it, while companies nowadays try to use this potential to turn it into profitability. However, the lack of an accurate interpretation continues to be debated. Debates exist about whether talent management is "new wine in an old bottle" compared to HRM (Armstrong, 2006). Every organization gives different definitions for talented employees, and the most common problem in many of them is that different definitions are used even within the organization by different managers and leaders (Silzer and Church, 2009). Even from previous studies, different authors have given different definitions over the years (Cania, 2016). Talent management was officially born and gained popularity when the "War for Talent" research was published in 1997-1998 (Chambers et al., 1998). According to some studies, talent management remains the most essential function of human resources due to the increased impact of talented employees on the company's performance. In realizing the business objectives, it is intended to be the right employees. Talented employees are among the most important because of their skills, knowledge, and skills. Through these employees, the objectives become more straightforward to increase. Why is this happening? What characteristics do employees have? How can we identify the skills and potential of talents? How can we identify top performers? What model will need to be built with employees to achieve such success? This study focuses on creating an overview of talent management literature and helps future researchers and practitioners. At the same time, to define and guide the definition of talented employees and their management, demonstrating them with concrete models.

Research Methodology

This study will be conducted through qualitative or descriptive analysis, with the collected data being secondary and referenced from literature and empirical research. This includes previous studies (Cania, 2016) and journal article studies. The search was based on online searches with keywords such as "talent," "talent management," "literature review on talent management," "strategic talent management," "models for talent management," "processes for talent management," "the impact of talent management," "effective talent management," "case studies with talent management." This research will bring a theoretical perspective, which should be oriented to future researchers and practitioners of concepts and models for talent

management. About 100 journal papers, books, and monograph publications have been thoroughly reviewed. In the following paper, we will see that young researchers will have as a reference most of the concepts, literature, and models used earlier in the framework of a doctoral dissertation (Cania, 2016). Multiple positive and negative factors determine effective management, which were identified based on an analysis of literature and empirical research. The resulting summary not only provides a guide to the validity of future studies and predictions but also offers practical applications for talent management.

The Concept of Talent

Talent is the description of those people who regularly demonstrate their abilities and exceptional achievements over a variety of activities and situations or within a specialized and narrow field of expertise; consistently show a high level of competence; comparable skills in situations where they can still be tested and proven to be highly effective" (Williams, 2000). Referred to (Rothwell and Kazanas, 2003). Talent is understood as the intellectual capacity of people in the organization to discover new products or services, identify new markets, find new ways to meet or exceed customer expectations, learn collectively and individually, and leave competitors behind by moving faster than them through skills. At the same time, talent refers to a repeated pattern of a person's thoughts, feelings, or behavior that can be applied productively (Buckingham & Vosburgh, 2001). According to Armstrong and Taylor (2017), talent is the ability of an individual to learn and develop new challenges and make a difference in organizational performance, either through immediate contribution or, in the long term, by demonstrating a high level of potential. In another way, the authors Michaels et al. (2001) determined that talent is the sum of the individual's abilities, internal abilities, knowledge, experience, intelligence, judgment, attitude, and character. Talent means the total of all experience, knowledge, skills, and behavior that a person has and ways of behaving at work (Cheese et al., 2008).

Talented employees are individuals who have demonstrated superior achievement, inspired others, and embody the core competencies and values of the organization (Berger, 2004). Talent consists of those individuals who can make a difference in organizational performance, either through their immediate contribution or, in the long term, by demonstrating the highest levels of their potential (CIPD, 2007). Managerial talent combines a sharp strategic mind, leadership ability, emotional maturity, communication

skills, the ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results (Michaels et al., 2001). The composition of talent is equal to the competencies (knowledge, skills, and values needed for today's work and for tomorrow's work (right skills, right place, right job, right time) multiplied by commitment (willingness to do work) and with contribution (achieving the goal in their work) (Ulrich & Smallwood, 2012). A talented employee comes with potency (power, influence of the person, and ability to achieve results), genuine interest (passion), intelligence (mental and physical learning ability and performance skills to compete, be assertive, and survive), and the virtues of intelligence (moral excellence and integrity) (Van Dijk, 2008). The author Glen (2007) defines a talented person as the product of skills (competence, education, training, and experience) coupled with motivation (pleasure, challenge, and well-being) and opportunities. Undoubtedly, talented employees can make a difference in the organization's performance, either through their immediate contribution or, in the long term, by demonstrating higher levels of potential (Tansley et al., 2007).

2. Defining talent management

They also referred to the concept of talent, which could be identified as a selected group of employees that ranks at the top regarding skills and performance compared to the entire workforce (Stahl et al., 2007). Most definitions of talent management suggest identifying, selecting, and developing the right people to ensure they realize their potential and thus positively contribute to organizational performance (Collings et al., 2009). According to Cheese et al. (2008), "an organization that invests in building distinctive talent management capabilities to produce exceptional results for the organization. Talented organizations are capable of identifying talent needs, discovering different talent sources, developing individual and collective talent of the organization, and deploying talent in ways that engage people to achieve objectives. When these talent management capabilities are highly integrated, aligned with the organization's business strategy, and embedded in its operations, they constitute a distinctive organizational capability and a sustainable source of competitive advantage (Cheese et al., (2008)." This underscores the strategic importance of talent management, which is concerned with attracting, developing, and retaining talented employees (Michaels et al., 2001).

On the other hand, talent management makes it possible to create a strategy for new non-traditional resources (Bechet, 2008). The author Lockwood (2006) emphasized that talent management can also mean the implementation of integrated strategies or systems designed to increase productivity in the workplace by developing and improving processes to attract, develop, retain, and utilize the people most in demand for the skills and abilities in order to meet current and future business objectives. Authors Tarique and Schuler (2010) pointed out that talent management is about attracting, developing, and retaining talented employees and potential benefits, but among others, it is also about expanding strategic contribution organizations that are focused on the "war" for talented employees must be more careful to get the best out of the talented employees they have, must ensure that they retain employees with the right skills and experience, which are necessary for the achievement of the organization's objectives (Joerres and Turcq, 2007). This also underscores the challenges of talent management, fostering a sense of the need for understanding and addressing these issues in the audience.

According to Armstrong and Taylor (2017), talent management provides benefits that are the most different to the company: higher motivation and commitment, career development, knowledge, and higher contribution to the company's goals, as well as an increased level of job satisfaction. Talent management as a process will make it possible to measure the impact of the strategy so that policies are constantly updated to deliver high performance, now and in the years to come (Cannon & McGee, 2011). Effective talent management ensures internal consistency and reinforces employee practices to attract, select, develop, evaluate, and retain talent (Beechler & Woodward, 2009). These practices will lead to a more solid and good performance. Performance management is a continuous process of identifying, measuring, and developing the performance of employees and teams and ensuring the performance aligns with the organization's strategic goals (Aguinis et al., 2012). Talent management will have an impact on financial performance and will also create benefits in organizational culture (Morton, 2005). Also, motivations significantly impact performance, confirmed by a study that studied the relationship between motivation and talent qualification (Boekaerts, 2007). Talent management determines the performance of individuals, groups, and organizations, but the ability to manage performance is essential for organizations to produce desirable results (Lawler, 2008). In another way, we can say that talent management is a continuous process that plans the talent needs in the organization, builds an image to attract the best, ensures that they are immediately

productive, helps to retain them, and facilitates their ongoing movement where they can have the most impact in the organization (Sullivan, 2004).

3. Talent management model

Talent management strategies are focused on five areas: attracting, selecting, engaging, developing, and retaining employees (Lockwood, 2006). The following are models identified in the study, which are explained in detail:

a) Peter Cappelli's Model

Talent management is simply a matter of anticipating the need for human capital. This term refers to the collective skills, knowledge, and abilities of an organization's workforce and then putting a plan in place to meet it (Cappelli, 2008). The model proposed by the author is more suitable in uncertain times. Peter Cappelli (2008) has proposed a model of demand for talent similar to 'just in time' production. This approach to talent management uses four distinct principles based on operational principles and supply chain management. According to the author, developing or recruiting talent to manage risk, adapting talent demand to uncertainty, improving investment returns to develop employees, and preserving investment by balancing employee and employer interests.

b) The HC Bridge decision-making model bridges the gap between human capital and strategic decision-making in talent management.

The HC Bridge decision-making model, developed by Boudreau and Ramstad (2005), is a collaborative approach that integrates impact, effectiveness, and efficiency. This model aims to connect human resources, talents, and strategic success, providing professionals with a common language to communicate organizational talent decisions. By emphasizing the collaborative nature of this model, the audience can feel included and valued in the talent management process.

c) Decision-making model for talent management

the model analyzes human resource practices and decisions to include talent, determining the strength of relationships with strategic or tactical benefits (Lewis & Heckman, 2006). The model they proposed comprised two pillars: on one side were the main components of talent management, and on the other were

the questions for each. Components of talent management: a strategy for sustainable competitive advantage, implications of talent strategy, talent team strategy, talent system management, and talent practices.

d) The strategic talent development model

The strategic talent development (SDT) model is a combination of strategic business planning and human resource planning (Rothwell & Kazanas, 2003). According to the authors, the organization already has talented employees and has already identified the specific positions to which they can contribute.

e) The strategic talent management model

This model was developed by the authors Collings and Mehalli (2009) and cite the development of a talent team with high potential and high performance in the realization of their roles which contribute to sustainable competitive advantage in the organization. Collings and Mehalli (2009) suggest that organizations should start by identifying important positions and then placing relevant employees in these positions contributing to the organization's bottom line. The model proposed by the authors is conceived in two parts, on one side is the differentiated architecture of human resources, a structure that categorizes employees based on their skills and roles, and the other part is the employee results.

4. Conclusions

This study aimed to create an overview of talent management literature, help future researchers and practitioners, and define and guide definitions of talented employees and their management, demonstrating them with concrete models. Talent management was officially born and gained popularity when the "War for Talent" research was published in 1997-1998 (Chambers et al., 1998). Scholars, researchers, and practitioners define talent and its management differently. In summary, a talented (talented employee) has a difference in performance, demonstrates skills above the group level, knowledge and experience, intelligence, and work behaviors that send over qualifications with other employees. Through practices and strategies to manage talented employees, we emphasize identifying, attracting, motivating, developing, and retaining such quality employees. Consequently, through the study, we offered several models to manage talented employees, and each of these models offered approaches and solutions in different situations. These models will help practitioners or companies integrate talent management practices into their strategies.

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New public governance: Government cooperation with companies and individuals, opportunities and issues.

Dr. Marsida Ismaili

Abstract

New Public Governance is a new approach regarding the management and offering of public services and policies in a country. Even Albania as a country in transition towards democracy, is trying to implement some new approaches to governing, for the efficiency, effectiveness and transparency of government in relation with its citizens. Recently we have seen different initiatives that encompasses the collaboration of different levels of government (central and local levels), companies, different NGOs, experts, and interested citizens, for offering a variety of public services. These initiatives are mostly related with the phases of formulation and implementation of public policies in different sectors, and these groups of actors work closely in direction of better public policies. Although the results of such initiatives are mixed, in part because of the environment and contextual factors and in part, depending from other factors associated with the lack of knowledge, information and will to implementation of public policies.

The paper explores the spread of NPG and the relationship between NPG and pre-existing and/or competing governance models, such as New Public Management or Traditional Public Administration. Nevertheless, it is important to underline that these NPG initiatives are somehow limited and require considerable amounts of resources, in order to be relevant.

NPG initiatives result in innovations and inclusive decision-making processes, with citizen engagement platforms, co-creation of public services, collaborative governance networks, and performance measurement and evaluation and can originate inside or outside of government. The paper outlines that the spread of NPG initiatives, despite the difficulties and issues faced in the process, contribute to participatory, innovative, efficient and effective public services.

Key words: New Public Governance, New Public Management, co-creation of public services, citizens participation, e-government.

JEL classification: H11, H83, O31, O38.

New public governance: Government cooperation with companies and individuals, opportunities and issues.

New Public Governance is a new approach regarding the management and offering of public services and policies in a country. Albania as a country in transition towards democracy, is trying to implement some new approaches to governing, for the efficiency, effectiveness and transparency of government in relation with its citizens. Recently we have seen different initiatives that encompass the collaboration of different levels of government (central and local levels), companies, different NGOs, experts, and interested citizens, for offering a variety of public services. These initiatives are mostly related with the phases of formulation and implementation of public policies in different sectors, and these groups of actors work closely in direction of better public policies.

Denhardt and al refers to intergovernmental networks and relations as: relationships within and among various groups and organizations working in a single policy area and, interorganizational relations as relationships between governments and other governments and between governments and private and nonprofit agencies.⁹²

The term “network” to refer to structures involving multiple nodes—agencies and organizations—with multiple linkages, ordinarily working on cross-boundary collaborative activities. Some networks are constructs based more or less on forms of linkages and are intermittently interactive and cooperative, that have been identified as serendipitous, whereas others are goal directed and are based on more regularized interactions (Kilduff and Tsai 2003: 91), that is the action of networking (Alter and Hage 1993). The latter

⁹² Robert B. Denhardt, Janet V. Denhardt, and Tara A. Blanc, 2014. *Public Administration: An Action Orientation*, Seventh Edition, Wadsworth Cengage Learning.

can be either chartered or non-chartered in character. Both types of networks share certain characteristics: permanent status; regular formal meetings; a definable communication system; leaders and participants; taskforces or work groups; identifiable operating structures; identifiable partners; and some form of division of labor/task allocation. ⁹³

Traditional or classic Public Administration is related with offering public services from a state-centered perspective, because the state is the sole provider of the public goods or public services, and state institutions and agencies take full responsibility in this direction. The focus here is in bureaucratic organizations that implement public policies designed from policy-makers, effectively and efficiently, by means of exercising authority and control, in a hierarchical way. Whereas New Public Management, NPM, started in the end of the 1980' and 1990' with the seminal work of Osborne and Gaebler "Reinventing Government". NPM was a business-oriented perspective to offering public services, because the focus was in the reformation of state institutions, with flexible and non-bureaucratic structures. According to Denhardt, in the early 1990s, Osborne and Gaebler's (1992) landmark work, *Reinventing Government*, brought many of the NPM principles to American shores. For Osborne and Gaebler, the reform agenda represented a response to what they call "the bankruptcy of bureaucracy"—that is, the ineffectiveness of government organizations. The problem was that of public agencies had failed to keep pace with changing conditions in the postindustrial society, with government still attempting to respond to public issues with a "one-size fits-all" approach. A central theme in reinvention is that only more entrepreneurial forms of government will enable public administrators to effectively deal with problems and capitalize on opportunities in contemporary society. Although encouraging public administrators to derive insights from successful experiences in all sectors, Osborne and Gaebler maintain that public- and private-sector organizations face a distinct array of challenges. Entrepreneurial government, then, refers to more streamlined, flexible, and responsive systems

⁹³ Robert Agranoff, Michael McGuire and Chris Silvia, "Governance, networks and intergovernmental systems", 361-373, in Eduardo Araral Jr, Scott Fritzen, Michael Howlett, M Ramesh, Xun Wu. Ed. 2013. *Routledge Handbook of Public Policy*, Routledge, Taylor and Francis Group, London, New York.

of public policy and administration. Osborne and Gaebler cite example after example of public organizations that had chosen innovative strategies for doing more with less, thus increasing the value of public services without raising costs for public consumers. The authors suggest that the common themes of competition and empowerment, combined with more attention to public outcomes and action based on customer priorities rather than bureaucratic imperatives, represent the future of successful government.⁹⁴ NPM and other reformist themes suggest that government should not account merely for its own activities but should be assessed on its capacity to achieve substantial public outcomes. NPM and reinvention are, however, closely related to issues of quality and productivity in government. Concern about government productivity centers on issues of efficiency and accountability. The ways in which we organize ourselves, engage with others, and respond to public concerns have undergone a huge change or, to use Kettl's phrase, "a transformation in governance" (Kettl, 2000, p.488). The New Public Management, or NPM, is a term used to describe a set of principles and practices in the public service that has emerged during the past several decades in a variety of countries around the world (Barzelay, 2001, p. xi). Although the application of NPM has varied country by country, the reform agenda has remained consistent in its drive to create organizations that are mission-driven, decentralized, and incentive-based. Reformers strive for more flexible public organizations and more responsive interorganizational networks, guided by the key principles of accountability, responsiveness, and a commitment to outcome-based governance (Boston, 1996; Peters, 1994).⁹⁵

This reformation movement led to managerialism, and viewing citizens as customers of public goods and services. As public managers began to apply their reform agendas, many focused on administrative efficiency more than on the democratic principles of effective governance. Another point of concern is that the reform movement has concentrated on customer centered instead of citizen-centered public

⁹⁴ Robert B. Denhardt, Janet V. Denhardt, and Tara A. Blanc, 2014. *Public Administration: An Action Orientation*, Seventh Edition, Wadsworth Cengage Learning. Pg. 361.

⁹⁵ Robert B. Denhardt, Janet V. Denhardt, and Tara A. Blanc, 2014. *Public Administration: An Action Orientation*, Seventh Edition, Wadsworth Cengage Learning.

administration. In contrast, citizen centered public administration restores the public to an ownership position—a proactive relationship in which citizens engage with the institutions of governance to achieve public outcomes.

Based on Agranoff, governments today operate within systems of governance that include interacting governmental bodies and nongovernmental organizations (NGOs). These interconnections have increased dramatically in recent decades because of increased intergovernmentalization and government externalization. The former refers to grant, regulatory, and related vehicles of connecting central and subnational governments and the latter to moving governmental functions and services delivery outside governments' boundaries through contracting, vouchers for goods and services, and related means of "privatization."

In governance networks, the actors depend on the collaboration imperative, that is the actions of officials and managers crossing the boundaries of their organizations working in dyadic, triadic, or networked relationships that are transactional. These actions bring on the need for collaborative actions beyond cooperation, working jointly in some fashion, creating or discovering solutions within given constraints, for example knowledge, time, money, legal authority, or other resources.⁹⁶

The era of governance networks has also transformed intergovernmental relations (IGR) beyond its traditional scope as involving "combinations of interdependencies and influences among public officials" working on financial, policy, and political issues (Krane and Wright 1998: 1168) to incorporate waves of collaborative operationalism external to governments as well as between them. Indeed, IGR has evolved through four distinct waves of development including the current network era (Agranoff 2010)...The third wave happened by the middle of the twentieth century governments began to recognize the gradual

⁹⁶ Robert Agranoff, Michael McGuire and Chris Silvia, "Governance, networks and intergovernmental systems", 361-373, in Eduardo Araral Jr, Scott Fritzen, Michael Howlett, M Ramesh, Xun Wu. Ed. 2013. *Routledge Handbook of Public Policy*, Routledge, Taylor and Francis Group, London, New York.

introduction of organized actors outside government as also involved in funding and programming, particularly in Western Europe and the Anglo-American countries. Through some grants but predominantly by contracts, governments linked with nonprofit service agencies and for-profit vendors of services. For-profits have always been part of government procurement, and certain basic services like building security and road building were regularly contracted out, but now such direct government services as public health care, services for the disabled, vocational rehabilitation, mental health, substance abuse, and family violence, along with finance and accounting services and other management functions, are contracted out. This also was the era of the New Public Management (NPM), with heavy borrowing from the private sector with its benchmarking, performance targeting, competitive bidding, outsourcing, and the like, all of which reinforced IGR by government/NGO partnerships (Hood 1991). This led to new sets of alliances between governments at all levels and a host of public and private bodies. The fourth wave became fully acknowledged in the first decade of the twenty-first century. Public agencies and NGOs now network for purposes of exchanging information, enhancing one another's capabilities, smoothing services interactions, and solving policy/program problems (Agranoff 2007).

NPG in comparison with NPM is focused in the collaboration of public actors, private actors and the interested citizens. The ability to create or add value has long been a central concern of the public sector. NPG initiatives result in innovations and inclusive decision-making processes, with citizen engagement platforms, co-creation of public services, collaborative governance networks, and performance measurement and evaluation and can originate inside or outside of government.

- E-governance practices and open data initiatives: E-government services in the portal “E-Albania”, is the official government hub for online public services, consisting of the goods and services offered by 63 public institutions.

According to Denhardt, the term electronic government has come to refer to the government's use of technology to provide information, deliver services, support operations, and interact with citizens, businesses, and other governments at any time from any place. The evolution of e-government has been described as occurring in stages, moving from a basic electronic presence providing web-based information to simple interactions with external stakeholders via e-mail and interactive forms, to the provision of

electronic transaction services (such as licenses, permits, and tax payments), and, finally, to a transformative process of shared governance through the seamless flow of information, opportunities for meaningful dialogue and citizen participation, and collaborative decision making (Chun et al., 2010). Although the terms e-government and e-governance often are used interchangeably in reference to the use of technology in government, there are those who argue that the latter represents a broader, more normative view that includes “not only services and administration but also democratic processes and the relationships among citizens, civil society, the private sector, and the state” (Dawes, 2010, p. s87). E-governance can be considered in terms of five goals: developing a policy framework that addresses the way in which information is gathered, used, protected, and shared; enhancing public services; improving the quality and cost-effectiveness of government operations; engaging citizens in democratic processes; and creating administrative and institutional reform. There has been some progress in policy development, while relatively few government entities have pursued citizen engagement and administrative and institutional reform goals in e-governance (Dawes, 2010). Despite concerns over progress toward the more transformational goals of e-governance, it is clear that the use of ITC to provide information and services has become a way of life at all levels of government.⁹⁷

Citizen engagement platforms are platforms where interested citizens can add their opinion or give their perspective for public services tailored based upon their needs. The citizen engagement platforms and the co-creation of public services, the portal “Shqipëria që duam”⁹⁸ (“The Albania that we need”) a platform for co-governance, with the direct input of citizens regarding public services and policies, in relation with innovations, contributions and inclusive decision-making processes. This open platform for communication and interaction with citizens serves to engage the individuals for actual political and governance matters, by

⁹⁷ Robert B. Denhardt, Janet V. Denhardt, and Tara A. Blanc, 2014. *Public Administration: An Action Orientation*, Seventh Edition, Wadsworth Cengage Learning.pg. 372

⁹⁸ Portali i Bashkëqeverisjes: “Për Shqipërinë që duam”: <https://www.shqiperiaqeduam.al/>

giving their opinions and views on these issues and to influence the public policies, to fight corruption in each level of government, and to solve individual and collective problems.

The New Public Service contends that the government should be run like a democracy, and the most important criteria for assessing administrative performance should be to examine how effectively the work of public officials has engaged citizens in the governance process and advanced the public interest. Public administrators can draw from a variety of means to educate citizens, invite them to share their views, and encourage their involvement in making recommendations, solving problems, assessing performance, delivering services, and mobilizing others. This process involves various combinations of four broad activities—generating information, deliberating, sharing delivery of services, and organizing—with different kinds of involvement stressing different combinations (Svara & Denhardt, 2011, pp. 21–22). Thus, developing an engaged community includes both citizen “exchange” activities that inform, collect information, and solicit input and consultations; and citizen “engagement” activities that promote collaboration, create dialogue, build relationships, and empower citizens in making decisions and taking responsibility for their community. To make such efforts successful, it is important to match the method to the intended purpose, be clear about the citizens’ role and potential impact, listen, and be honest about how citizens’ views and contributions have been used (Svara & Denhardt, 2011, pp. 25–26).

- Co-creation of public services refers to collaboration in the design and implementation of various public services, with a focus in the efficiency and effectiveness.

Public service today involves a wide range of private and nonprofit organizations in the delivery of public goods and services. This development raises managerial concerns, political concerns, and most of all, moral and ethical concerns. Under these conditions, public administrators must assume leadership in establishing a high moral tone for the public service generally. In contrast to the often-heard advice that public administrators should follow the model of business, we might propose just the opposite: that public

organizations and the values and commitments they represent should become models for all organizations, at least those involved in the management of public programs.⁹⁹

- Collaborative governance networks refer to networks created by different public, private and all of the interested parties, or actors to offering public services.

There is value added as a result of the collaborative process that may in essence be the product of the interorganizational, intersectoral, and interideological conversation aimed at problem identification and resolution between government agencies and its interlocutors. The added value resulting in improved collaborative outcomes is, generally speaking, the driver behind the formation of collaborative networks. Here, this public value refers to the outcomes produced by the collaborative efforts. Networks, in the course of addressing the problems for which they were formed to solve, generate collaboratively produced products, such as reports, publications, conferences, training programs, datasets, and so on, that can be used not only by the networks and its constituent members, but also by others outside the network and even outside the area served by the network. Collaboration within a networked governance structure also commonly results in changes to old programs and the formation of new ones. In the process of working with each other on the issue that brought them together, networks also often engage in spin-off projects as discussion between network members bring previously unaddressed or unrealized issues to the forefront.¹⁰⁰

Collaborative governance networks refer to networks created by different public, private and all of the interested parties, public private partnerships in fields such as infrastructure, health and environment and in

⁹⁹ Robert B. Denhardt, Janet V. Denhardt, and Tara A. Blanc, 2014. *Public Administration: An Action Orientation*, Seventh Edition, Wadsworth Cengage Learning.pg. Denhardt, 401

¹⁰⁰ Robert Agranoff, Michael McGuire and Chris Silvia, “Governance, networks and intergovernmental systems”, 361-373, in Eduardo Araral Jr, Scott Fritzen, Michael Howlett, M Ramesh, Xun Wu. Ed. 2013. *Routledge Handbook of Public Policy*, Routledge, Taylor and Francis Group, London, New York.

the local level of government they are linked with public hearings in the budgeting process, or citizens polls or surveys to address their needs.

- Performance measurement and evaluation refers to well-designed systems for measuring performance, based in the performance indicators and benchmarking. Performance measurement and evaluation in Albania initiatives are related with the need to measure and evaluate the performance of different public programs and agencies, used for the justification of continuation of public services.

Regarding performance movement and measurement, according to Denhardt, over the last two decades, performance measurement has “emerged as the most important form of public sector management reform in many years” (Gilmour & Lewis, 2006, p. 742), as citizens, legislators, and advocacy groups have begun demanding more value from public organizations. Government increasingly has been under pressure to prove that substantive results, or outcomes related to a program’s public effectiveness, are generated by its activities. However, because of the lack of profit motive in most government programs, it can be difficult to assess which programs generate desirable outcomes and which ones do not. Performance measurement offers a means to produce quantitative evidence about program outcomes that show how well a program is meeting its goals. Generally speaking, objectives are likely to be narrow and specific, directly tied to each organization’s particular activities; outcomes, on the other hand, are related to the larger purposes to be served by the organization’s work. As the call for “reinventing government” gained strength in the early 1990s, the move toward performance measurement occurred at all levels of government (Wholey, Hatry, & Newcomer, 1994). In identifying performance standards, public and nonprofit organizations may pull from a variety of sources. This is usually done in a process called benchmarking, through which they target specific goals based on previous performance levels, standards set by similar organizations, objectives created through a strategic planning process, or any combination of these. Public administrators then assess agency performance using comparisons with these predetermined indicators. Restoring and maintaining public trust requires more than improvements in efficiency...New Public Service argues that if citizens are to regain their confidence in government, they must perceive public institutions as responsive. In a world of active citizenship, in which community members are engaged in helping to shape policies and programs to

meet their needs, public administrators must do more than simply deliver services, no matter how efficiently they do so.

Some of the advantages of NPG initiatives are related with:

- The involvement of different actors, public, private and citizens to offer public services.
- Public goods or services tailored and based upon communities' needs.
- Offering public goods or services in an efficient, effective and innovative manner.
- Building mutual trust and forging long term relationships between actors.
- Sharing responsibilities between the actors involved, or the created networks.

In his studies of 14 public management networks, Agranoff (2007, 2008) described five mechanisms through which individual collaborators benefit from their involvement in the network. The first relates to the knowledge gained and the skills learned through working with others. Second, networks are often interdisciplinary in nature. Thus, collaborators learn how to work with and learn from those from different organizations, backgrounds, and functional areas. In addition, the opportunity to work with and/or manage individuals from different organizations enhances the ability to manage and work within intergovernmental arenas is a third advantage. The fourth area for potential benefit for the individual is the increased networking opportunities. Working with representatives of other organizations allows network members to build relationships with and gain access to other entities and individuals. Finally, individuals perceive that networks add value to them personally as networked governance structures strengthen their public service motivation and provide them with additional opportunities for public service.¹⁰¹

¹⁰¹ Robert Agranoff, Michael McGuire and Chris Silvia, "Governance, networks and intergovernmental systems", 361-373, in Eduardo Araral Jr, Scott Fritzen, Michael Howlett, M Ramesh, Xun Wu. Ed. 2013. *Routledge Handbook of Public Policy*, Routledge, Taylor and Francis Group, London, New York.

Policy design and implementation via a networked structure also provides a number of advantages to the organizations participating in the joint venture...By working together, organizations are able to increase their capacity to serve their constituents by accessing their collaborative partners' knowledge, information, connections, personnel, material, and monetary resources. In addition, the participating organizations also realize the value added via collaboration as risk is shared among all of the partners, as efficiencies are realized as networks are able to take advantage of economies of scale and sectoral differences, as the organizations are able to learn from each other, and as the delivery of services is coordinated (Cropper 1996; Huxham and Vangen 2005).

McQuaid¹⁰² underlines that the benefits of partnerships lie on the possibility of: flexible and responsive policy solutions; facilitating innovation and evaluation; sharing knowledge, expertise and resources in order to maximize the appropriateness, quality and efficiency of provision; pooling of resources, synergy: Synergy may also be achieved through combining complementary resources from different organizations and from them operating in other and often alter their own approach accordingly. Developing a coherent service: partnership working at the strategic level can ensure that policy initiatives in major areas of government activity are "aligned". Improving efficiency and accountability: it can lead to more efficient policy delivery, by eliminating the duplication of effort and improving communications. Within partnerships, interagency bodies have the capacity to be more democratic – at best they can open up decision-making processes and gain the input and "buy-in" of organizations representing a broad range of constituencies and interests. However, there are often concerns that it is not clear "who is in charge". Capacity-building; gaining legitimization and "buy-in": the tapping of "local knowledge" through the involvement of community level stakeholders can contribute to the development of approaches that are able to engage disadvantaged

¹⁰² McQuaid, W. Ronald. "Theory of Organizational Partnerships: Partnership Advantages, Disadvantages and Success Factors", 127-148, in Osborne, Stephen. P. Ed. 2010. *The New Public Governance? Emerging perspectives on the theory and practice of public governance*, Routledge, Taylor and Francis Group, London, New York.

communities and address specific localized problems. Engaging community-level stakeholders can also result in the legitimization of, and mobilization of local support for, new policy goals.

Regarding the disadvantages of NPG, partnerships in NPG partnerships can result in:

- More resources used in order to formulate and implement public services. There is a major need for using material and non-material resources, and for qualified personnel. Also, it requests more time for design and decision-making.
- The use of more resources means less efficiency.
- Sharing responsibilities between the involved actors means that no one takes full responsibility about the problems or issues that are identified in the process.

Based on McQuaid, some of the problems faced by partnerships are related with¹⁰³: partnerships may not achieve the potential for synergy owing to inertia or other reasons (e.g. Huxham 2003). Some of the challenges in achieving effective and efficient partnerships are: a lack of clear and/or consistent goals; resource costs; impacts on other services; and differences in approach between partners. Conflict over goals and objectives: a lack of clear, specific aims or goals is often cited as a major cause of the failure of partnerships. This can rapidly lead to misunderstanding, lack of coordination, and possible conflict between the partners. This may be accentuated if some partners have undeclared or “hidden” agendas. Resources costs: in terms of staff time in meetings and discussions and making agreements, and in delays to decisions owing to consultation with partners. Accountability: there can also be problems of accountability as no single partner feels fully accountable for the actions of the partnership owing to the split between responsibility

¹⁰³ McQuaid, W. Ronald. “Theory of Organizational Partnerships: Partnership Advantages, Disadvantages and Success Factors”, 127-148, in Osborne, Stephen. P. Ed. 2010. *The New Public Governance? Emerging perspectives on the theory and practice of public governance*, Routledge, Taylor and Francis Group, London, New York.

and control. It may not be clear “who is in charge”. Impacts upon other services: partnerships (especially those with stand-alone implementation units) may be seen as an alternative to re-aligning mainstream services to deal with particular issues. Conversely, partnerships may draw resources from other mainstream services or confuse the services in the minds of users, so reducing their effectiveness (i.e. there may be a significant opportunity cost in economic terms). Organizational difficulties: inhibiting successful coordination of programs and approaches, and overcoming the specialist concerns of disparate organizations, is a key implementation problem faced by agencies working together. Within this context, barriers to effective partnership working include: organizational (these include differing missions, professional orientations, structures and processes of agencies); legal/technical (statutes or regulations set down by higher authority, and the technological capacity and practice of the organization); and political (the external political environment but also internal bureaucratic politics). At the strategic level, effective interagency cooperation may be undermined by the rigidity of institutional and policy structures. Capacity-building and gaps: there can be difficulties when government seeks to engage different sectors in delivering policy, if key stakeholders lack the professional, organizational or financial capacity to contribute. Where local partnership structures are weak, a considerable commitment of time, effort and resources is likely to be required in order to build capacity. Even at a professional level there is often a capacity gap in terms of specific skills and attitudes that hinders partnership development and implementation. Differences in philosophy among partners: such as in the degree to which they feel the market can solve problems around a particular policy (e.g. employability) or the legitimate role of different stakeholders. Power relations: the handling of differences in the relative power of different bodies or individuals in a partnership is important to its success. Community participation: where local partnership structures are weak, a considerable commitment of time, effort and resources is likely to be required in order to build capacity (Rhodes et al. 2003).

Despite the advantages and disadvantages or problems of the collaborations in the NPG initiatives, a good example of NPG in Albania is that related with e-governance like e-Albania, for offering major public services to citizens. E-government services in the portal “E-Albania”, is the official government hub for

online public services, consisting of the goods and services offered by 63 public institutions. E-Albania¹⁰⁴ represents the digital revolution of the public administration and public services and from the year 2014 has changed the perception of the Albanian citizens in relation with the electronic communication with the state institutions. In the government program, based on the Digital Agenda 2022-2026, one of the key points is being proactive for the coordination of the projects of public sector modernization and access to IT and aims to be more open, flexible, and more interactive in relation with its citizens and businesses, by using IT, in order to increase the effectiveness for the continued improvement of the public services. This interactive governmental platform is administered and developed by AKSHI¹⁰⁵ and serves as a gateway for each interested individual can benefit from electronic services offered by public institutions in Albania, with easy procedures and by downloading and printing legal documents. From 2020 has started a new process of offering public services resulting by applications for citizens and businesses. They apply only through the platform and the public administrators collect all of the services' state documents. This serves the objective of relief of the citizens from physically collecting these documents (hard copies) in the public institutions' offices. The portal e-Albania in this way serves as a node for the interaction of more than 60 public institutions' electronic systems and it is a one-stop-shop office for the online services of the public administration, for 24 hours each day of the week, by offering documents with electronic stamp and signature and the possibility to make online payments with debit and credit cards. It offers the possibility of communication for each uncertainty, question or problem regarding the registration, the offered services in the portal, through the portal's forum, electronic post, comments and messages in social networks. The government view on the portal is that it has improved the offered services, by reducing the time for getting the service, by reducing red-tape and corruption. The available services and the quality of the service depends on the responsible institution that offers the services through the portal. Nevertheless, the interested parties often have mixed reactions about the services and the functionality of the portal.

¹⁰⁴ <https://e-albania.al/Pages/eAlbania.aspx>, accessed on 02.04.2024

¹⁰⁵ AKSHI, Agjencia Kombëtare e Shoqërisë së Informacionit: <https://akshi.gov.al/>

Another example is the citizen engagement platforms and the co-creation of public services, with the portal “Shqipëria që duam” for communication and interaction with citizens serves to engage the individuals for actual political and governance matters, by giving their opinions and views on these issues and to influence the public policies, to fight corruption in each level of government, and to solve individual and collective problems.

Conclusions and recommendations

NPG is related with different initiatives for the collaboration of different levels of government (central and local levels), companies, NGOs, experts, and interested citizens, for offering a variety of public services. These initiatives are mostly related with the phases of formulation and implementation of public policies in different sectors. Although the results of such initiatives are mixed, in part because of the environment and contextual factors and in part, depending from other factors associated with the lack of knowledge, information and will to implementation of public policies.

Different NPG initiatives comprise e-government services, with the portal “E-Albania”, as the official government hub for online public services, and citizen engagement platforms like the portal “Shqipëria që duam”, a platform for co-governance, with the direct input of citizens or companies regarding public services and policies, in relation with innovations, contributions and inclusive decision-making processes. The role of the government in NPG initiatives, can be seen in the direction collaborative governance networks created by different public, private and all of the interested parties, public private partnerships in fields such as infrastructure, health and environment. Co-creation of public services and performance measurement and evaluation in Albania are related with initiatives to measure and evaluate the performance of different public programs and agencies, used for the justification of continuation of public services.

Despite the fact that NPG initiatives in Albania are somehow limited and require considerable amounts of resources and substantial collaboration of different actors, the spread of NPG is nowadays relevant. In relation with pre-existing and/or competing governance models, such as New Public Management or Traditional Public Administration the focus of NPG, is on the citizens and nongovernmental actors that take part in policy decision-making and offering of public services in democracy. NPG initiatives result in

innovations and inclusive decision-making processes, and as a result in the further democratization of the country, but in order for this to happen there should be real possibility of engagement for individuals and other non-governmental actors in the process and also possibilities for taking part in decision-making and offering of public services in the country.

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The impact of foreign investments on economic growth post Covid (The Case of Albania)

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Abstract

With the development of globalization, interest in FDI has increased. Foreign Direct Investment is an essential source that contributes to economic growth being of particular importance in developing countries. Many countries have made it a priority to attract Foreign Direct Investments through various projects. At the beginning of 2020, the world faced a serious crisis caused by the Covid-19 pandemic, and the application of restrictive measures aimed at preventing and slowing down the spread of the virus had a negative impact on economic flows, including foreign direct investments (FDI). The effects of the Covid-19 pandemic on global FDI flows have been devastating, resulting in a large drop in FDI. Flows to European transition countries were also affected, but less compared to the world average. Bearing in mind the above, the aim of this paper is to analyze the dynamics of FDI before, during and after the pandemic in Albania in order to examine the effect of Covid-19 on FDI. In this sense, we have assessed how blocking/restriction policies can affect FDI inflows and in this way we will highlight the impact that foreign direct investments have on economic growth in Albania. Using vector auto-regression (VAR) on data from 1990 to 2022 for Albania we estimate the relationship between FDI and growth economic.

Keywords: COVID-19, Foreign Direct Investment, Gdp, Economy

JEL clasification: F21, I1, O1

Introduction

The study of the relationship between foreign direct investment (FDI) and economic growth has been of great interest to both academics and policymakers. Albania, despite being an attractive place for FDI's because of its favorable geographical position, is also attractive because of the many sectors of the Albanian economy which need to be developed. According to a report of the UNITED NATIONS in 2011, the most

favorable sectors of the economy in Albania are mining, infrastructure, agribusiness, agriculture, the service sector, telecommunications, energy, roads, greenfield projects and the gas sector. All these reported sectors have a very important role in GDP growth; seen from the prospective economic view, if these sectors reached the required standards from the EU, Albania would be the most developed country of the region. It is not only the sectors which will be developed, but also the workforce. They will specialize and will be educated in management skills. A preponderance of studies shows that FDI stimulates technology spillovers, develops human capital, and creates a more competitive business environment. All of these factors promote economic growth, which is essential toward alleviating poverty and increasing welfare standards (Adams, 2009) (Moran, 2012). Nevertheless, empirical research on FDI's real effect on economic growth remains inconclusive and ambiguous.

Developing countries, especially transitional countries, are unable to finance total domestic investments with national savings. Local household savings are a lot less than the capital required to finance big investments. Therefore, developing countries consider foreign direct investments (FDI) as an opportunity to help alleviate the shortage of capital needed (UNCTAD, 2015). These last years in Albania's economy, FDIs weight an account for nearly 10% of gross domestic products. According to Albanian's economic institutions are noticed many good effects such as increasing of the investment capital in the host country; transferring of new and novel technologies also and skills and knowledges about them like labor specializing; the distribution and growth of the economic productivity; improvement of the competitiveness level and exports; development of the new domestic markets; etc. On the other hand, the most important and crucial economic issue is the fact that FDI does not affect the level of public debt or does not create accrual debt in the economy. FDI inflows are like a tool with high efficacy for financing the trade deficit and national current accounts of the host country, especially when exists a large gap of trade deficit and many times with big problems.

Health pandemics have always been associated with uncertainty and negative impacts on the economies of different countries. Even with the outbreak of the COVID-19 pandemic, all countries of the world were concerned about the impact that this pandemic would have both economically and socially. The outbreak of COVID-19 led to quarantine, lockdown, and social distancing measures being imposed across the globe.

The rapid increase in the number of people infected and the mortality rate prompted countries to change their basic priorities despite the major negative effects and consequences that these measures would have. This situation motivated researchers to study the major effects of restrictions on different sectors and economies (Davidescu, et al, 2021), (Dimian, et al., 2021), (Vasile, et.al. , 2021). Furthermore, another substantial decline was observed in FDI flows during the ongoing COVID-19 crisis. Foreign direct investment (FDI) creates a link between a country of origin and destinations that “help” contagious phenomena (Antonietti, et.al., 2020). Researchers such as (Dorneana, et.al., 2012) and (Popescu,et.al, 2014) investigated the relationship between the 2008 financial crisis and FDI in central and eastern European countries, and concluded that there was a statistically significant negative effect, where other gaps and more opportunities for empirical analyses were introduced and found to be motivating. Does foreign investment cause economic growth or does higher growth attract foreign investment? Base on all over as mentioned above, this research will develop the effect of FDI inflows in the Albanian economic growth. The proceeding data are time series of macroeconomic indicators from 1990 to 2022.

Literature Review

A number of economic model and theories were approached by the economic researchers and the economic theorists, for explaining the main factors which achieve to increase economic growth and to identify the big differences of economic growth rates between different country incomes. FDI is widely accepted as an actor of economic growth. It is certainly true that FDI is one of the most effective ways by which developing economies are integrated with the rest of the world, as it provides not only capital but also technology and management know-how necessary for restructuring firms in the host countries (R.P., 2006), (Chao C., Yu E.S.H. , 1994), (Borensztein E., De Gregorio J., Lee J.W. , 1998), (Grossman G.M., Helpman E., 1991), (Barro R.J., Sala-I-Martin X. , 1995). (Gherghina,et.al, 2019) focused their research on 11 central and eastern European countries to analyze the relationship between FDI and economic growth, taking into account the contribution of foreign capital to the achievement of several Sustainable Development Goals. The period of analysis was 2003–2016, and the results of the study demonstrated the existence of a non-linear relationship between FDI and gross domestic product per capital. As mentioned by (Busse M., Groizard J.L., 2008), the enormous increase in FDI flows across countries is one the clearest signs of the globalization of the world

economy over the past 20 years. Neoclassical models of growth, as well as endogenous growth models, provide the basis for most of the empirical work on the FDI-growth relationship. The relationship has been explained by studying four main channels:

- determinants of growth,
- determinants of FDI,
- the role of multinational firms in host countries, and
- the direction of causality between the two variables (A.R., 2011).

Does foreign investment cause economic growth or does higher growth attract foreign investment? Rodrik (2009) argues that much of the correlation between FDI and improved economic performance is a result of reverse causality, where transnational corporations locate to more productive, faster growing and profitable economies. (Camino-Mogro, S.; Armijos, M.MPRA Pap. , 2020) investigated the impact of the COVID-19 pandemic on the FDI in Ecuador. The research found that the restriction on mobility caused by COVID-19 reduced the FDI inflow. In addition, (Chaudhary, Ghimire, & Ghimire, 2020) investigated the impact of the COVID-19 pandemic on the FDI in Nepal. The research found that the COVID-19 pandemic could reduce the FDI commitment in Nepal. The majority of the research, however, was conducted at an earlier stage of the pandemic, and the impact of the COVID-19 pandemic on sectoral FDI was rarely empirically investigated. Furthermore, a large body of literature has been devoted to the relationship between foreign direct investment and GDP. Researchers all over the world use a variety of approaches to empirically investigate the relationship between these two variables. However, the impact of the COVID-19 pandemic on such a relationship has never been investigated. During the COVID-19 pandemic, the restriction in mobility may cause a limitation not only on the FDI growth, but also on the impact of FDI on GDP or the impact of GDP on FDI (Camino-Mogro, S.; Armijos, M.MPRA Pap. , 2020). However, the previous research never observed how the path of the relationship between FDI and GDP changed before and after the COVID-19 pandemic. For example, a general analysis of the relationship between FDI and GDP was carried out by Abbes et al. (Abbes, S.M. et al., 2015) using a country-level aggregate of FDI and GDP. They applied cointegration and panel Granger causality tests to investigate the relationship empirically. A unidirectional

causality from FDI to GDP was found. A matching finding was also put forward by Owusu-Nantwi and Erickson (Owusu-Nantwi, V.; Erickson, C. , 2019). They used data from 10 South American countries and employed a panel VECM model. Using the Pedroni cointegration test, a significant impact from FDI on GDP growth was found.

Costs of Covid-19 on GDP and FDI (Foreign Direct Investment) in Albania

In the past 2 decades inflows from FDI's have generally been upward trending, until 1996. Their positive performance was adversely affected by the civil unrest throughout the country in 1997. Furthermore, the regional crisis sweeping through the Balkans in 1999. The privatization of formerly state-owned companies undertaken by the Albanian government provided an excellent opportunity to absorb massive FDI inflows. During the global financial crisis (2007-2008), FDI in Albania continues to grow, not immediately reflecting the expected negative impact of the crisis. Even though 2009 and 2010, FDI's were primarily driven by privatization and continued to maintain an upward trend of the previous year.

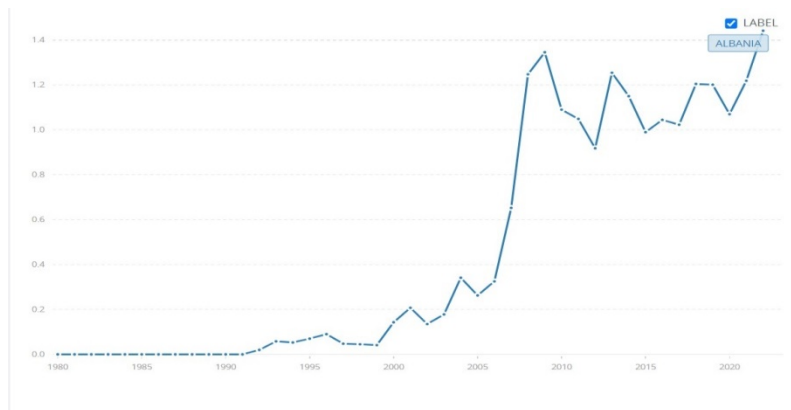


Figure 1. Albania's Foreign Direct Investment in billion \$, Source: World Bank

In 2019, the FDI of Albania was \$1.2 billion while in 2020 FDI was worth \$1,07 billion with a loss of \$ 13 million \$. In 2019, assets fell by 10.3% compared to the previous year, while in 2020, investments suffered a contraction. The case of FDI flows during the COVID-19 pandemic is an example that showed that flows fell in 2020 in response to the reduction of the economic consequences caused by COVID-19. While economic crises have shown that multinational companies can increase the sustainability of the host economy, this is achieved by providing new capital or new financing opportunities for capital withdrawal.

According to the World Bank, foreign investments for 2021 increased by 10%, reaching 1.22 billion euros and in 2022 was 1.44 billion euros. This is the second highest point after 2019 when the value reached 1.2 billion euros.

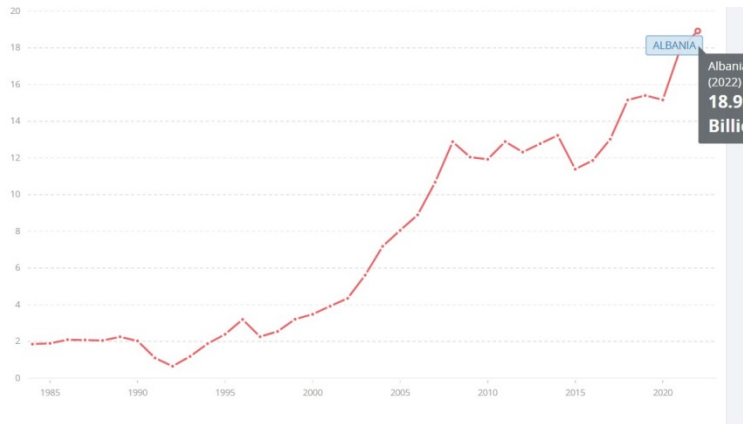


Figure 2. GDP in billion \$, Source: World Bank

From 1998 to 2008 Albania's economic growth reaches approximately 6%. It was the global financial crisis of 2007-2008 that slowed economic growth to 3.4% in 2009. Since 2013 Albania's economic growth tripled, from 1% in 2013 to 3.9% in 2017. This recovery is also due to mega-projects financed by foreign investors in the energy sector, which brought significant growth in FDI. Another essential factor with a positive impact is the improvement of the economic situation in the European Union, Albania's leading trading partner. In 2019, the GDP of Albania was \$ 15.4 billion while in 2020 GDP was worth \$ 15.16 billion with a loss of 24 million \$. In 2021 GDP was 17.93 million \$, in 2022 GDP was 18.92 billion \$.

Data and Methodology

As discussed above, and as Albania continues to transition to a mixed economy, it is important to understand the impact of FDI on economic growth in Albania. Therefore, the main research question is as follows: Is there a relationship between FDI and economic growth in Albania? To realize our study purpose we used and econometric analysis using VAR (Vector Autoregressive), panel data method and Granger test in EVIEWS program. The last method, which was formulated by Granger, considers the variables as

endogenous and also shows the direction of causality, one of the objectives of the study. FDI and GDP are measured in constant US dollars.

Purpose and hypothesis

The central hypothesis of this research, which we want to test, is: “If we have FDI development then economic growth will be higher”; In addition to the central hypothesis, we also have the secondary hypothesis in function of the first: “If we have economic growth then FDI will be greater”; or if we rely on the Granger test we would have these hypotheses “GDP causes FDI”; or vice versa “FDI causes GDP”. The variables used in the models below are Gross Domestic Product growth (GDP), Foreign Direct Investment (FDI).

$$GDP_t = \alpha_0 + \alpha_1 GDP_{t-1} + \alpha_2 GDP_{t-2} + \alpha_3 FDI_{t-1} + \alpha_4 FDI_{t-2} + e_1$$

$$FDI_t = \beta_0 + \beta_1 FDI_{t-1} + \beta_2 FDI_{t-2} + \beta_3 GDP_{t-1} + \beta_4 GDP_{t-2} + e_2$$

So based on this method two equations were taken into consideration to look once at the effect of FDI on economic growth and then the second equation to look at the effect of economic growth on Foreign direct investment (FDI). The dependent variable in the first equation is the gross domestic product, while in the second it is foreign direct investment.

Results

The data are in the form of dynamic series and belong to the time series from 1990-2022. We have provided this data from the World Bank. GDP means gross domestic product measured in billions of \$. FDI means foreign direct investments measured in billions \$. Below are the tables that were obtained after entering the data in the EVIEWS program.

Sample(adjusted): 1992 2022

Included observations: 31 after adjusting endpoints

Standard errors & t-statistics in parentheses

	GDP	FDI
GDP(-1)	1.134127	0.022068

	(0.20912)	(0.03118)
	(5.42322)	(0.70767)
GDP(-2)	0.202491	0.054809
	(0.27003)	(0.04027)
	(0.74987)	(1.36115)
FDI(-1)	-2.833714	0.671026
	(1.35476)	(0.20202)
	(-2.09167)	(3.32160)
FDI(-2)	-0.605479	-0.470891
	(1.46710)	(0.21877)
	(-0.41270)	(-2.15244)
C	-1.04E+08	-1.09E+08
	(3.7E+08)	(5.5E+07)
	(-0.28069)	(-1.96215)
<hr/>		
R-squared	0.976699	0.943402
Adj. R-squared	0.973114	0.934694
Sum sq. resids	2.08E+19	4.62E+17
S.E. equation	8.94E+08	1.33E+08
Log likelihood	-680.2076	-621.2141
Akaike AIC	44.20694	40.40091
Schwarz SC	44.43823	40.63220
Mean dependent	8.92E+09	6.42E+08

S.D. dependent	5.45E+09	5.22E+08
Determinant	Residual	7.76E+33
Covariance		
Log Likelihood		-1297.513
Akaike Information Criteria		84.35568
Schwarz Criteria		84.81826

In parentheses under each parameter are given the standard errors and the actual values of the student criterion. The two equations derived from the table in EVIEWS are as follows:

$$GDP = -0.0000000104 + 1.134GDP_{(-1)} + 0.202GDP_{(-2)} - 2.83FDI_{(-1)} - 0.605FDI_{(-2)}$$

$$FDI = -0.00000000109 + 0.671FDI_{(-1)} - 0.47FDI_{(-2)} + \mathbf{0.022} GDP_{(-1)} + \mathbf{0.054} GDP_{(-2)}$$

As we can see from the EVIEWS table, only one of the models is important, that of FDI as a variable dependent on the economic growth of previous years. This model is important because the coefficients of $GDP_{(-1)}$ and $GDP_{(-2)}$ are important.

This means that if today **we have economic growth of 1\$** then we say that **foreign direct investments are expected to increase** after one year by **0.022\$**.

If today, there is an **economic growth of 1\$** then it is expected after 2 years that **foreign direct investments will increase by \$ 0.054\$**.

➡ Granger tests

As seen in the literature review, in addition to the use of VAR analysis, the Granger test has also been widely used to look at the causal direction arm between economic growth and Tourism.

Pairwise Granger Causality Tests

Sample: 1990 2022

Lags:2

Null Hypothesis	Obs	F-Statistic	Probability
FDI does not Granger Cause GDP	31	4.08424	0.02868
GDP does not Granger Cause FDI		9.14745	0.00098

Source: Authors (EViews calculation)

As we can see from the granger test, since the probability of first hypothesis is less than 0.05 we say that this hypothesis falls down. So the opposite hypothesis is accepted, the increase of GDP causes the increase of the Foreign direct investments. Since the probability of second hypothesis is less than 0.05 we say that this hypothesis falls down. So the opposite hypothesis is accepted, the increase of FDI causes the increase of the GDP.

Conclusions and recommendations

After all the analysis through the econometric model we are able to say that:

- The best model is the FDI model as a variable dependent on the economic growth of previous years $GDP_{(-1)}$ and $GDP_{(-2)}$.
- After Granger test we can say that the increase of GDP causes the increase of foreign direct investments on Albania and the increase of FDI causes the increase of economic growth.
- Seeing that FDI is a variable dependent on economic growth, we can say that an economic downturn would also bring a downturn in FDI, as it really happened in the time of Covid-19.

FDI in Albania are considered as one of the main contributors on the economic growth of the country. Albania is a country of great economic potential because of its geographical location, demographics and natural resources. Albania offers a favorable environment and suitable costs for doing business, schemes attractive to investors, online system on registration and tax payment as well as a one – stop shop process for business registration and licensing. By the end of 2015, there were around 10.560 foreign companies operating in Albania. Albania's government could do much better in terms of FDI promotion policies with respect to fiscal preferences that potential foreign investors could benefit in case they locate their

investment potential to the country's economic sectors which contain competitive advantage, in relation to other surrounding countries, for example in the tourism sector. Since FDI and trade are verified as important catalysts for Albania's economic growth, especially in the long-run, it is almost of utmost need for the country to build relevant policy frameworks that will promote economic growth, which will mainly be FDI-led growth policies. Another institutionally related factor that could lead to growth prospects for Albania, is political stability, generally promoted through good governance policies, for instance, improvements in the rule of law and government effectiveness, which is encouraged through positive developments in terms of civil, criminal and informal justice and private sector developments, respectively. The institutional-related factors are of crucial importance for Albania's EU approximation path, which on the other hand are referring to the limitations of this study.

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Identifying areas of improvement in Albanian progress toward the Sustainable Development Goals.

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Abstract

This paper evaluates the progress made by Albania in achieving the Sustainable Development Goals (SDGs) compared to the European Union (EU) as a whole. The study employs data from the Global Indicator Framework, as well as secondary sources, to examine the implementation and outcomes of SDGs in Albania, compared with EU, which is leader in implementing the SDGs, so we have set its progress as a benchmark for Albania.

Instead, overall Albania has made significant progress in several areas, including peaceful societies, education, and gender equality. However, challenges remain in areas such as environmental sustainability, inequality, and governance.

The findings emphasize the need for political stakeholders to implement strategies to enhance current circumstances and address underlying factors.

Key words: Albania, European Union, Sustainable Development Goals, progress, evaluation, sustainability, governance.

JEL classification: C18, O19, O20, Q01

1. Introduction

In September 2015, the Global Goals were initially embraced under the 2030 Agenda, officially taking effect on January 1, 2016. What SDGs offer is a structure comprising 17 Global Goals, further dissected into 169 targets, with the aim of seamlessly integrating these objectives into the sustainable development plans of all 193 UN member states (United Nations, 2015).

Based on the MDGs (Millennium Development Goals, 2000), the SDGs assume the crucial responsibility of unifying economic, political, and social stakeholders within each nation. This unity aims to secure a prosperous and secure future for all individuals, while addressing critical issues including poverty, hunger, healthcare, education, gender equality, climate, biodiversity, water, pollution, and related concerns (Bunk et al. 2019).

Initially, the UN Statistical Commission proposed a set of 230 indicators, but many of these lacked clarity and meaningful definitions. In 2016, the Bertelsmann Stiftung and the Sustainable Development Solutions Network (SDSN) introduced the SDG index dashboard. Its primary purpose was to emphasize the significance of these Goals in influencing the political decision-making processes of nations. The architecture of SDGs presupposes that they are part of a continuously evolving agenda, enriched with additional indicators and improved methodologies year by year (Lafortune et al. 2018).

The focus of our study centers on Albania, a nation that, as a UN member has embraced the UN's agenda. Following its formal endorsement, the country has collaborated with the United Nations Development Program (UNDP) and partnered with various nations, including Canada and Italy, to promote the realization of the SDGs. Additionally, in Albania, grassroots efforts to mobilize local resources have been undertaken by community foundations, often unknowingly. Consequently, it becomes crucial to acknowledge and bolster these community foundations with both public and private sector support, as highlighted by (Këruti in 2020).

Looking forward, there is an expectation that the European Union's performance may exhibit improved outcomes. Our analysis seeks to uncover when this expectation aligns with reality and above all point the areas when the results of the indicators call for attention.

2. Materials and methods

In our research paper, we obtained data spanning the years 2004-2020, for Albania it was sourced from INSTAT (<https://www.instat.gov.al/en/sdgs/>, last accessed: 1st September 2023), which predominantly presented its data in graphical format, prompting us to employ a web-scraping process. This procedure involved extracting data from the website and transforming it into tabular form, accomplished by leveraging

Python libraries such as JSON, re, pandas, and requests (referencing Python JSON documentation, Python re documentation, pandas documentation, and requests documentation).

About data from the EU, we encountered some missing indicators on the Eurostat website. To ensure a comprehensive analysis, we turned to Our World in Data (<https://ourworldindata.org/sdgs>, last accessed: 1st September 2023), which boasts a rich repository of data from diverse sources.

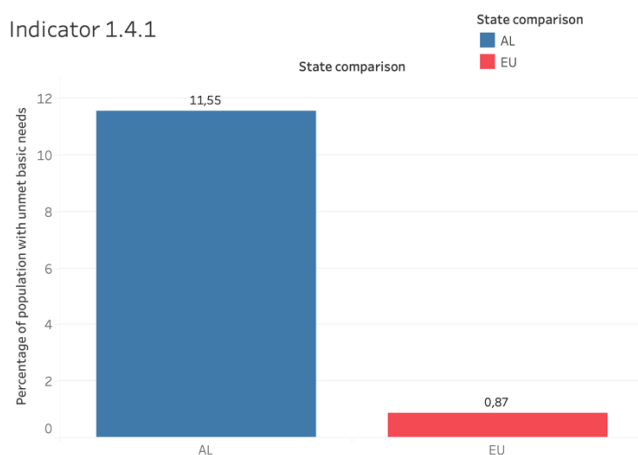
In cases where EU data was unavailable, we found alternative summaries, particularly for Europe. This supplement enriched our dataset without deviating from our central focus, which revolves around Albania's progress.

Following this data collection, we proceeded to calculate the mean of annual values for each country and indicator. This step is pivotal in gauging progress towards the targets. To address missing values, we applied a moving average technique with a lag of 5. It's worth noting that the degree of delay in this moving average depends on the lag's size.

3. Results and discussion

Below we show the results which call for attention by local and regional authorities.

Goal 1 - End poverty in all its form everywhere

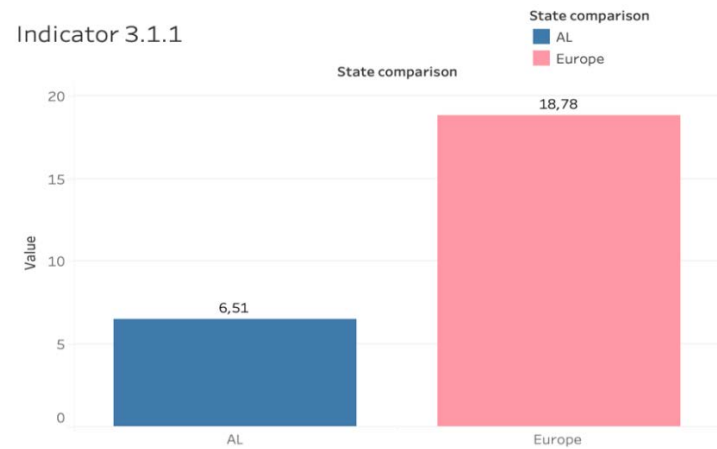


Source: Our elaboration, using Tableau Desktop.

Figure 1: Percentage of population with unmet basic needs

In pursuit of Goal 1, which is the eradication of poverty in all its manifestations, we assessed the indicator 1.4.1 for our variables. This particular indicator aligns with Target 1.4, with a focus on diminishing the disparities in living conditions among individuals lacking access to not only economic resources but also vital amenities such as sanitation and basic services. Our analysis reveals that approximately 11.6% of the population in Albania is affected by the unavailability of these fundamental services. When we compared these findings with the broader European Union context, it becomes evident that Albania faces a substantial task ahead. The collaborative efforts of both Albania and the EU are imperative to address these issues comprehensively by 2030.

Goal 3 - Ensure healthy lives and promote well-being for all at all ages

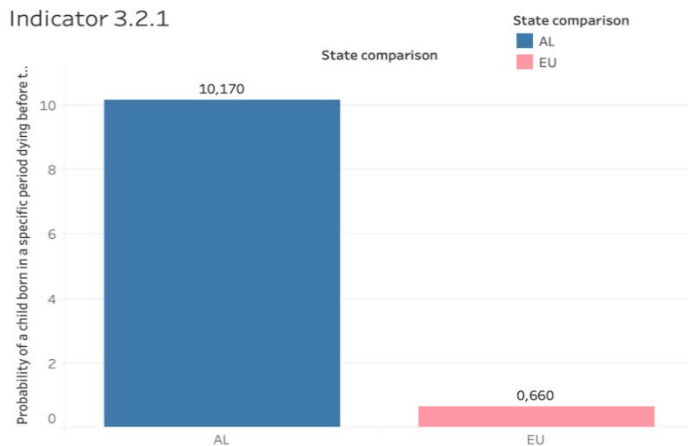


Source: Our elaboration

Figure 2: Number of maternal deaths per 100,000 live births

Goal 3 reveals a multitude of disposal indicators that provide us with insights into the positioning of these states. Within this context, we can observe the values of indicator 3.1.1, a metric that gauges maternal mortality (MMR), defined as the count of maternal fatalities per 100,000 live births. According to the UN's

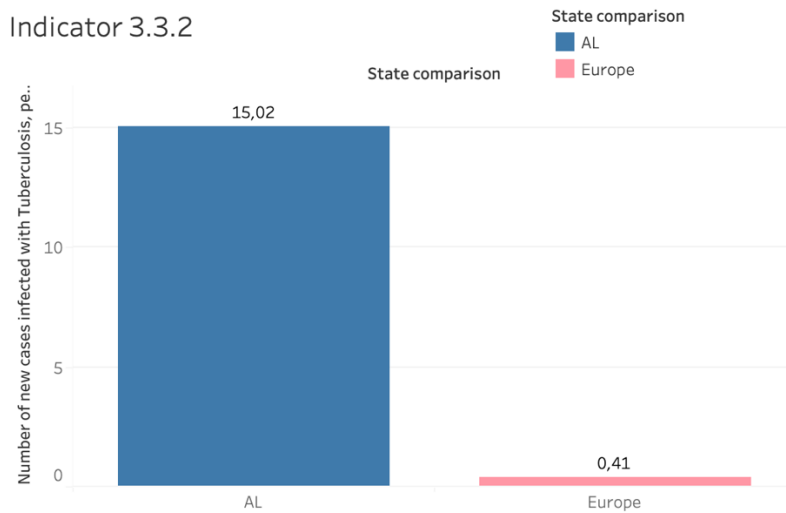
established objective, the MMR value ought to be below 70 per 100,000 live births. Remarkably, Albania has excelled in this regard, surpassing the expectations by nearly threefold when compared to the European average.



Source: Our elaboration

Figure 3: Probability of a child born in a specific period dying before the age of 5 years.

The measure of Indicator 3.2.1 gauges the likelihood of a child below the age of five perishing prior to reaching their fifth birthday, presented as a rate of per 1,000 live births. Interestingly, Albania reports a notably elevated figure of 10.17, surpassing the European Union by a significant margin. However, in alignment with the goal outlined in 3.2, which strives to "Put an end to avoidable fatalities among newborns and children under five years old... and reduce under-5 mortality to no more than 25 per 1,000 live births," it's worth noting that this objective has already been successfully attained.



Source: Our elaboration

Figure 4: Number of new cases infected with Tuberculosis, per 100 000 population

In the realm of indicator 3.3.2, we inspect the figures representing tuberculosis incidence among every 100,000 individuals. This is a pivotal aspect of the broader objective, target 3.3, which aspires to eradicate the scourges of communicable and detrimental illnesses like AIDS, tuberculosis, malaria, water-borne maladies, and more. Albania registers a value of 15.02 in this context, notably distant from the European mean. This calls for the urgent consideration of political stakeholders who must implement strategies to enhance the current circumstances and pinpoint the underlying factors.

Goal 8 - Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all.

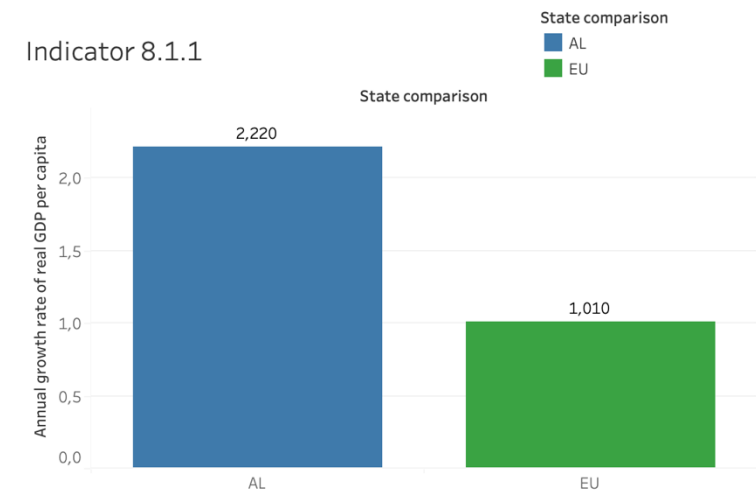
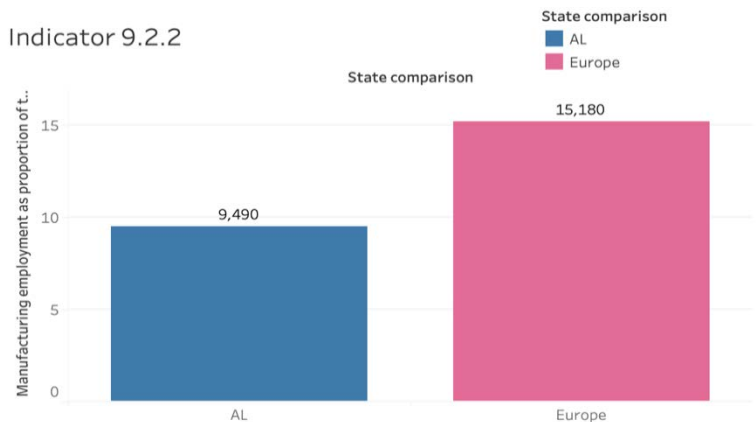


Figure 5: Annual growth rate of real GDP per capita

Commencing with the economic aspect, the objective pertains to nations striving to foster enduring economic progress, tailored to their specific national contexts, and a minimum annual GDP growth of 7% within the least developed nations. Remarkably, Albania boasts a 2.2% figure, surpassing the European Union's metric.

Goal 9 - Build resilient infrastructure, foster innovation and promote inclusive and sustainable industrialization.

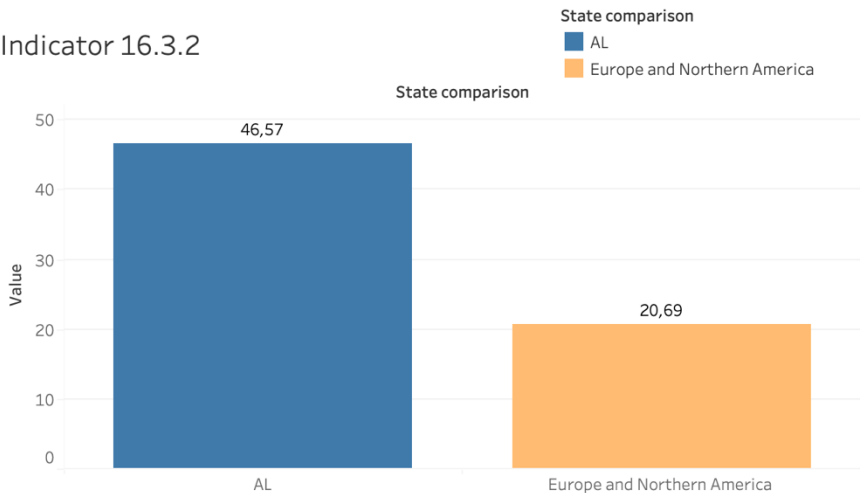


Source: Our elaboration

Figure 6: Manufacturing employment as proportion of total employment

In a consistent element, let's explore into the state of target 9.2, which centers on advancing inclusivity and sustainability within the industrial sector. The objective here is to notably boost both employment and the GDP's stake held by the industry while striving to twofold its influence within the least developed nations. When assessing the manufacturing sector's role in job generation, the data reveals a relatively modest impact in Albania, positioning it squarely within the European context. This key indicator exhibits a rising trajectory, yet there remains a discernible need for further growth to align with the set target.

Goal 16 - Promote peaceful and more inclusive societies for sustainable development; provide access to justice for all and create efficient, accountable and inclusive organizations at all levels.

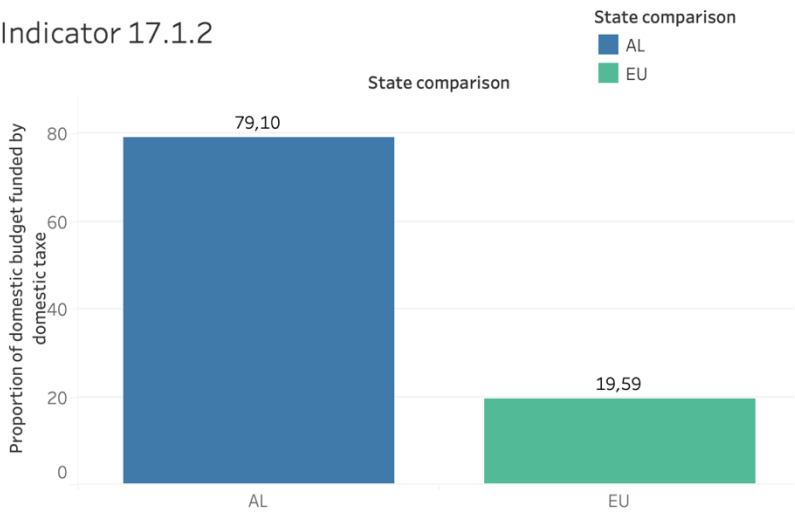


Source: Our elaboration

Figure 7: Percentage of unsentenced detainees

In the pursuit of justice, Target 16.3 stands as an encouragement, advocating for the rule of law and equitable access to justice for everyone. Within the scope of 16.3.2, we find an intriguing metric - the ratio of those detained without sentencing to the total detainee population. Interestingly, Albania exhibits a substantially higher percentage in this regard compared to Europe and Northern America. This anomaly can be attributed to the sweeping reforms initiated by the Albanian government in a bid to overhaul their justice system. These reforms, while well-intentioned, have resulted in vacancies within the justice apparatus and a backlog of pending court cases, as noted by (Blockmans et al. in 2021).

Goal 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development.

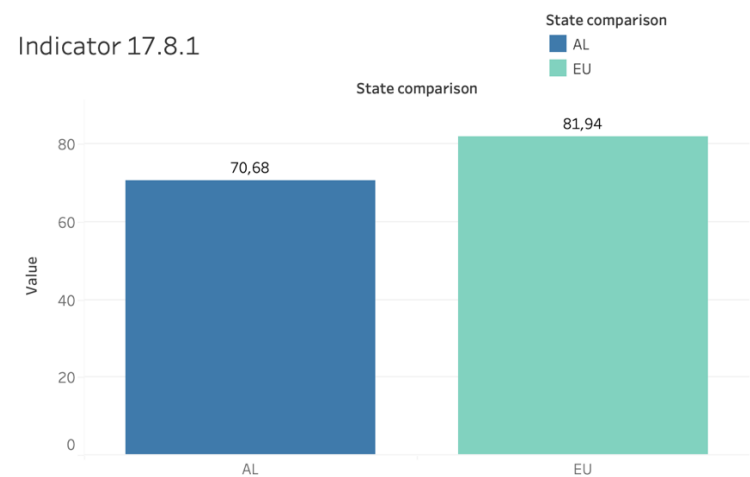


Source: Our elaboration

Figure 8: Proportion of domestic budget funded by domestic taxes.

In this investigation, we examine the share of the national budget that is supported by local taxation, with a focus on a common target. Remarkably, Albania emerges a boasting an impressive tax revenue rate of nearly 80%. This figure is a remarkable four times higher than the tax revenue garnered from the same source within the European Union.

Albania's journey of achieving substantial tax revenues through domestic taxes is a fascinating one. Back in 2003, the nation's reliance on domestic taxes stood at 72.3%, and this percentage grew to 74.34% by 2020. Meanwhile, the European Union also exhibits an upward trajectory in tax revenue, with an initial recorded value of 14.72% in 1973, culminating at 19.40% in 2020. This shared commitment to increasing domestic tax contributions is a noteworthy observation.



Source: Our elaboration

Figure 9: Percentage of individuals aged 16-74 years old who used the Internet from any location in the last three months.

Target 17.8, in pursuit of its objectives, seeks to promote the adoption of cutting-edge technology, specifically information and communications technology. The data presented here depicts the utilization of the Internet by individuals between the ages of 16 and 74. Notably, Albania reports a figure roughly 10% below that of the European Union, showcasing a disparity in Internet usage.

4. Conclusions

In conclusion, our analysis reveals that Albania has made significant progress in certain areas, particularly in maternal mortality rates and domestic tax contributions. However, challenges still exist in areas such as sanitation and basic services, child mortality rates, tuberculosis incidence, and Internet usage. To address these issues, collaborative efforts between Albania and the European Union are imperative to achieve the Sustainable Development Goals by 2030. The results of this research highlight the importance of data-driven decision-making and the need for continued efforts to promote equity and justice in all areas of development.

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Gender equality for business development: the role of Italian policies

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Abstract

Gender equality is Goal 5 of the 2030 Agenda for Sustainable Development. While significant progress has been made in advancing women's rights, full gender equality is still a goal to be achieved.

According to the WEF's annual Global Gender Gap Index, which measures the gender gap in economic and political participation, health, and education in 146 countries, Italy ranks 63rd in 2022, also in EIGE EU Gender Equality Index Italy is 14th.

Yet gender equality is a driver of economic growth and development.

In Italy Strategy for Gender Equality, 2021-2026 is adopted in coherence with the EU strategy and is based on a long-term vision. It is part of the interventions of the National Recovery and Resilience Plan (NRP), which has a strong gender mainstreaming focus.

To achieve a true paradigm shift, it is necessary to integrate principles of gender equality and respect for diversity into corporate goals.

The Italian legislator has identified Gender Equality Certification as an instrument to achieve the objectives set out in the National Strategies and the NRP.

Law No. 162/2021 introduced "Gender Equality Certification", as an innovative tool that allows companies to demonstrate their commitment to gender equality.

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This research aims to highlight the policies of the Italian government to support the development of companies oriented towards the acquisition of gender certification.

Key words: gender, certification, policies.

JEL classification: K38, J16, J70.

1. Introduction

The term "gender equality" defines the constitutional guarantee of the possibility of participating in economic, political, and social life without any obstacle related to sex, ethnicity, language, religion, political ideology, wealth, and class.

Particular attention has been and continues to be paid to the issue of equality, especially concerning the many positive implications that the achievement of this objective produces on people, society, and the economy (Cuberes, Teignier 2013). Greater gender equality leads to an increase in the gross domestic product (GDP), a higher level of employment, and higher productivity (Altuzarra, Gálvez-Gálvez, González-Flores 2021). A study by the EIGE (European Institute for Gender Equality) on the 'economic benefits of gender equality' provides strong new objective evidence showing the positive impacts of reducing gender inequalities in STEM (science, technology, engineering, and mathematics) education, active labour market participation, and pay.

Based on the consideration that gender inequalities represent one of the greatest obstacles to sustainable development, economic growth, and the fight against poverty (Braunstein 2011), the Member States of the United Nations, through the 2030 Agenda for Sustainable Development adopted in 2015, have identified 17 goals that require urgent action by countries. These include goal 5 which proposes to eliminate all forms of discrimination and violence for all women, aiming to ensure equal rights and access to economic, natural, and technological resources, as well as the effective participation of women at all political and economic decision-making levels.

In 2020, the EU, in line with the 2030 Agenda, adopted a number of policy papers on gender equality, which provide for the adoption of specific measures and actions. The European Strategy for Gender Equality 2020-

2025 sets out a series of key actions to achieve gender balance: stop violence and gender stereotypes; equal participation and opportunities in the labour market; equal pay; gender balance at decision-making and political level.

In Italy, legislative action on gender equality in recent years has focused on the world of work, which has been the subject of numerous regulatory interventions aimed at recognizing equal rights and greater protection for working women. This is the direction taken by the provisions aimed at promoting the reconciliation of life and work (as stated in Article 37 of the Constitution), support for parenthood, and the strengthening of support tools aimed at **businesses with predominantly or total female participation**.

Another strand of action concerns the implementation of Article 51 of the Constitution, on **equal access between women and men to elected offices** and on the promotion of women's participation in the bodies of listed companies. Law no. 120 of 12 July 2011 (the so-called "Golfo-Mosca law") introduced a mechanism aimed at making gender representation more balanced within the collegiate bodies of Italian companies with shares listed on regulated markets in Italy or other countries of the European Union and of unlisted companies controlled by public administrations.

Another contribution to reducing the gender gap is made by **Law No 215 of 23 November 2012** which contains provisions aimed at promoting the rebalancing of gender representation in the councils and councils of local authorities and regional councils.

Increasing attention has also been paid to measures to combat **violence against women**, in line with the European Strategy 2020/2025.

The centrality of issues related to overcoming gender inequalities is also reiterated in the National Recovery and Resilience Plan (**NRRP**) to relaunch national development following the pandemic. The Plan identifies Gender Equality as one of the three cross-cutting priorities pursued in all the missions that make up the Plan. The entire Plan will also have to be evaluated from a gender mainstreaming perspective.

In summary, the measures envisaged by the Plan are primarily aimed at promoting greater female participation in the labour market, through:

1. direct interventions to support women's employment and entrepreneurship;
 2. indirect or enabling interventions, aimed at strengthening educational services for children and some social services, which according to NRRP estimates could encourage an increase in female employment.
1. direct or indirect interventions to reduce the asymmetries that hinder gender equality from school age (e.g. ensuring women's access to STEM skills)

The adoption of a National Strategy for Gender Equality 2021-2026, i.e. a policy document that, in line with the European Strategy for Gender Equality 2020-2025, defines a system of integrated political actions through which the Government aims to achieve by 2026 the increase of five points in the ranking of the Gender Equality Index drawn up by the European Institute for Gender Equality (EIGE), which currently sees Italy in 13th place in the ranking of EU-27 countries.

The awareness that gender equality contributes to economic development prompted the legislator to establish Law 162/22 which provides for the certification of gender equality starting from 1 January 2022. This document must attest to the policies and measures concretely adopted by the employer, to reduce the gender gap (e.g. opportunities for growth in the company, equal pay for equal work, policies for managing gender differences and maternity protection).

Subsequent decrees of the Council of Ministers define the minimum parameters for obtaining certification, data monitoring and, starting from January 2022, reward measures such as:

1. reductions on employers' social security contributions up to a limit of 1% and €50,000 per year for each company,
2. Reward score for the granting of state aid and/or public funding in general. In addition, in the context of calls for tenders for the acquisition of services and supplies, the possession of a gender equality certification with a higher score will determine a better ranking position.

Companies with more than 50 employees must draw up a report about male and female staff in each of the professions and in relation to the status of recruitment.

The law integrates and expands the notion of direct and indirect discrimination referred to in Article 25 of the Code of Equal Opportunities (Legislative Decree no. 198/2006), adding, among these, also acts of an organizational and hourly nature in the workplace.

The purpose of this paper is to analyse recent regulatory interventions to see if they are in line with international policy, after reviewing the existing literature on the gender gap with reference to how gender equality contributes to the economic and social development of both nations and individual economic units.

In order to measure and improve the level of gender equality in companies, reference is made to the UNI PdR 125:2022 gender equality certification standard.

2. Literature review

A country's economic and social development is constrained by the gender gap in business.

The persistent gender inequalities that currently exist across the developed and developing world are receiving increasing attention from economists, policymakers, and the general public (Amirkhanyan et al. 2021; Stoet & Geary 2019). Economic studies have indicated that women's education and entry into the workforce contributes to social and economic well-being (*Minasyan et al. 2019*), while their exclusion from the labor market and from managerial positions has an impact on overall labor productivity and income per capita (*Cuberes & Teignier 2014*).

To make it easier for women to join companies, many countries have introduced legislation.

The first in Europe was Norway in 2008. It requires companies to have at least 40 per cent female directors.

Other countries follow Norway's example and set quotas of 30 to 40 per cent for female representation (for example, Belgium, Denmark, France, Germany, Italy, Malaysia and Spain) or require at least one female board member (for example, Finland, India, Israel and UAE).

The benefits of increasing the number of women at the top of companies remain controversial, despite these new policies.

The focus on gender, which implies a comparative approach between women and men, replaced the discussion on the state of women. From then on, the development and validation of gender statistics on the basis of an internationally agreed agenda became a reality. The 3rd goal of the 'Millennium Development Goals', as well as the 5th goal of the most recent 'Sustainable Development Goals', reaffirmed the systematic study of any characteristic with the aim of assessing gender gaps and issues (UNDP 2023).

As is the case with many SDGs, gender equality is still far from being achieved and persists across education, access to opportunities, or presence in decision-making positions (Friedman et al. 2020). From the regulatory point of view, Italy is one of the most advanced countries in Europe for gender equality, despite this, female employment continues to be below the European average and the relative wages among the lowest in the world (Provasi & Harasheh 2020).

Countries with higher levels of gender equality provide both men and women with equal opportunities, and the higher the gender equality of the country, the smaller the gender pay gap (Terjesen & Singh, 2008).

Boards are more likely to include female directors in countries with narrower gender gaps and higher female labor market participation (Tyrowicz et al., 2020). In societies with high gender inequality, female workers tend to be stereotypically undervalued in the labor market and are less likely to behave assertively in their daily workplace, as they spend more time and energy on family responsibilities and are less ambitious about promotion. Appointing more female members to high-level politics is one way to break down traditional gender role stereotypes and raise the social status of women.

Over the past decade, women's participation in the upper echelons of business has received considerable attention from academics and policymakers. (Cumming et al., 2015).

Numerous country-specific analyses substantiate the beneficial impact of board gender diversity on corporate performance (Terjesen, et al 2016).

They consistently illustrate a positive correlation between enhanced corporate performance and an increased proportion of female directors on boards.

Findings from several multi-country investigations also indicate that gender diversity on boards enhances corporate performance

The literature has highlighted a positive relationship between having women and increasing managerial transparency by improving social disclosure in economic and financial matters (Ciappei et al., 2023; Gul et al., 2011; Damak, 2018).

The board of directors reduces agency costs by monitoring the behaviour of managers and aligning their actions with shareholder interests.

Existing literature has established that women on boards increase board efficiency and independence through monitoring activities (Cumming et al., 2015). Female directors are less prone to commit financial fraud, and reduce agency costs through transparency. Improved efficiency in monitoring activities also improves the quality of the financial reporting system by preventing earnings management practices (Gul et al., 2011; Srinidhi et al., 2011; García Lara et al., 2017; Zalata et al., 2022).

The relationship between the presence of women in governing bodies and risk is debated, with some scholars suggesting that female managers reduce a company's risk exposure (Ciappei et al., 2023; while others have found a positive or no relationship in this area (Sila et al., 2016; Seebeck & Vetter, 2021).

However, women are more concerned about social benefits. This suggests that female directors are more likely to promote the social mission of companies and prioritise their sustainable performance. (Spallini et al 2021).

Therefore, some scholars have begun to examine how the composition of corporate leadership has effects on corporate strategies and social responsibility plans (Isidro & Sobral, 2015; Waldman & Siegel, 2008), others on the role of the board (Garcia Sanchez et al. 2015). Initial research has already shown that women are more likely to be in favour of sustainable strategies; that companies are more likely to have sustainable environmental policies are also more likely to have gender diversity on boards. Other authors demonstrate

the positive relationship between gender diversity present and corporate social responsibility policies (Walls and Hoffman 2013).

In recent years, the data attest that the most corporate social responsibility-oriented companies are rewarded in terms of market value and financial performance. This led to greater attention to investigate how board differences might result in different CSR performances (Terjesen, Couto, & Francisco, 2016). Among the numerous studies (Uyar et al. 2021, Fernández-Gaco et al.2016; Zaham 1989)

In any case, the gender gap is a complex phenomenon that needs to be measured using several dimensions.

Gender statistics and gender gap indicators, which are commonly used to implement international policies against discrimination against women, have their origins around three decades ago and received their greatest support at the Fifth World Conference on Women in Beijing (1995).

Gender statistics published by international agencies include simple indicators such as differences, ratios, shares, proportions and rates, as well as composite indicators, i.e. mono-dimensional quantities that synthesize several variables that have been purposefully selected to assess national outcomes and efforts to combat discrimination. The latter group of indicators plays an important role in gender studies, and several world rankings based on composite gender indicators are published annually by international agencies, although there is still controversy about the subjectivity inherent in the construction of any composite indicator (Mecatti et al. 2012).

3. The gender certification: Law 162/21and UNI/PdR 125:2022

The issue of gender equality, which has been addressed since 2006 with the publication of the Code of Equal Opportunities, was recently updated on 5 November 2021, with Law No. 162, which establishes gender certification. This voluntary certification is the prerogative of companies that want to be sensitive to the problem and careful to guarantee an equal working environment, it is a further step forward, in the sign of a continuity of social commitment.

UNI/PdR 125:2022 consists of a document published by UNI, the Italian Standardization Body, in implementation of EU Regulation no. 1025/2012, which reflects the results of the implementation of gender certification for companies, an intervention envisaged and financed by PNRR funds within Mission 5.

In addition to eliminating gender disparities, the intent of the UNI/PdR 125:2022 practice is to encourage positive effects for organizations capable of overcoming gender stereotypes: attention to social issues has become a competitive advantage, as it makes a company more attractive to consumers, thanks to a better reputation and sense of reliability. Market studies have shown that more inclusive companies can create higher value, thanks to the positive contamination created by mixed teams, where operational and leadership roles can be filled equally by men and women. Achieving gender equality becomes an essential strategic corporate objective, and certification is the most appropriate method.

The certification standard is structured in a series of areas, each with dedicated performance indicators (KPIs) that allow a tangible measurement of the company's path to improving social equality and attention to inclusion and work ethics.

It is structured as a composite indicator consisting of several domains. Each domain is the result of quantifying several simple indicators of a qualitative and quantitative nature. A weighted sum of the individual indicators gives the final score.

The areas of intervention on which the certification focuses are the following:

1. Culture and strategy (5.2);
2. Governance (5.3);
3. HR Process (5.4);
4. Opportunities for growth and inclusion of women in the company (5.5);
5. Gender pay equity (5.6);
6. Protection of parenthood and work-life balance (5.7).

For each one, the standard has a specific weight in percentage, and a series of goals quantitative and qualitative evaluations:

Area	Weight	Indicators
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Culture & Strategy	15%	7 Qualitative
Governance	15%	4 qualitative 1 quantitative
HR Process	10%	6 qualitative
Opportunities for growth and inclusion	20%	7 quantitative
Equity in remuneration	20%	3 quantitative
Parenting protection and work-life balance	20%	3 qualitative, 2 quantitative

Qualitative indicators are assessed in terms of presence or non-presence, quantitative indicators are measured in terms of the percentage difference compared to an internal value of the company or the national average reference value or derived from the type of economic activity.

To obtain certification, it is necessary to achieve at least 60% of the expected goals. The audit for the issuance of the certificate takes place through an initial verification by a body and an annual monitoring that highlights the company's initiatives and policies in place to promote gender equality. Simplifications are planned for micro and small enterprises, while medium and large organizations must manage all indicators.

1.1 What benefits does certification provide?

Private companies that, as of 31 December of the year preceding the reference year, are in possession of the gender equality certification are awarded a bonus score for the evaluation, by authorities holding national and regional European funds, of project proposals to grant State aid to co-finance the investments supported.

At national level, the following are planned:

- Contribution, paid to accredited Certification Bodies, for a maximum of €12,500 per enterprise;
- €2,500 per company paid directly to companies to cover the costs of consultancy services and support to certification, through a voucher system.

Locally:

The Apulia Region, with the intervention "An Equal Enterprise: Guidelines for the experimentation of intervention in support of Apulian companies for the achievement of gender equality certification", intends to support Apulian micro, small and medium-sized enterprises in achieving the Equality Certification (UNI/PdR125:2022).

The intervention is part of the Regional Strategy for Gender Equality, called "Gender Agenda" (D.G.R. 15 September 2021, no. 1466) which provides, among the various interventions support for corporate welfare interventions for SMEs in order to encourage the adoption of fair and inclusive work organization models.

The Apulia Region (Client) finances "UN'Impresa alla Pari" through a special agreement with Unioncamere Puglia (Managing Entity), identified as a public administration.

Unioncamere Puglia, therefore, autonomously assumes responsibility for the implementation of the intervention in support of companies, answering to the Apulia Region for the results.

The objectives of the Apulia Region's intervention are achieved through two different lines of funding:

Line A) Consultancy services to accompany the certification, which provides for the reimbursement of consultancy activities preparatory to obtaining the certification of gender equality, such as:

- Organizational analysis and internal business processes to identify the initial state of the organization with reference to gender equality;
- Identification of the existing gaps between the existing state and the requirements for obtaining the certification of gender equality (measured through specific key performance indicators or KPIs);
- Support for the drafting of the Strategic Action Plan for the implementation of a company policy that promotes and guarantees gender equality, aimed at mitigating and removing the gaps detected;
- Support in setting up a model for the implementation of planned actions and monitoring and measuring the progress of results;

- Support in the identification of internal systems and specific skills for the management of the gender equality strategy, also with reference to the revaluation of the company and the possible renewal of the certification scheduled every two years.

Line B) Gender Equality Certification Service, which therefore provides for the financing to reimburse the expenses (certification services) incurred by companies for obtaining and issuing gender equality certification.

Entities that carry out economic activities and who, at the time of submission of the application for funding, meet the following requirements can benefit from the funding:

- be a micro, small or medium-sized enterprise;
- be duly registered and active in the Register of Companies (as shown by the Chamber of Commerce);
- have at least one employee on the date of submission of the application for financing;
- have an active operational office in the Apulia Region;
- be in compliance with the obligations relating to the payment of social security and welfare contributions to workers.

The intervention in favour of companies covers the costs incurred by them. The amount reimbursable to the Beneficiaries, called "Voucher", is quantified according to the following criteria:

- it is related to the taxable amount of the expenses incurred by the company and therefore it always means VAT excluded;
- it is equal to a maximum of 80% of the eligible expenditure actually incurred by the holdings;
- may not exceed in any case the amounts indicated broken down by line of financing and by size class.

A total of €400,000.00 is available for the implementation of the action broken down as follows:

A) Contribution for specialist consultancy services to accompany the certification €300.000,00.

B) Contribution for the acquisition of gender equality certification €100,000.00.

The call for applications, funded by the Apulia Region and managed by Unioncamere Puglia, was regularly received from 219 applications from as many companies rooted in Puglia. Pursuant to the Call for Proposals, the funding was awarded on the basis of the chronological order in which the application was submitted, after a formal investigation in relation to the access requirements. Of the 219 applications received, 53 obtained the contribution of the Region, 3 were unable to access funding due to lack of requirements, the remaining candidate companies did not have access to funds due to exhaustion of the same.

The boom in applications from the industrial fabric has prompted the Puglia Region, the financier of the measure managed by Unioncamere Puglia, to allocate an additional 100 thousand euros to cover another 50 projects.

"An Equal Enterprise" qualifies as an action of the Gender Agenda, which provides support for corporate welfare interventions for SMEs in order to encourage the adoption of fair and inclusive work organization models. This is a first experimental action, which the Region will try to make systemic.

4. Conclusion

The basis for equitable, lasting and sustainable development is the inclusion of women in all public and private institutions, as well as equal opportunities and pay. This is why, starting with the 2030 Agenda, and in particular SDG 5, a common path has been taken both at the global level and at the level of individual states.

The regulatory interventions analysed for Italy are in line with what is happening at the international level and are not only based on impositions, as is the case for Law 120/2011, which introduced the obligation of a representation of the under-represented sex of at least 33 per cent.

They are also based on voluntary standards for the certification of companies that have put in place processes for the implementation of policies to combat the gender gap, as is the case with Law 162/2021, developed in section 3.

Another controversial issue is how to measure gender equality as it is a multidimensional phenomenon that cuts across multiple domains. The literature and practice have experimented with the construction of composite indicator that can quantify the gender gap in summary form.

Such a composite indicator can be a measure of the gender gap at the international level for the whole country and at the level of individual companies.

Using UNI PdR 125:2022, the guidelines for obtaining gender certification, a composite indicator was used to measure the level of gender gap processes implemented by each company. At present, the legislation is attracting considerable interest.

This is evidenced by the number of SMEs that have signed up for applications for gender gap certification.

At present, there is no empirical evidence regarding the companies that were funded and went on to become certified.

Future analysis could instead look at the relationship between the ethical certification score and economic and financial performance.

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The use of Benford law compliance tests and data analytics in detecting fraudulent financial statements: an application on a manufacturing firm

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Abstract

Researchers and practitioners have made many attempts to identify fraud indicators and to build fraud prediction procedures. Fraud is a big subject and causes tremendous loss to the business world and creates morale problems in the workplace. It represents a critical issue for the accounting profession, in developed and non-developed countries. Then, the need to fight fraud has exerted strong pressure for auditors to assume this role.

The purpose of this paper is to give a general description of the differences that exist between the profession of auditor and the investigative accountant, information about the techniques that exist for the performance of audit work, get acquainted with Benford law and apply this law in the financial data of a manufacturing firm. Investigates the relative importance of potential factors associated with the likelihood of detecting fraud during the audit of financial statements.

Key words: Fraud Detection, Benford Law, Auditor, Financial Statements

JEL classification: C10, C58, C87

Introduction

Fraud has become very complicated in this era of technology, and increasingly difficult to detect, especially when it is collusive in nature and committed by top management who are capable of concealing it. In this

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perspective point of view, auditors have argued that the detection of fraud should not be their responsibility¹. Consequently, the term fraud in prior auditing standards referred to irregularity which incorporated fraudulent financial reporting as well as employee theft and embezzlement, we limit our focus to management fraud or fraudulent financial reporting, which relates primarily to management's intentional misrepresentation in financial statements². The current study looks slightly at financial statement fraud by managers and/or employees who have sufficient authority to override an organisation's internal controls. Generally, such fraud involves deliberate distortion of accounting records, falsification of transactions, or misapplication of accounting principles. Regardless of how the fraud is manifested, it is typically difficult for auditors to discover since the perpetrators take steps to deliberately conceal the resulting irregularities.

Given the difficulty that auditors face in detecting financial statement fraud, joined with their increasing responsibility to detect it, there is a certain need to develop audit procedures or strategies more specifically focused on fraud detection³. Over the last two decades, there have been some developments concerning fraud that have been marking significant extension to audit responsibilities. The business community, especially the accounting profession, has become increasingly concerned about the rise in management fraud. However, the auditor's role to uncover material fraud is a given. Interpreting and fulfilling this role is less obvious and more complex. During the last twenty years, the growing concern over fraud leads to a false perception by the financial statement users of the auditor's role as extending to the detection of all sorts of fraud⁴.

Fraud in financial statements is done deliberately by the management, and it is carried out by manipulating the accounts of balance sheet and income statements. Several studies indicate that management has more power on manipulating inventory accounts⁵. In this regard, showing inventory at a cost lower than its actual value in the accounts or recording obsolete inventory are some examples of inventory manipulation. Moreover, because of the effect of inventory costs, the relationship between sales and the cost of goods sold become vulnerable to manipulation. The fraudulent recording of sales before they are earned can be seen as additional accounts receivable⁶. For company managers, the increase of the welfare level of stakeholders is an important indication of their success. In order to maximize the benefits of shareholders, the profitability ratios should raise. Therefore, company executives, may manipulate the profitability ratios to improve shareholders benefits which results in fraud in financial statements⁷.

Research methodology

This paper is conducted using a combination of descriptive research with analytical research, through which it is intended to create a general idea for understanding the various techniques that help auditors, investigative accountants in carrying out their work. Furthermore, a concrete case has been analysed in order to see the practical application of these techniques. The analysis of the data under consideration ("Antex" expense transactions) was done using Data Analytics¹¹⁰ and Benford law¹¹¹ compliance tests.

Case study ("Antex" expense transactions")¹¹²

Benford law compliance tests and Data Analytics has been used to conduct the analyse. Firstly, was executed the analysis through Data Analytics, as it is an analysis easily feasible by all professionals, does not require much time and helps to reach more accurate conclusions than analyzes done only subjectively without analytical calculations. Mainly through Data Analytics are defined the transactions, which occupy the most important weight and that constitute the object of the audit work.¹¹³ As for cases where auditors are faced with suspicions of potential fraud, the techniques that are widely used to identify risk areas and detect fraud are Benford law compliance tests.¹¹⁴ Since in the first 3 tests no major anomalies appear, then in this case it was not necessary to use the other 2 tests. The following explains how to perform these tests:

The first digit test

¹¹⁰ An auditor's guide to data analytics. Natasha DeKroon, Duke University Health System, 2000

¹¹¹ The impact and reality of fraud auditing, Benford's Law: Why and how to use it. Cogi Overhoff, CPA, 2008

¹¹² Antex Company Data

¹¹³ Mark J. Nigrini, PhD, (1998) "Digital Analysis: a computer-assisted data analysis technology for internal auditors ACFE, 2012 Report to the Nation on Occupational Fraud and Abuse

¹¹⁴ The impact and reality of fraud auditing, Benford's Law: Why and how to use it. Cogi Overhoff, CPA, 2008

This test compares the frequency distribution of the first digit of current data with the frequency defined under Benford Law. Through this test only obvious anomalies can be determined and it would not be correct to take this data as a basis to determine the audit sample, as it would result in a very large figure that takes a long time to realize. But the information we will extract from this test will serve as a reference point.

The second digit test

This test also functions as the first test, so it is not advisable to use it to determine the audit sample.

Test of the first two digits

This test provides more accurate information regarding the determination of the audit sample. Through this test we see the combination of the first two digits that have a greater deviation from the law and based on the frequency encountered we determine the size of the sample to be audited. By performing this test, we manage to determine a more accurate and defining sample for the conclusions regarding the data.

Test of the first three digits

This test gives an even more focused sample and serves to show mainly the amounts that may have been presented twice, unlike the first 2-digit test which can show for example only payments made within a certain limit. In order to have a more accurate result from this test it is necessary to remove from the database those data with negative value and low value (intangible).

Test of the last two digits

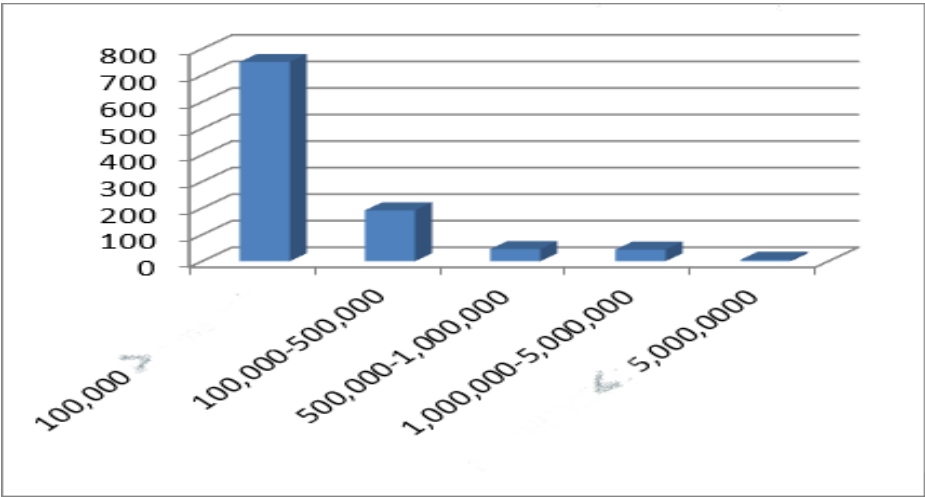
This test is mainly used if the amounts are estimated or current. It is mainly used during the audit of financial statements and it is understood whether the figures are rounded or not.

Purchasing analysis and results

Analysis of “Antex”¹¹⁵ purchases “Antex” is a firm that deals with the production of prefabricated and in this paper is made an analysis of purchases made in the first quarter of 2020. To carry out the analysis I used Data Analytics and Benford Law to see if the 2 techniques lead us to the same conclusions.

If we refer to the "ANTEX" Histogram, we will notice that the largest number of transactions has an interval of 100,000 or less with 751 transactions and the lowest number of transactions has an interval of more than 5,000,000 with only 6 transactions. But, through the Histogram can not be done a detailed and accurate analysis as the auditor must focus on those transactions that have high risk and materiality.

Figure 1 - “Antex” Histogram



Therefore, for a more detailed analysis, we will refer to the Data Profile of "Antex". What we notice is that the interval with the largest share in% of total purchases is the interval 1,000,000

¹¹⁵ Antex Company Data

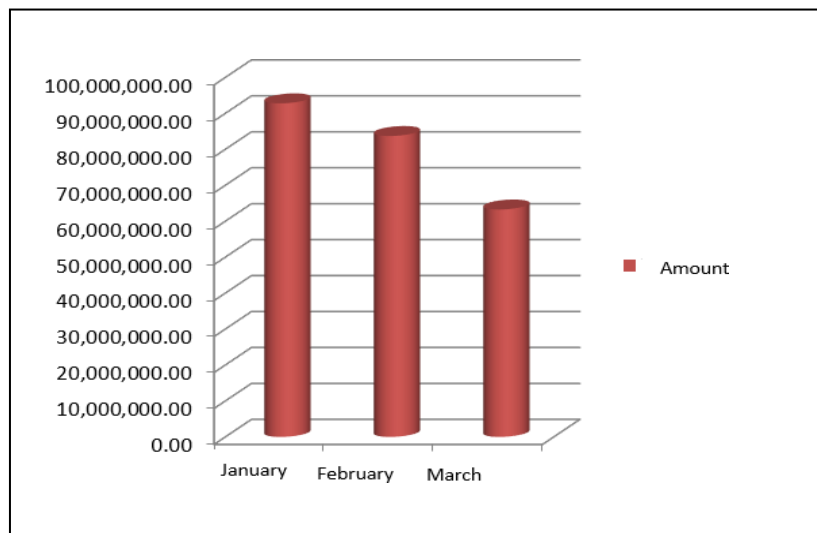
- 5,000,000, therefore the auditor's attention should be focused on this acquisition interval. Another interval that deserves the auditor's attention is the one worth over 5,000,000, as despite having the lowest number of transactions, it occupies a high% of the total level of purchases.

Table 1 - Data Profile “Antex”

Amount	No. transactions	%	“ALL”	%
less than 100,000	751	72.28%	23,108,100	9.64%
100,000 - 500,000	192	18.48%	50,433,218	21.04%
500,000 - 1,000,000	46	4.43%	32,345,888	13.49%
1,000,000 -5,000,000	44	4.23%	73,849,785	30.80%
more than 5,000,000	6	0.58%	60,012,965	25.03%
Total	1039	100%	239,749,956	100%

If we investigate the combination of the number of transactions with the level of expenditures by months, we see that the level of purchases by months is more or less proportional to the number of transactions, information which does not orient us for a further investigation in our work.

Figure 2 - Periodic Graph “Antex”



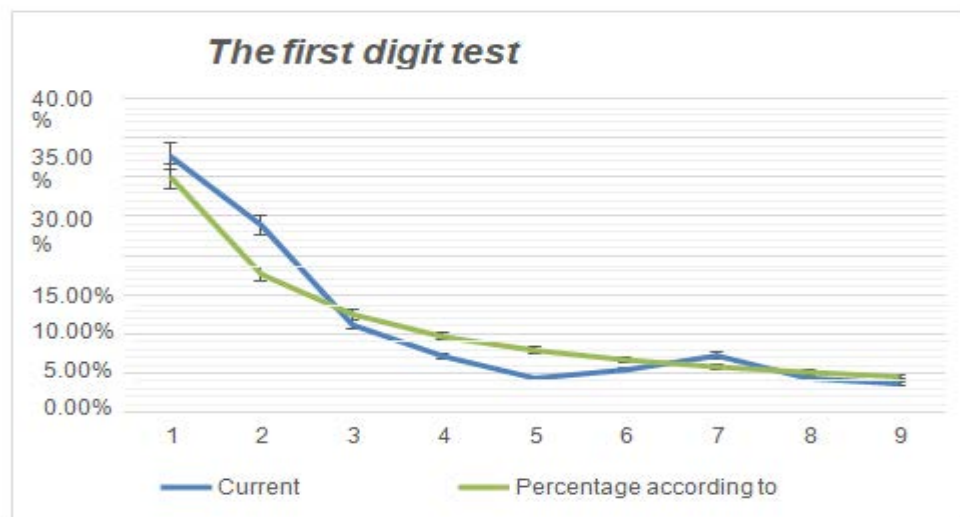
Benford Law¹¹⁶ is used to achieve a more detailed and accurate analysis, which serves more auditors. Since in the first 3 tests no major anomalies appear, then in this case it was not necessary to use the other 2 tests.

Table 2 - 1. The first digit test “Antex”

First digit	Frequency	Current percentage	Percentage according to Benford	Difference
1	337	32.69%	30.10%	0.026
2	246	23.86%	17.61%	0.063
3	115	11.15%	12.49%	0.013
4	74	7.18%	9.69%	0.025
5	45	4.36%	7.92%	0.036
6	56	5.43%	6.69%	0.013
7	75	7.27%	5.80%	0.015
8	45	4.36%	5.12%	0.008
9	38	3.69%	4.58%	0.009

Figure 3 - Graphic representation of Benford Law "Antex" * first digit

¹¹⁶ The impact and reality of fraud auditing, Benford's Law: Why and how to use it. Cogi Overhoff, CPA, 2008



According to the first digit test, we realize that the largest difference between the current% and% according to Benford is for digits with values 2.4 and 5. From this we conclude that transactions whose first digit starts with these numbers do not have a distribution according to law. But what needs to be said is that in general the first digit has a distribution almost according to the distribution prescribed by law.¹¹⁷

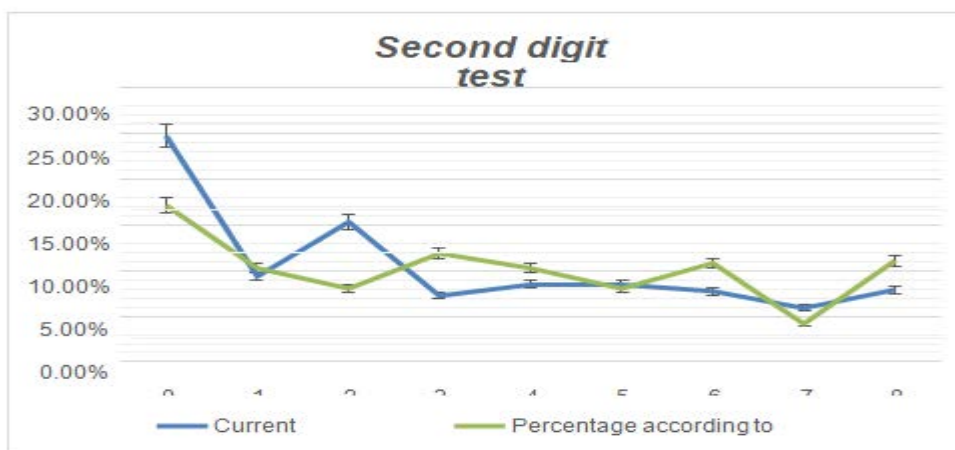
Table 3 - Second digit test "Antex"

Second digit	Frequency	Current percentage	Percentage according to Benford	Difference
0	257	24.74%	17.13%	0.076
1	97	9.34%	10.22%	0.009
2	159	15.30%	8.01%	0.073
3	75	7.22%	11.88%	0.047
4	88	8.47%	10.22%	0.018

¹¹⁷ Jill A. Blumenfeld, Reprinted with permission, Faulkner & Gray 1992 "A Guide to Forensic Accounting"

5	88	8.47%	8.01%	0.005
6	80	7.70%	10.77%	0.031
7	61	5.87%	4.14%	0.017
8	82	7.89%	11.05%	0.032
9	52	5.00%	8.57%	0.036

Figure 4 - Graphic representation of Benford Antex Law * second digit

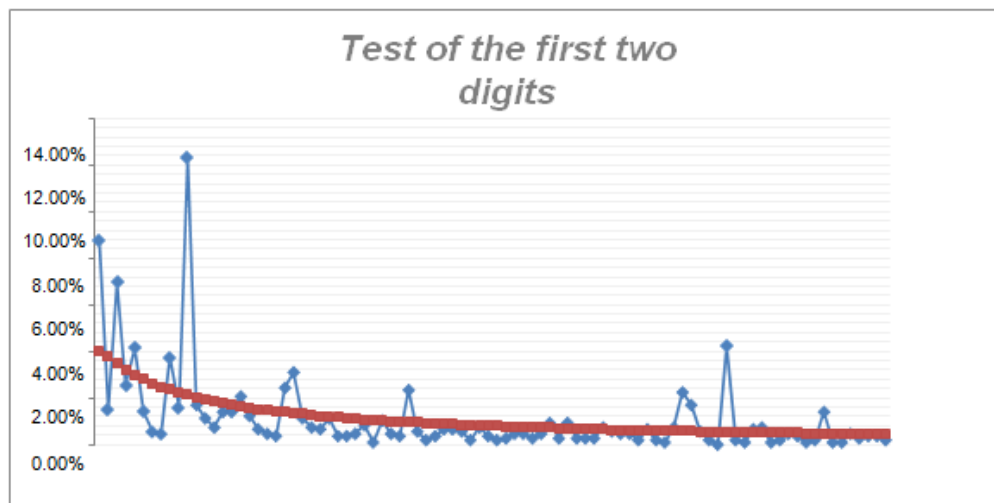


According to the second digit test we see that the highest fluctuation from Benford's prediction have the digits 0, 3 and 9. The numbers having the second digit 0 and 3 are encountered more often than the Benford prediction, while the numbers having the second digit 9 encountered less than Benford's forecast. According to the second digit test we manage to estimate a smaller sample that better represents the population.¹¹⁸

¹¹⁸ The impact and reality of fraud auditing, Benford's Law: Why and how to use it. Cogi Overhoff, CPA, 2008

In order to determine more accurately and more concretely the audit objectives, the first two- digit test is performed, through which we determine the transactions that are most likely not to be presented with the value that they really are.

Figure 5 - Graphic representation of Benford Antex Law * first two digits



Conclusions and recommendations

Financial statement fraud is a big concern for contemporary businesses, so companies place great importance to struggle with this problem. In order to prevent the damages caused by fraud, accountants and auditors should use new and innovative techniques to detect financial statement fraud.¹¹⁹

The auditor can never be considered a guarantor of his client's financial statements because of the fact that he maybe handicapped by collusion, expert forgery or other sophisticated deterrents to detection. However, he cannot avoid all responsibility for the detection of fraud, or his responsibility for conducting an adequate

¹¹⁹ Jill A. Blumenfeld, Reprinted with permission, Faulkner & Gray 1992 "A Guide to Forensic Accounting"

examination. The auditor's primary responsibility is to his client. This responsibility is carried out primarily by following the generally accepted auditing standards.

The auditor may assume that management is dishonest and is involved in fraud unless is an evidence to the contrary. He should not create conflict with management, but may provide advice and counsel to management in the preparation of financial information. This responsibility will assist in developing internal controls and procedures, and also may help to detect management fraud which is difficult to detect.¹²⁰

However, in my opinion, because of the use of advance and complex computer systems, the amount of fraud that is detected appears to have declined for several reasons, such as: systems are now more elaborated the changed role of the auditor, and different training of auditors.

Based on the previous conclusion, this study contributes to the knowledge that auditor must be aware of the possibility that fraud exists. It contributes to the knowledge and understanding of the nature of fraud and the auditor's responsibility to detect material fraud.

Benford Law is a very effective tool which is mainly used by specialists in the field in the audit planning process. Regarding the first figure, it turns out that the data follow Benford's law, which means that the deviations are very small and negligible, so they do not require more audit or investigative work.

In the analysis of the second digit data (revenue) we see that we have a small deviation for those data that have the second digit 2. At this point the auditor can plan more audit work for these types of transactions and the investigative accountant can do a more in-depth search. The number of transactions considered creates a constraint on the veracity of these conclusions. Larger databases normally made available to auditors and investigative accountants would yield a clearer result for researchers.

As for the cost results for the first and second digits, the results do not have major deviations from the regularity of the law, however they do not follow it exactly. So a Forensic specialist or an auditor can make

¹²⁰ AICPA, (1987) National Commission on Fraudulent Financial Reporting

further inquiries to see if there have indeed been unit fraud or irregularities in accounting for accounting events.

Referring to the conclusions drawn during the work, what I recommend is in the first place to create the opportunity for all professionals to get acquainted with the use and application of these techniques. This can be achieved through the provision of various trainings by professional associations.

For future researchers, the suggestion would be to evaluate and by means of more advanced statistical tests (t, Z) the effectiveness of Benford Law in Albanian units or the use of larger databases.

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The challenge of financial system in Albania after the pandemic Covid 19

Prof. Dr. Shkëlqim Fortuzi, nPhd(c). Elfrida Tarku

Abstract

This paper offers a concise overview of Albania's evolving financial system, highlighting key trends and indicators. It discusses macroeconomic stability amidst global financial challenges and examines various aspects including inflation, economic growth, labor market dynamics, fiscal performance, foreign trade, and banking sectors. Special focus is given to the impact of the COVID-19 pandemic and initiatives by the Bank of Albania such as investments in mortgage-backed securities, adjustments in bank rankings, and enhancements in payment and credit systems. The narrative underscores the shift towards electronic payments and alternative banking methods. Overall, it provides insights into Albania's resilient and evolving financial landscape amid ongoing global economic uncertainties.

Keywords: financial system, bank, challenge, economy, development.

JEL code: E44, GO1, G18, O16

Aim and objectives

The purpose of this paper is to provide a comprehensive analysis of the financial system in Albania.

The objectives are as follows:

1. To assess the current state of Albania's financial system, including its institutions and infrastructure.
2. To identify the main challenges and weaknesses within the financial system.
3. To assess the impact of these challenges on economic development and stability.
4. To propose recommendations and policy measures to address the identified issues and to increase the resilience and efficiency of the financial system.

The research questions:

In order to achieve these objectives, this paper will address the following research questions:

- 2.1. What is the current structure and functioning of Albania's financial system?
- 2.2. What are the main challenges and weaknesses in the Albanian financial system?
- 2.3. How do these challenges affect the development and economic stability of the country?
- 2.4. What measures, reforms and policies can be implemented to improve the financial system in Albania?

The importance of the work

The importance of this paper lies in its potential to inform about the complications of the financial system of Albania.

Literature review

Financial System and its concept

The financial system is the backbone of any economy, playing a key role in its development and stability¹²¹ (Smith, 2020). It comprises a complex network of institutions, regulations and markets that facilitate the distribution and use of funds and capital within an economy. Understanding the components of the financial system is essential to understanding its importance and impact on economic well-being.

Key components of a financial system include:

Financial institutions: These are the cornerstone of the financial system, serving as intermediaries between savers and borrowers¹²² (Mishkin & Eakins, 2018). Banks, credit unions, insurance

¹²¹ (Smith, 2020).

¹²² (Mishkin & Eakins, 2018)

companies, and investment firms are examples of financial institutions. They collect funds from savers and channel them into productive investments or provide financial services to the public.

Financial markets: Financial markets are where assets such as stocks, bonds, commodities and currencies are bought and sold¹²³ (Hull, 2021). These markets can be categorized into primary and secondary markets. In the primary market, new securities are issued, while the secondary market involves the trading of existing securities between investors.

Regulatory framework: A strong regulatory framework is essential to maintain confidence and stability in the financial system¹²⁴ (Barth, Caprio, & Levine, 2013). Government agencies and central banks oversee financial institutions and markets, enforce rules and ensure compliance. Regulation helps prevent fraud, maintain fair practices and protect consumers.

Exploring financial system typologies

Financial systems researchers have used classifications to understand their complex structures. Financial systems can be divided into two main categories: those based on banks and those based on the capital market. In the bank-based financial system, banks play a dominant role by serving as the main sources of financing for businesses. Bank-based systems often feature universal banks that exert influence over the entire financial sector¹²⁵ (Patric, 1996). On the other hand, in the financial system based on the capital market, firms use bank loans for external financing. To use the language of systemic analysis, it can be affirmed that the types of financial systems are harmonious arrangements of the elements of the financial system¹²⁶ (Schmidt, Hryckiewicz, Aneta 2006).

¹²³ (Hull, 2021).

¹²⁴ (Barth, Caprio, & Levine, 2013).

¹²⁵ (Patric, 1996).

¹²⁶ (Schmidt, Hryckiewicz, Aneta 2006).

High market capitalization and efficient secondary market trading do not negate the bank-based nature of a financial system¹²⁷ (Allen, 1997).

2. Origin of the Financial System Reform in Albania

The reform of the financial system in Albania was driven by the transition to the market economy and has been of great importance in achieving macroeconomic stability. In all the countries that aimed at this transformation, several common objectives appeared: the creation of a two-tier banking system, the increase of the autonomy of the central bank, the increase of competition within the banking sector, the promotion of the development of the monetary and financial market, the rationalization of payments. systems, the establishment of an efficient bank monitoring system and the restructuring and privatization of the banking system¹²⁸ (Ibraimi, 2020).

These reforms aimed at creating a two-level banking system, increasing the autonomy of the central bank, competition within the banking sector, developing the monetary and financial market, as well as the restructuring and privatization of banks. In this context, in Albania, the Bank of Albania law was approved on April 22, 1992, transferring many powers from the government to the Bank of Albania and changing its role and independence. The table below illustrates the period when the new banking legislation was approved in six countries: Hungary, Poland, Czechoslovakia, Bulgaria, Romania and Albania. Notably, all of these countries, except Romania and Albania, passed new banking laws before political pluralism was allowed. Hungary and Poland led the way in this sector, passing new legislation in 1987 and 1989 respectively. Another distinguishing feature for these two countries was the presence of private banks, 2 in Hungary and 5 in Poland, even before the new law was introduced banks with the title "For the banking system" (Ibraimi, 2020).

Table 1. The state of the banking system before transformation

¹²⁷ (Allen, 1997).

¹²⁸ (Ibraimi, 2020).

	Hungary	Poland	Czechoslovakia	Bulgaria	Romania	Albania
The start of political pluralism	1989 April	1989 November	N/A	1989 December	1990 December	N/A
Number of State Commercial Banks	4	9	2	59	4	3
Number of foreign commercial banks	250	0	2	0	0	0
Number of specialized banks	10	1	1	8	2	0
Average number of assets of specialized banks	132	1	1	1	0	0
Number of Savings Banks	112	1	1	1	0	0

The 1992 Law on the Bank of Albania marked an important step towards the creation of a financial institution based on the Western model. This law established the independence of the Bank of Albania, transferring its dependence from the government to the parliament. The main objective of the Bank of Albania was defined as maintaining monetary stability, while the law assigned its responsibilities in the field of monetary policy and banking supervision. At the same time, the importance of relations between the Bank of Albania and the government deepened, especially in relation to the financing of the budget deficit. The approval of two laws, one for the Bank of Albania and the other for the banking system, marked the creation of a new banking system in the country. This period brought significant changes to financial institutions in Albania, including the creation of state banks: the National Commercial Bank (BKT), the Savings Bank (BK), the Agricultural Bank (BB) and the Development Bank, which soon changed its name. in Agricultural Commercial Banks (ATB) (Ibraimi, 2020).

The two-tier banking system includes a central bank that designs and implements monetary policy and issues the national currency, while second-tier banks take deposits from the public and make loans to businesses and individuals. This evolution is reflected in the presence of many

private and foreign banks in Albania, such as National Commercial Bank (BKT), Banka Intesa San Paolo, Banka Alfa (BAK), and others. The enriched banking system has played an important role in the development of the Albanian economy and has expressed the improvement of its financial structure. This transformation has helped to increase investments and build a more solid economic base for Albania¹²⁹ (Duro, 2013).

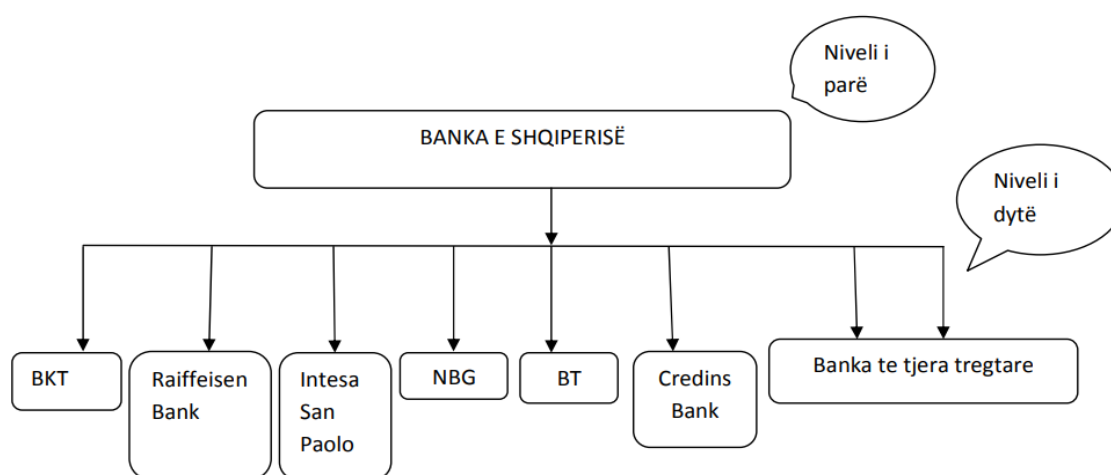


Table nr.2 Types of banks

The Bank of Albania is the key institution in the financial and monetary system of the country. As the central bank, it has a role in the supervision, guidance and implementation of monetary and currency policies. The Bank of Albania has the monopoly of issuing the national currency and banknotes and determines the country's monetary policy. The main task of the Bank of Albania is the drafting and implementation of monetary policy.

II.3. Transformation of the financial institutions in Albania

¹²⁹ (Duro, 2013)

Deep political changes in Albania at the beginning of the 90s required a comprehensive reform in the Albanian economy, paving the way for the transition from a planned economy to a market-oriented economy ¹³⁰(Smith, 2020).

An essential aspect of structural reforms for all countries entering the path of a market economy was the reform of the financial and banking system. The efficiency and speed of reforming the financial system was of great importance for the transformation process, since the efficiency and speed of reform in this sector had a decisive impact on the pace of transformation in other sectors of the economy (Mishkin & Eakins, 2018).

The financial system, conceived as a community of institutions, markets and financial instruments, has experienced relatively positive developments during the last decade, despite having faced numerous challenges and difficulties on the way to refinement and consolidation (Smith, 2020).

Unfavorable macroeconomic and financial conditions, along with deficiencies in the development of financial and banking institutions, were not the only obstacles encountered during the launch of this reform. Albania also faced several other difficulties, which culminated in the crisis of pyramid schemes - a spark that destabilized the entire country and plunged the Albanian economy into a complete collapse (Smith, 2020).

Table 3 . The specific weight of financial institutions' assets

The institutions	Absolute Asset Size	Percentage (%)
Banking System	301.0	95.0
Pension Fund	7.60	2.4
Insurance institutions	8.0	2.6
Total	316.6	100.0

¹³⁰ (Smith, 2020)

The developments of two other components of the financial system constitute one of the challenges of the medium-term development of the Albanian economy. Therefore, in this material we will delve further into the issues related to the banking system.

Methodology

Analysis of the Albanian financial system is a complex task that requires the collection, processing and interpretation of data from various sources. In this methodology, we outline the steps and data sources that were used to perform a comprehensive analysis of the Albanian financial system.

Data collection

Bank of Albania (BSH): The main source of financial data in Albania is the Bank of Albania. It provides extensive information on monetary policy, banking statistics, interest rates, foreign exchange rates and more. The main data sets include:

The monetary aggregates (M0, M1, M2, M3)

Interest rates (lending and deposit rates)

Exchange rates

Banking sector statistics (assets, loans, deposits, etc.)

Financial stability reports.

Institute of Statistics (INSTAT), AMF: INSTAT is a valuable source of macroeconomic data, including GDP growth, inflation rates, employment figures and population statistics, and the AMF provides us with important data in the field of insurance.

Official Government Reports: Government reports and publications contain information about fiscal policy, taxation and public finance.

2. Analyzing and processing the data

Data collected from various sources is cleaned and standardized to ensure consistency and accuracy. Missing data are identified and addressed through interpolation or estimation. The analysis will provide insight into the overall health and stability of the Albanian financial system, as well as trends and potential areas of concern.

The main findings will be summarized and conclusions will be drawn based on the analysis.

This methodology describes a structured approach to analyze the Albanian financial system using public data from official sources. The analysis aims to provide valuable insights into the current state of the financial system, its strengths, weaknesses and potential areas for improvement.

Study analysis

Overall financial analysis and financial system

In 2020, Albania faced a number of important economic challenges, as detailed in the comprehensive report jointly presented by the Bank of Albania and INSTAT. This annual report summarizes the main macroeconomic and financial indicators that shed light on Albania's economic journey during a year overshadowed by the global COVID-19 pandemic. Below, we delve into these vital statistics and explore Albania's multifaceted economic landscape in 2020.

1. Inflation dynamics:

Inflationary trends: In 2020, Albania experienced a modest increase in the average inflation rate, which reached 1.6%. Although not explicitly specified in the report, it suggests a slight increase compared to last year.

2. Economic contraction:

Economic growth: Albania's real GDP witnessed a significant contraction, registering a decline of -5.5% in 2020. This marked economic decline can be attributed to the negative impacts of the COVID-19 pandemic, which a dark shadow over many economies around the world.

3. Insights into the labor market:

Labor Force Participation: In 2020, the labor force participation rate for individuals aged 15-64 was 69.2%. At the same time, the unemployment rate in the same age group reached 11.6%. These figures reflect a slight increase in labor force participation and a significant unemployment rate compared to previous years.

4. Highlights of the fiscal sector:

Budget balance: The fiscal balance, including grants, recorded a deficit equal to -6.9% of GDP in 2020, marking a significant decrease compared to previous years. Government revenues accounted

for 26.7% of GDP, while expenditures represented 50% of GDP. Public debt reached 77.8% of GDP, the highest level observed in recent years.

5. Performance of the Foreign Sector:

Current account balance: Excluding official transfers, Albania's current account balance was -8.9% of GDP in 2020. Imports of goods accounted for 28.2% of GDP, while exports of goods accounted for 5.9% of GDP. Foreign direct investment (FDI) contributed 7.3% of GDP.

6. Monetary and Financial Sector:

Monetary policy: The repo rate closed the year at 0.5%.

Money supply: Aggregate M3, an indicator of the money supply in the economy, showed a year-on-year growth rate of 10.5%. Credit for the private sector: Credit for the private sector recorded an annual increase of 8.2%.

Deposits and loans: Deposits accounted for 80.2% of GDP, while loans accounted for 41.7% of GDP.

7. The resistance of the banking sector:

Non-performing loans (NPLs): The ratio of non-performing loans to total loans was 8.1%, signaling a relatively strong performance of the banking sector in the management of non-performing loans. The aforementioned statistics provide a panoramic view of the main macroeconomic and financial indicators described in the 2020 report for Albania. These data show that the Albanian economy faced formidable challenges during the year, mainly due to the wide-ranging impacts of the COVID-19 pandemic. The figures, while presented in tabular form in the report, provide insight into the dynamic economic landscape that shaped Albania in 2020.

Table 4 2020 Key Macroeconomic and Financial Indicators

	2016	2017	2018	2019	2020*
Inflation (average)					
Inflation total (%)	1.3	2.0	2.0	1.4	1.6
Base inflation (%)	0.2	0.8	0.9	0.7	1.4
Economic growth Real GDP growth (annual in %)					
	3.3	3.8	4.1	2.2	-5.5
Labor market 1					

Labor force participation rate (15-64 years)	66.2	66.8	68.3	69.6	69.2
Unemployment rate (15-64 years old)	15.2	13.7	12.3	11.5	11.6
Fiscal sector					
Budget balance (with grants, % of GDP)	-1.8	-2.0	-1.6	-1.9	-6.9
Budget revenues (in % of GDP)	27.6	27.7	27.4	27.3	26.7
Budget expenditures (in % of GDP)	29.4	29.7	29.0	29.2	0.50
Public debt (in % of GDP)**	72.3	70.1	67.8	66.5	77.8
External sector					
Current account (excluding official transfers, in % of GDP)	-8.0	-8.1	-7.3	-8.5	-8.9
Imports in goods (fob, in % of GDP)	30.9	31.3	30.0	29.7	28.2
Exports in goods (fob, in % of GDP)	6.7	6.9	7.7	6.6	5.9
Foreign direct investments (% of GDP)	8.8	7.8	7.9	7.9	7.3
Monetary and financial sector					
Repo rate (end of period)	1.25	1.25	1.00	1.00	0.5
Aggregate M3 (annual growth, end of period)	3.9	0.3	-0.2	4.3	10.5
Credit for the private sector (annual increase, end of period) ²	3.1	3.3	1.9	6.9	8.2
Deposits/GDP ³	74.2	71.4	68.7	70.4	80.2
Credit/GDP ³	37.1	36.4	35.3	36.5	41.7
<i>12-month yield (average)</i>	1.8	2.4	2.0	1.6	1.9
Exchange rate, lek/usd (average)	126.0	119.1	108.0	109.9	108.7
Exchange rate, lek/euro (average)	136.1	134.2	127.6	123.0	123.8
Nominal effective exchange rate, NEER	110.2	105.2	96.8	92.0	89.9
Banking Sector					
Ratio of problem loans/total loans (%)	18.2	13.2	11.1	8.4	8.1

According to the Institute of Statistics for the year 2019-2020, the Albanian economy shrank by 5.5%, while employment fell by 1.2%, bringing the unemployment rate to 11.6% during the first three quarters of the year. The economic downturn influenced all sectors of the economy and its key was the contraction of aggregate demand. The commercial and service sectors were most affected by this crisis, as they were more vulnerable to the imposed restrictions. To counter this decline, fiscal stimulus was added, but the deficit and public debt rose rapidly, with public debt reaching 77.8% of GDP at the end of 2020, compared to 66.2% at the end of 2019. Average inflation annualized was 1.6% during 2020, affected by short-term shocks and contracting demand. The foreign exchange market had a stability of the lek against the euro, while the opposite, the dollar was overvalued. The euro was quoted at an average of 123.8 lek/euro in 2020, with an undervaluation of the lek of 0.6% compared to the previous year. In the domestic market, the euro exchange rate was relatively stable and the exchange rate volatility indicator was close to normal values. The USD/LEK exchange rate decreased to 101.6 ALL/USD in December, compared to the average of 109.9 ALL/USD in 2019.

Overall, the decline in trade led to a narrowing of the trade deficit in the first half of the year, but foreign exchange inflows from tourism and capital account flows helped meet the economy's foreign financing needs.

Injection of liquidity from BSH:

At the end of 2019, BSH has permanently injected liquidity for about ALL 12 billion through the increase of the treasury bond portfolio.

Currency/national currency SWAP agreements with the MFE have doubled since 2019.

Remuneration of mandatory reserve accounts:

The reserve requirement rate in euros is equal to the one-day deposit rate of the European Central Bank (ECB).

The required reserve remuneration rate in US dollars has been 0% since 2011.

The interest rates of remuneration of excess reserves in Lek and US dollars have remained at 0% during 2020.

Stability of the financial system and the banking sector:

The financial system and the banking sector have operated in stable conditions during 2020, maintaining the amount and quality of financial intermediation services.

The size of the financial system in relation to GDP has increased over 110%.

The assets of the financial system expanded and the balance sheet of the banking sector increased by about 7% in 2020.

The financial result of the banking sector was positive in 2020, but 15% lower compared to the previous year.

The ratio of non-performing loans decreased at the end of the year to 8.1% from 8.4% a year ago.

Structure of bank ownership:

The number of banks in Albania has changed during the years 2011-2020. At the beginning of the period, there was a high number of banks, but during this period their number gradually decreased as a result of the consolidation of the banking sector. In 2020, the number of banks in Albania was 14.

In addition to the number of banks, the ownership structure of banks has undergone changes during this period. There have been merger and acquisition processes of banks, changes of owners and composition of shareholders. Some of the most important changes in the ownership structure of banks are:

The payments and credit landscape in Albania has witnessed a number of significant developments and shifts during 2020. These changes, as highlighted in the annual report, reflect the dynamic evolution of financial practices against a global backdrop of uncertainty catalyzed by COVID-19 pandemic. Below, these main transitions and strategic measures undertaken in the payment and credit sector of Albania in 2020 are analyzed.

This table provides an overview of various aspects of the Bank of Albania's activities in 2020, including investments, foreign reserve portfolios, investment returns and operational continuity management.

Table 5 STATEMENT OF FINANCIAL POSITION, 2020

In millions of Lek	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and bank balances	9	200,578	153,313
Marketable assets	13	14,213	14,624
Monetary gold	10	16,817	14,591
Account with the International Monetary Fund	11	44,720	30,552
Loans to banks	12	32,671	33,956
Investments in debt securities	14	295,201	269,065
Tangible and intangible fixed assets	15	20,364	20,271
Other assets	16	2,836	2,960
Total assets		627,401	539,333
OBLIGATIONS			
Money in circulation	17	355,238	302,849
Liabilities to banks	18	178,815	130,764
Deposits and loans from third parties	19	2,485	3,279
Obligations to the Government and state institutions	20	34,431	45,154
Obligations to the International Monetary Fund	11	23,219	24,037
Other obligations	21	995	1,538
Total of obligations		595,184	507,621
THE CAPITAL AND RESERVES			
Foundation Fund		2,500	2,500
Reserves	22	29,716	29,212
Total of capital and reserves		32,216	31,712
Total of obligations, capital and reserves		627,401	539,333

Source Bank of Albania.

Going deeper into the analysis of the financial position of the Bank of Albania for the years 2019 and 2020, some significant findings come to light. Here are some of the key findings:

1. Increase in total assets: The total assets of the Bank of Albania increased from ALL 539,333 million in 2019 to ALL 627,401 million in 2020. This reflects a significant increase in the bank's assets over the course of a year.
2. Increased currency in circulation: Enhanced liquidity: The amount of currency in circulation increased from ALL 302,849 million in 2019 to ALL 355,238 million in 2020. This increase means an increase in liquidity available to the bank.
3. Increase in investments in debt securities: Investments in expanding bonds: Investments in debt securities increased from 269,065 million ALL in 2019 to 295,201 million ALL in 2020. This increase shows a more significant inclusion of the bank in the debt securities market.
4. Decrease in liabilities to banks: Reduced liabilities: Liabilities to banks decreased from 130,764 million ALL in 2019 to 178,815 million ALL in 2020. This decrease illustrates a decrease in the level of the bank's debt to other financial institutions.
5. Reduction of liabilities to the government and state institutions: Low government and state liabilities: Liabilities to the government and state institutions decreased from 45,154 million ALL in 2019 to 34,431 million ALL in 2020. This reflects a reduction in liabilities to the sector public.
6. Increase in reserves: Strengthening the reserve: The bank's reserves increased from ALL 29,212 million in 2019 to ALL 29,716 million in 2020. This increase means a strengthening of the bank's capital and its ability to withstand potential risks.

Conclusions and recommendations

The financial system in Albania exhibits a diverse structure, including banks, non-bank financial institutions and capital markets. It operates with reasonable efficiency, as reflected in moderate inflation rates, the growth of the banking sector and the increased use of electronic payments. The central bank, the Bank of Albania, plays a key role in overseeing monetary policy and financial stability.

Despite the progress, the Albanian financial system faces significant challenges and weaknesses. These include high levels of public debt, a tight and underdeveloped capital market, low financial inclusion and exposure to external shocks. Governance and regulatory issues present a constant challenge.

These challenges have direct implications for the development and economic stability of Albania. High levels of public debt can strain fiscal sustainability, limiting the government's capacity for public investment. A shallow capital market hinders the mobilization of long-term capital for economic projects. Financial exclusion leaves a segment of the population without access to essential financial services, hindering their participation in the formal economy.

In order to improve the financial system in Albania, several measures and policy reforms should be considered:

Fiscal discipline: Implementation of prudent fiscal policies to reduce public debt and create fiscal space for investment in infrastructure and social programs.

Capital market development: Encouraging capital market growth by introducing incentives for companies to go public, promoting the issuance of corporate bonds and improving the regulatory framework.

Financial inclusion: Promoting financial literacy and expanding access to financial services, especially in rural areas, through digital banking solutions and increased cooperation between banks and microfinance institutions.

Risk Management: Strengthening risk management practices in the banking sector to mitigate exposure to external shocks and enhance overall stability.

Regulatory reforms: Continue to improve regulatory and governance frameworks, ensuring transparency, accountability and efficiency in the financial sector.

Addressing the challenges in Albania's financial system is essential for sustainable economic growth and stability. Effective policy reforms and strategic investments in infrastructure, human capital and regulatory framework are vital steps towards achieving a resilient and inclusive financial system.

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Unlocking Albania's Sustainable Potential: Insights and Strategies for a Transformative Future

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Abstract

This paper explores the challenges faced by firms in Albania as they attempt to position their workforce with the necessity of sustainability. Albania is currently experiencing a crucial phase in its sustainability transformation, marked by a growing awareness of environmental issues and the need for sustainable practices across industries. Nevertheless, Albania faces challenges such as skill gaps and limited resources, highlighting the importance for strategic interventions to fully exploit the nation's potential in the field of sustainability transformation. The increasing demand for qualified specialists and skilled workers in sustainability-related roles has highlighted an important need for strategic solutions. Through a focused analysis of Albania's labour dynamics, this study underlines key barriers, including educational gaps and skill mismatches. The paper aims to guide firms and institutions in overcoming these challenges, promoting a strong environment that drives Albania towards a sustainable future. By understanding and addressing these challenges, businesses can formulate approaches to bridge the gap between the demand for skilled professionals in sustainability and the available talent area. Furthermore, the paper explores the potential role of public-private partnerships, educational reforms, and targeted awareness campaigns in fostering a culture of sustainability within the Albanian workforce. The findings contribute to the literature on global workforce trends and provide a perspective on the specific obstacles faced by firms in emerging economies like Albania, offering a foundation for informed decision-making by firms and institutions seeking to explore these complex dynamics.

Key words: Workforce Challenges, Sustainability Transformation, Qualified Specialists, Labour Market Dynamics, Emerging Economies.

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Introduction

Within global environmental challenges and the importance for sustainable development, nations worldwide are increasingly embracing the transition towards more environmentally conscious practices across various sectors. As part of this transformative journey, the workforce plays a pivotal role in driving the adoption of sustainable strategies and initiatives within organizations. The alignment of workforce capabilities with the demands of sustainability is crucial for ensuring long-term economic, social, and environmental viability (Pattberg & Widerberg, 2016).

Amidst these global shifts, Albania, like many other emerging economies, finds itself at a critical juncture in its pursuit of sustainability. Located in Southeastern Europe, Albania boasts rich natural resources and diverse ecosystems, presenting both opportunities and challenges in the context of sustainability (Erdentug, 2017). The country's transition from a centrally planned to a market-oriented economy in the early 1990s ushered in a period of rapid economic growth and transformation. However, this transition also brought about socio-economic and environmental challenges, underscoring the need for a sustainable development agenda (Jorgji, 2020).

Despite growing recognition of the importance of sustainability, Albania faces significant hurdles in effectively integrating sustainability principles into its economic and social fabric. One of the foremost challenges lies in building a workforce equipped with the necessary skills and knowledge to drive sustainable practices across industries. The scarcity of qualified professionals and workers adept in sustainability-related roles poses a formidable barrier to Albania's sustainability aspirations (Daci & Hoxha, 2018). Moreover, the mismatch between the skills demanded by the evolving labor market and those supplied by educational institutions exacerbates the challenge (Demiraj & Lame, 2019).

Against this backdrop, the primary objective of this paper is to explore the workforce challenges hindering Albania's sustainability transformation and to offer strategic insights for addressing these challenges. By conducting a comprehensive literature review, this study seeks to identify key trends, gaps, and potential solutions pertaining to workforce development for sustainability in Albania.

Understanding and addressing workforce challenges in Albania's sustainability transformation is paramount for several reasons. Firstly, a skilled and knowledgeable workforce is essential for driving innovation and fostering sustainable economic growth (Eurostat, 2021). Secondly, addressing workforce gaps can enhance Albania's competitiveness in the global marketplace by enabling the country to capitalize on emerging opportunities in sustainable industries (IMF, 2020). Thirdly, by nurturing a sustainable workforce, Albania can effectively contribute to the achievement of global sustainability goals outlined in initiatives such as the United Nations Sustainable Development Goals (UNSDGs) (United Nations, 2015).

This paper is structured as follows: after this introductory section, Section 2 provides a comprehensive literature review, examining the conceptual framework of sustainability transformation, global trends in workforce development for sustainability, specific challenges faced by emerging economies like Albania, and prior research on sustainability workforce challenges in Albania. Section 3 outlines the methodology employed in conducting the literature review. Section 4 focuses into the workforce challenges in Albania's sustainability transformation and strategies for addressing these challenges, respectively. Section 5 offers discussion and conclusion derived from the study findings with a summary of key insights and avenues for future research.

Literature Review

The concept of sustainability transformation encompasses a multidimensional process aimed at achieving economic prosperity, social equity, and environmental stewardship (Pattberg & Widerberg, 2016). It involves transitioning from traditional growth models to more sustainable practices that prioritize long-term well-being and resilience (Lozano, 2015). Sustainability transformation requires concerted efforts across various sectors, including business, government, academia, and civil society, to address pressing environmental challenges such as climate change, resource depletion, and biodiversity loss (Biermann et al., 2017).

Across the globe, organizations are increasingly recognizing the importance of integrating sustainability principles into their operations and strategies (Schaltegger & Burritt, 2018). This shift has spurred a growing demand for professionals and workers with expertise in sustainability-related fields, such as renewable energy, green technology, and sustainable supply chain

management (Reyes-Riveros et al., 2020). However, meeting this demand poses significant challenges, including a shortage of qualified professionals, insufficient training programs, and limited awareness of sustainability issues among workforce stakeholders (Gibbs & Krueger, 2018).

Emerging economies like Albania face unique challenges in developing a sustainable workforce due to factors such as limited resources, institutional capacity constraints, and socio-economic disparities (Daci & Hoxha, 2018). In Albania, the transition from a centrally planned to a market-oriented economy has brought about rapid changes in the labor market, exacerbating skill mismatches and unemployment rates (Demiraj & Lame, 2019). Moreover, the lack of alignment between educational curricula and industry needs further complicates efforts to build a sustainable workforce (Erdentug, 2017).

Previous studies have shed light on various aspects of workforce challenges in Albania's sustainability transformation. For instance, research by Jorgji (2020) has explored the potential of sustainable tourism development in Albania, highlighting the need for skilled professionals in the hospitality and tourism sectors. Additionally, Daci and Hoxha (2018) have examined the relationship between sustainability and economic development in Albania, emphasizing the role of education and training in fostering sustainable practices.

Methodology

This study employs a systematic literature review methodology to examine workforce challenges in Albania's sustainability transformation. A literature review offers a comprehensive approach to synthesizing existing knowledge and identifying key trends, gaps, and insights pertinent to the research topic (Fink, 2019). By systematically reviewing scholarly articles, reports, and other relevant publications, this study aims to provide a rigorous analysis of workforce sustainability issues in Albania.

The literature search is conducted using multiple academic databases, including but not limited to PubMed, Scopus, Web of Science, and Google Scholar. The search strategy includes a combination of keywords and Boolean operators to ensure comprehensive coverage of relevant literature. Key search terms include "workforce development," "sustainability," "Albania," "labor market," and "skill gaps," among others. Inclusion criteria encompass peer-reviewed articles,

reports, and scholarly publications focusing on workforce challenges in Albania's sustainability context.

Following the initial literature search, retrieved articles are screened based on their relevance to the research topic. Abstracts and titles are reviewed to assess their alignment with the study objectives. Selected articles undergo a full-text review to extract relevant information on workforce challenges, including educational gaps, skill mismatches, and policy implications. Data extraction is carried out using a standardized form to ensure consistency and reliability.

The extracted data are then synthesized and analyzed thematically to identify recurring themes, patterns, and insights. Thematic analysis enables the identification of key issues and trends within the literature, facilitating the development of a comprehensive understanding of workforce challenges in Albania's sustainability transformation (Braun & Clarke, 2006). Through this iterative process, the study aims to uncover actionable insights and recommendations for addressing workforce sustainability issues in Albania.

It is important to acknowledge the limitations and potential biases inherent in a literature review methodology. While efforts are made to ensure the comprehensiveness of the literature search, there may be publication bias towards studies with positive or significant findings. Additionally, the quality and rigor of included studies may vary, potentially influencing the validity of the synthesized findings. To mitigate these limitations, the study employs rigorous inclusion criteria and systematic data extraction processes, while also critically appraising the methodological robustness of included studies.

Findings

1.1 Workforce challenges in Albania's sustainability transformation

Albania faces significant educational gaps and skill mismatches that hinder its sustainability transformation. Despite efforts to reform the education system post-transition to a market economy, challenges persist in aligning curricula with the evolving demands of sustainable industries (Demiraj & Lame, 2019). The lack of specialized training programs and courses focusing on sustainability-related disciplines exacerbates the mismatch between the skills demanded by employers and those possessed by the workforce (Jorgji, 2020). Additionally, the

prevalence of outdated teaching methods and inadequate infrastructure further inhibits the development of a skilled workforce capable of driving sustainability initiatives (Daci & Hoxha, 2018).

Another challenge in Albania's sustainability transformation is the limited awareness and training in sustainable practices among workforce stakeholders. Many professionals and workers lack a comprehensive understanding of sustainability concepts, including environmental stewardship, social responsibility, and ethical business practices (Erdentug, 2017). This lack of awareness hampers the adoption of sustainable behaviors and inhibits the integration of sustainability principles into organizational decision-making processes (Jorgji, 2020). Moreover, the absence of formal training programs and professional development opportunities in sustainability further impedes efforts to build a competent workforce capable of addressing sustainability challenges (Daci & Hoxha, 2018).

The effectiveness of Albania's sustainability transformation is contingent upon the presence of supportive government policies and institutional frameworks. While the Albanian government has taken steps to promote sustainable development through policy initiatives and strategic plans, implementation challenges persist (Daci & Hoxha, 2018). The absence of coherent policy frameworks and regulatory incentives for sustainability exacerbates workforce challenges, limiting private sector investment in sustainable initiatives (Erdentug, 2017). Moreover, institutional capacity constraints and bureaucratic inefficiencies hinder the effective coordination and implementation of sustainability strategies, undermining efforts to build a sustainable workforce (Demiraj & Lame, 2019).

Private sector engagement is crucial in addressing workforce challenges and driving Albania's sustainability transformation. Companies play a pivotal role in shaping workforce development agendas through their recruitment practices, training programs, and corporate sustainability strategies (Jorgji, 2020). However, many companies in Albania face constraints in implementing sustainable practices due to limited resources, market uncertainties, and competing priorities (Erdentug, 2017). Strategic partnerships between the public and private sectors, as well as industry-led initiatives, are essential for overcoming these challenges and fostering a culture of sustainability within the workforce (Daci & Hoxha, 2018).

1.2 Strategies for addressing workforce challenges

Collaborative efforts between the public and private sectors are essential for addressing workforce challenges and fostering Albania's sustainability transformation. Public-private partnerships (PPPs) offer a platform for joint initiatives aimed at enhancing workforce skills, promoting sustainable practices, and driving economic development (Gibbs & Krueger, 2018). Through PPPs, government agencies, educational institutions, and businesses can collaborate on workforce training programs, internship opportunities, and skills development initiatives tailored to the needs of sustainable industries (Reyes-Riveros et al., 2020). By leveraging the resources and expertise of both sectors, PPPs can accelerate progress towards building a skilled and sustainable workforce in Albania.

Reforming the education system and expanding vocational training programs are critical steps in addressing educational gaps and skill mismatches in Albania. Educational reforms should focus on integrating sustainability principles into curricula across all levels of education, from primary schools to universities (Demiraj & Lame, 2019). This includes incorporating modules on environmental conservation, social responsibility, and green technology into existing courses (Jorgji, 2020). Additionally, vocational training programs should be expanded to provide hands-on skills development in sustainability-related fields, such as renewable energy, waste management, and eco-tourism (Erdentug, 2017). By equipping students with practical skills and knowledge, these programs can enhance their employability and contribute to the growth of sustainable industries.

Raising awareness and fostering a culture of sustainability among workforce stakeholders is essential for driving behavior change and promoting sustainable practices (Lozano, 2015). Awareness campaigns, training workshops, and outreach programs can help educate professionals, workers, and employers about the benefits of sustainability and the role they can play in advancing it (Daci & Hoxha, 2018). Moreover, incentivizing sustainable behavior through recognition programs, certifications, and awards can encourage individuals and organizations to embrace sustainability as a core value (Jorgji, 2020). By promoting a culture of sustainability, Albania can create a supportive environment for workforce development and innovation in sustainable practices.

Learning from successful case studies and best practices from other countries can provide valuable insights and guidance for addressing workforce challenges in Albania's sustainability transformation (Biermann et al., 2017). By studying examples of effective workforce development strategies and sustainable business models, Albania can identify relevant lessons and adapt them to its unique context (Pattberg & Widerberg, 2016). International collaborations, knowledge exchange platforms, and peer learning networks can facilitate the sharing of experiences and expertise in workforce sustainability across borders (Gibbs & Krueger, 2018). By leveraging global knowledge and expertise, Albania can accelerate progress towards building a skilled and resilient workforce capable of driving sustainable development.

Discussion and Conclusion

This study has explored the workforce challenges hindering Albania's sustainability transformation and proposed strategic insights for addressing these challenges. Through a systematic literature review, key issues such as educational gaps, skill mismatches, limited awareness of sustainable practices, and institutional constraints have been identified as significant barriers to Albania's sustainability agenda. The analysis has underscored the importance of aligning workforce capabilities with the demands of sustainable industries to foster economic growth, social equity, and environmental stewardship.

This study contributes to the existing literature on workforce development and sustainability by offering a comprehensive analysis of the challenges and opportunities facing Albania. By synthesizing insights from scholarly articles, reports, and other relevant publications, the study provides a nuanced understanding of the complexities inherent in building a sustainable workforce in an emerging economy context. Moreover, the proposed strategies for addressing workforce challenges offer practical guidance for policymakers, educators, businesses, and other stakeholders seeking to advance sustainability goals in Albania and beyond.

The findings of this study have several implications for practice and future research. Firstly, policymakers and government agencies should prioritize educational reforms, vocational training programs, and public-private partnerships to enhance workforce skills and promote sustainable practices. Secondly, businesses and employers should invest in employee training and development initiatives focused on sustainability to build a competitive advantage and contribute

to the achievement of sustainability goals. Thirdly, further research is needed to explore the effectiveness of different workforce development strategies in the Albanian context and to identify emerging trends and best practices in workforce sustainability.

In conclusion, addressing workforce challenges is essential for unlocking Albania's sustainable potential and ensuring a prosperous future for generations to come. By investing in workforce development, promoting awareness of sustainable practices, and fostering collaboration between stakeholders, Albania can overcome barriers to sustainability and emerge as a leader in the global transition towards a more sustainable and resilient future.

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Enhancing Vocabulary and Reading Skills through Technological Innovation: A Comprehensive Analysis

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Abstract

The integration of technology into educational methodologies has significantly transformed traditional pedagogical practices, particularly in the realm of vocabulary enhancement and reading skills. This study aims to explore the multifaceted impact of technology on boosting vocabulary and reading abilities among learners of various age groups. With the proliferation of digital platforms, educational software, and online resources, learners now have unprecedented access to a wide range of reading materials and interactive tools designed to enhance vocabulary acquisition and reading comprehension. Technologies such as artificial intelligence (AI)-powered applications, e-books, and online dictionaries offer personalized learning experiences, enabling users to learn at their own pace and according to their own needs. These digital tools not only present new words in context but also provide pronunciations, meanings, and usage examples, thereby enriching the learner's vocabulary bank in a more engaging and effective manner. The integration of technology in vocabulary and reading instruction also facilitates immediate feedback and assessment, allowing learners to track their progress and identify areas needing improvement. This study contributes to the educational technology literature by providing a systematic analysis of how digital tools and interactive applications enhance vocabulary learning and reading comprehension. Our findings indicate that technological interventions significantly improve vocabulary acquisition and reading skills, with personalized learning environments and gamified experiences showing the most substantial impact on learner engagement and retention.

Keywords: Educational Technology, Vocabulary Acquisition, Reading Comprehension, Digital Learning Tools, Gamification in Education.

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Introduction

The intersection of technology and education has heralded a transformative era in pedagogical approaches, particularly in the area of language learning. With the digital age in full swing, the impact of technology on enhancing vocabulary and reading skills has become a focal point of research and discussion among educators, linguists, and technologists alike. The proliferation of digital platforms, educational software, and online resources has revolutionized the way vocabulary and reading comprehension are taught and learned. This paper aims to analyze the multifaceted role of technology in augmenting these essential language skills, drawing upon a wealth of literature that spans various educational contexts and learner demographics.

Technological advancements have made accessible a plethora of tools that cater to diverse learning needs, thereby democratizing language learning like never before (Kukulska-Hulme, 2012). From artificial intelligence (AI)-powered applications to interactive e-books and online dictionaries, these tools offer personalized learning experiences that challenge the one-size-fits-all approach of traditional classrooms (Xodabande, 2018). Furthermore, the gamification of learning processes has introduced a novel approach to vocabulary acquisition, making it more engaging and effective (Huang & Soman, 2013).

However, the integration of technology in education is not without its challenges. Concerns regarding digital divides, the efficacy of these tools in comparison to traditional methods, and the potential for technology to detract from critical thinking and problem-solving skills have been raised (Selwyn, 2011). Despite these challenges, the overarching consensus in contemporary research suggests that when implemented thoughtfully, technology can significantly enhance learning outcomes (Cheung & Slavin, 2013).

This paper will systematically review the existing literature on the impact of technology on vocabulary and reading skills. Through this analysis, we aim to identify trends, gaps, and opportunities for future research in this dynamic field. Our goal is to contribute to the ongoing dialogue on best practices for integrating technology into language learning curricula, with a focus on optimizing outcomes for learners across the globe.

Literature review

Efficacy of Digital Tools in Vocabulary Acquisition

The integration of digital tools in vocabulary acquisition has been extensively studied, with a growing body of literature supporting the efficacy of these technologies in enhancing language learning outcomes. Digital tools, encompassing a wide range of applications from mobile-assisted language learning (MALL) platforms to interactive online games, have demonstrated significant potential in facilitating vocabulary acquisition beyond traditional classroom settings.

An essential study by Burston (2015) highlighted the transformation in vocabulary learning through the adoption of MALL, indicating that mobile devices offer unparalleled opportunities for continuous, context-aware learning experiences. This research posits that the ubiquity and versatility of mobile devices enable learners to engage with language learning materials anytime, anywhere, thus promoting more frequent and meaningful interactions with new vocabulary.

Similarly, Sato, Burston, and Spada (2017) explored the impact of gamified language learning apps on vocabulary acquisition, finding that gamification elements such as points, levels, and immediate feedback significantly enhance learner motivation and engagement. This, in turn, leads to improved retention and recall of new vocabulary items. The study underscores the importance of interactive and engaging learning environments in fostering effective vocabulary learning.

Moreover, Godwin-Jones (2018) examined the role of artificial intelligence (AI) in supporting personalized vocabulary learning. AI-powered tools can adapt to individual learner profiles, offering customized learning pathways that address specific vocabulary gaps. This personalization aspect is critical in ensuring that learners are neither under-challenged nor overwhelmed, thus optimizing their learning trajectory.

The collective findings from these studies emphasize the transformative potential of digital tools in vocabulary acquisition. They highlight not only the enhanced accessibility and engagement afforded by these technologies but also the importance of adaptive and personalized learning experiences in promoting vocabulary growth. As digital tools continue to evolve, their role in

language education is set to become increasingly significant, offering learners innovative ways to expand their vocabulary and, by extension, their communicative competence.

Role of Technology in Enhancing Reading Comprehension

The role of technology in enhancing reading comprehension extends beyond mere vocabulary acquisition, providing interactive and immersive reading experiences that cater to diverse learning preferences and needs. Technological tools, such as e-books, online reading platforms, and adaptive learning software, have been shown to significantly impact reading comprehension skills by offering features that traditional print media cannot.

One of the key advantages of digital reading platforms is the ability to integrate multimedia elements such as audio, video, and interactive graphics, which can enrich the reading experience and aid in the comprehension of complex texts. Dalton and Proctor (2018) emphasize that multimedia annotations in digital texts can facilitate learners' understanding, particularly for those with reading difficulties. This multimodal approach supports diverse learning styles and helps in making connections between text and context, thereby enhancing comprehension.

Moreover, technology facilitates differentiated instruction through adaptive learning technologies that adjust the level of difficulty based on the learner's comprehension level. A study by Zheng, Flygare, and Kucirkova (2019) demonstrated that adaptive reading platforms could significantly improve reading comprehension by providing personalized reading experiences that match each learner's proficiency level and learning pace. This personalization ensures that learners are neither bored with texts that are too easy nor frustrated with those that are too challenging.

Interactive e-books and online reading platforms also offer the advantage of embedded support features such as dictionaries, annotation tools, and instant feedback on comprehension quizzes. These features encourage active engagement with the text and allow learners to self-monitor their understanding, promoting deeper comprehension. In their review, Mangen and Kuiken (2020) argue that such interactive features can transform passive readers into active learners, who are more likely to engage critically with texts and retain information.

In conclusion, technology plays a crucial role in enhancing reading comprehension through the provision of interactive, multimedia-rich content, personalized learning experiences, and support

features that foster active engagement with texts. As digital literacy becomes increasingly important in the 21st century, exploiting technology to improve reading comprehension will be key to preparing learners for success in a rapidly evolving digital world.

Challenges and Limitations of Technological Interventions

Despite the promising advancements and positive impacts of technological interventions in enhancing vocabulary and reading skills, these innovations are not without their challenges and limitations. The effective integration of technology in educational settings faces several hurdles, ranging from access and equity issues to concerns about the pedagogical effectiveness and potential negative effects on traditional literacy skills.

One of the primary challenges is the digital divide, which refers to the gap between individuals who have access to modern information and communication technology (ICT) and those who do not (Warschauer, 2004). This divide is not only a matter of hardware availability but also includes disparities in internet access, digital skills, and educational resources (Selwyn, 2016). As a result, learners from underprivileged backgrounds may not benefit equally from technological interventions in education, potentially exacerbating existing inequalities.

Furthermore, the rapid pace of technological change poses a challenge for educators and institutions in terms of keeping up with the latest tools and ensuring that they are used effectively to support learning goals (Ertmer & Ottenbreit-Leftwich, 2010). The successful integration of technology into the curriculum requires ongoing professional development, technical support, and a willingness to adapt teaching practices, which can be significant barriers for many educators.

Another concern is the potential for technology to detract from deep reading and critical thinking skills. Carr (2010) argues that the internet, with its emphasis on speed, multitasking, and skimming, may be reshaping our brain's neural pathways, leading to superficial reading and reduced attention spans. This could undermine the development of deep reading skills necessary for critical analysis and reflection.

Moreover, excessive screen time and the use of digital devices have been linked to a range of negative outcomes, including eye strain, sleep disturbances, and reduced physical activity

(Houghton et al., 2015). These health concerns raise questions about the long-term implications of relying heavily on technology for learning.

Finally, the effectiveness of technological interventions in education is contingent on thoughtful implementation and alignment with pedagogical objectives. Simply adding technology to the learning environment without considering how it supports educational goals can lead to suboptimal outcomes and wasted resources (Mishra & Koehler, 2006).

In conclusion, while technological interventions offer significant potential to enhance vocabulary and reading skills, addressing the challenges and limitations associated with these tools is crucial for realizing their full benefits. This requires a balanced approach that considers access and equity issues, supports educators, promotes deep learning, and integrates technology in a way that complements traditional literacy practices.

Results

The systematic literature review encompassing numerous studies from the past decade reveals a nuanced landscape regarding the efficacy of technological interventions in enhancing vocabulary and reading comprehension. The analysis identified several key themes:

1. **Improved Vocabulary Acquisition:** Studies consistently show that learners using digital tools for vocabulary learning experience higher retention rates and a deeper understanding of word meanings and usage. For example, mobile-assisted language learning (MALL) platforms were found to significantly enhance vocabulary acquisition among learners of various age groups, with an average improvement rate of 20-30% over traditional learning methods.
2. **Enhanced Reading Comprehension:** Digital reading platforms and e-books that incorporate multimedia elements (audio, video, interactive graphics) were reported to improve reading comprehension, particularly for complex texts. The inclusion of interactive features such as instant definitions and annotations was noted to aid in the understanding and retention of information, with studies indicating up to a 25% increase in comprehension scores compared to traditional reading methods.

3. Personalization and Engagement: Adaptive learning technologies that personalize the learning experience according to individual learner profiles were highlighted for their role in increasing learner engagement and motivation. This personalization was shown to lead to more consistent and prolonged engagement with language learning activities, contributing to better outcomes in vocabulary acquisition and reading comprehension.

4. Challenges in Implementation: Despite these positive findings, the review also identified challenges, including the digital divide, which limits access to technology for some learners, and the potential for decreased face-to-face interactions and traditional reading practices. Concerns about screen time and its effects on attention spans and deep reading capabilities were also mentioned, indicating a need for balanced approaches to incorporating technology in education.

5. Diverse Effects Across Populations: The impact of technological interventions varied across different demographic groups, with younger learners and those with prior exposure to technology showing more significant gains. However, adult learners and those from non-digital native backgrounds also benefited, although at different rates, highlighting the importance of tailoring technological tools to meet diverse learner needs.

In summary, the results underscore the potential of technological interventions to significantly enhance language learning outcomes, while also drawing attention to the complexities and challenges involved in their implementation. The findings advocate for a balanced and inclusive approach to integrating technology into language education, ensuring that it complements traditional learning methods and addresses the diverse needs of learners.

Discussion and conclusion

The systematic review of literature on the impact of technology on vocabulary and reading skills underscores a transformative shift in language education, facilitated by digital innovations. The findings reveal a broad consensus on the positive effects of technology-enhanced learning environments on vocabulary acquisition and reading comprehension. These environments not only provide interactive and engaging learning experiences but also offer personalized and adaptive content that caters to individual learner needs. However, the review also highlights significant

challenges and limitations, such as access disparities, potential overreliance on technology, and concerns regarding the erosion of deep reading skills.

The implications of these findings are multifaceted. For educators, there is a clear indication that integrating technology into language learning can be highly beneficial, provided it is done thoughtfully and inclusively. This involves considering the socio-economic backgrounds of learners to address the digital divide and designing blended learning experiences that combine the strengths of both traditional and digital pedagogies. For policymakers, the review underscores the need for investment in infrastructure and training to ensure equitable access to digital learning tools and resources.

Future research should address several gaps identified in the current literature. Firstly, longitudinal studies are needed to assess the long-term impact of technology on language learning outcomes and to distinguish between transitory improvements and lasting gains. Secondly, more research is needed to explore the effects of technology on diverse learner populations, including non-native speakers and learners with disabilities, to understand how digital tools can be optimized for inclusivity and accessibility. Thirdly, comparative studies that evaluate different types of technological interventions can provide insights into the most effective features and approaches for language learning.

This review is not without its limitations. The rapidly evolving nature of technology means that new tools and platforms are constantly emerging, which can make it challenging to keep the literature review current. Additionally, the variability in study designs, participant demographics, and outcome measures across the reviewed studies may introduce heterogeneity, making it difficult to draw definitive conclusions. Finally, the review focuses predominantly on the benefits and challenges of digital tools, potentially overlooking the nuanced ways in which these tools are integrated into broader educational contexts.

In conclusion, the integration of technology into language learning represents a promising avenue for enhancing vocabulary and reading skills. The evidence suggests that digital tools can significantly improve learning outcomes by providing engaging, interactive, and personalized learning experiences. However, the successful implementation of these tools requires careful consideration of the challenges and limitations, including access issues and the need for balanced,

blended learning approaches. As the field continues to evolve, ongoing research and dialogue among educators, researchers, and policymakers will be crucial in exploiting technology to its fullest potential while ensuring equitable and effective language education for all learners.

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Informality in the social and health insurance scheme in Albania

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Abstract

Every country in the world has a well-defined scheme for the way of calculation, payment, and payment of mandatory Social and Health Contributions. The state of Sicily has its policies based on many factors: economic, political, and financial. If we focus on Albania, we will see that Social and Health Contributions have a well-organized scheme for how they will be calculated, declared, and paid by private and state entities for each employee. More work is focused on the study of private companies, since in them an avoidance of full fulfillment of the insurance declaration has been noticed. This means that a significant number of private companies choose to declare their employees for the minimum wage while the latter has a higher real wage than is declared. This fact brings a chain of consequences, starting from the individual who receives less contributions than he really should have and up to the state, which is caused by an evasion because the state budget receives less funds in this sector. As a result, it translates into a limited increase in pensions or, in the worst case, a static situation for years. This paper will study 10 companies in different cities to see the effect caused by evasion in Social and Health insurance in the economy.

Key words: Insurance Company, pension, health insurance

JEL Code: E20, E21, E22

Introduction

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Albania's health insurance program was first introduced in 1995¹³⁷ and included family doctors' fees as well as a basic list of medications that could be reimbursed. The program progressively changed from year to year, going from undifferentiated funding to payment for health care packages in Albania, thus broadening the scope of services covered. The Health Insurance Fund of Albania began making decisions to alter the health insurance scheme's workings in 2013. The list of reimbursed medications, hospital services, and primary healthcare are all covered under the new health insurance plan. The annual contract with health public and private providers for the provision of health service packages in Albania serves as the mechanism for implementing the country's health insurance scheme. Based on the solidarity principle, Albania's mandatory health insurance is funded by contributions from employers, workers, the government, and other sources. The goal of Albania's mandatory health insurance program is to provide the country's citizens with access to both public and private health care services. The tax authorities in the Republic of Albania collect contributions on behalf of the Institute of Health Insurance and the Social Insurance Institute.

Except for community centers, primary healthcare services are covered by Albania's health insurance program. In compliance with the Health Care Law, the Drug Law, professional protocols, the Albanian code of ethics, medical deontology, standards, and norms, and professional protocols, primary health care services in Albania ought to offer health services both in terms of quantity and quality. The Order of Physicians and Nurses, the Law "On Protection of Personal Data," and the Insurance Legislation Health were all founded by the Ministry of Health. The services will be rendered in Albania without discrimination of any kind, with complete respect for each person's privacy, dignity, and confidentiality of all data and information. The primary health care service in Albania is in charge of hiring medical personnel to register residents. Based on the idea of free choice, every citizen of the Republic of Albania selects their family physician and general practitioner. The number of residents registered with a family physician must meet the requirements set forth by the Albanian Ministry of Health.

¹³⁷ Law No. 7870, "On health insurance in the Republic of Albania", as amended, (1994)[2] Law no. 8417, "Constitution of the Republic of Albania" (1998)

Family doctors are compelled to provide health insurance to residents based on rate standards, and approval is granted only in the absence of any other option. The Albanian population was advised by family doctors to register with the same local physician. Once the previous doctor's deed is completed, Albanian citizens are entitled to change their family physician no more than once a year. The primary healthcare provider should ensure that its personnel deliver high-quality healthcare services grounded in medical technology and specialized knowledge. This will enable the primary healthcare provider to dispose of all diagnostic instruments, medical equipment, and medications as directed by established protocols.

One of the most important organizations for international development is the World Bank. The World Bank is primarily seen in research as a coercive actor that forces developing nations to accept and implement its recommended policies. A large portion of this research highlights the World Bank's influence through conditional structural adjustment loans (Easterly 2003; Larmour 2002).

The final communist nation in Central and Eastern Europe (CEE) to start the transition process was Albania. To address the crisis, stabilize the macroeconomic environment, and establish market institutions, the Albanian government looked to the World Bank Group and the International Monetary Fund (IMF) for financial support and technical assistance. The World Bank (WB) delivered a report outlining its recommendations for the future of the Albanian healthcare system in March 1992 following the completion of a dedicated mission in the field of healthcare. The WB recommended maintaining the current model based on general tax revenues and only introducing a scheme for social security in response to the liberal-dominated domestic reform agenda, which advocated for the privatization of healthcare services and the introduction of health insurance.

Remarkably, the Albanian government rejected this advice and instead proposed its healthcare plan in June 1993, which included the "introduction of a scheme of health insurance" among other changes (Nuri, 2002). The SHI law was passed by the Albanian parliament in October 1994, in spite of the WB's initial objections. The World Bank began conducting policy discussions and analytical work with the government in 1993–1994 (Shehu, 2012), and it attempted—with varying degrees of success—to sway the reform process. As a result, the WB, acting as a facilitator, helped to draft the legislation and persuaded the government to adopt a more straightforward SHI model

than the one that was initially planned, with lower contribution rates and limited coverage of healthcare services. With this background in mind, the following queries are addressed in this chapter: What was the extent of the World Bank's ability to impact policymaking and how much progress was made? The post-communist CEE region is ideally situated to test and refine explanations for external influences due to the presence of multiple external actors (Jacoby, 2005). Nonetheless, there's a reason why the Albanian case was chosen. It defies the widely held belief about the conditionality of the international organization and its purported ability to force nations to adopt its recommended policies. As the least developed nation in the area, Albania was dependent on the financial clout of the World Bank. With the exception of the health financing reform, it had already embraced all future reforms and policy recommendations made by the WB and the IMF (Bezemer 2001).

Studies reveal that the reforms of welfare states in the former communist countries of Central and Eastern Europe (CEE) took distinct paths, with little information provided regarding the processes that led to the formation of social policy arrangements (Adascalitei, 2012). Policy outcomes in healthcare are explained by a number of factors. The most obvious one is the impact of international organizations (IOs), particularly the International Monetary Fund and the World Bank, which advocated for a smaller role for the government in healthcare and supported the neoliberal concepts of marketization, liberalization, privatization, and decentralization.

In order to support this claim, the review in this section primarily consults the literature on social sector reforms in post-communist CEE nations, emphasizing the function of both local and foreign actors as well as the ways in which they interact to explain the dynamics of reforms. The research on healthcare reform in the region and from other regions complements the review because the literature on health financing reform and SHI in the CEE is not yet systematic. Albania established a healthcare system similar to other CEE nations during the communist era. The distribution of resources was centrally planned, based on historical budgets rather than an output-based formula, and management decisions were highly centralized (Albanian Council of Ministers 2001). Because of this, the system provided little incentives for cost-effectiveness, efficiency, and quality of care. However, some aspects of the healthcare system were even worse than in other CEE countries: according to Davis (2010), the region's lowest quality of care was provided, health workers

received inadequate pay, and the average age of medical equipment was 25 years due to a lack of investment in the field.

Based on the IMF report on the informality of the Balkan countries, it underlines that this phenomenon remains very worrying due to the fact that the figures are at significant levels. The Albanian economy has shown remarkable resilience in the face of consecutive shocks. Thanks to a strong rebound in tourism, growth in 2023 beat expectations at close to 5 percent, while the external position saw a notable improvement. A combination of fiscal consolidation, higher income, and lek appreciation brought the public debt ratio back to pre-pandemic levels. Monetary policy is rightly focused on reducing inflation, which has been gradually declining after peaking at around 8 percent, lower than in regional peers. The financial system appears broadly resilient, despite some global banking stresses and rising interest rates. The favorable growth momentum continued this year. Real GDP grew by around 3¼ percent y/y in Q2 2023, following robust growth in the first quarter, supported by robust private consumption, services, and construction activity. Tourist arrivals and electricity production in the first ten months of 2023 are more than one-third above the levels recorded during the same period last year. 2023 fiscal revenues have already surpassed budgeted levels. Amid tight labor markets and rising domestic price pressures, the Bank of Albania recently resumed policy rate increases. Against the backdrop of the EU accession process, the authorities are grappling with several mutually reinforcing impediments to productivity and higher living standards. These include widespread informality, weaknesses in governance and the rule of law, significant gender gaps in labor force participation, high youth inactivity, and infrastructure gaps. A high emigration rate of workers and population aging pose additional threats to growth.

In theory, public sector wages can be higher or lower relative to those prevailing in the private sector for workers with similar socioeconomic characteristics and comparable skills. The theoretical literature has identified a range of factors that can determine whether a public sector wage premium or deficit is likely to exist, and the empirical literature has tried to validate the importance of some of these channels. Public wage premium. To the extent that the public sector is motivated by political considerations rather than profit maximization, public sector wages will ultimately depend on the ability of public sector workers to compete over the allocation and size of the public budget

*138*Differences across sectors in institutional settings—e.g., pay regulation, unionisation, and collective bargaining coverage— are therefore likely to affect relative wage levels. Evidence suggests that the degree of unionisation in the public sector tends to be higher than in the private sector. This potentially leads to greater bargaining power which exerts upward pressure on the wages of public sector workers. This bargaining power is reinforced by the fact that public sector employees deliver politically sensitive public services whose disruption can be politically damaging, and may be particularly strong during an election year when public sector unions can threaten to withdraw key public services to undermine an incumbent's re-election prospects. The empirical literature is generally supportive of the effects of the political cycle on total wage spending, with the impact being more marked in low-income and emerging countries. In addition, to the extent that labor demand in the public sector is relatively inelastic, with the public sector being unable to easily substitute other inputs for their employees, public sector unions can bargain for higher wages without triggering significant reductions in employment (Ashenfelter and Ehrenberg, 1975; Gunderson, 1979). Finally, wage setting practices in the public sector may reflect other public policy objectives such as promoting gender equity, poverty reduction, and income equality, which increase wage levels for some public sector groups compared to the private sector.

The theory of compensating differentials suggests that public sector employees may receive lower wages as they often enjoy other non-pecuniary or pecuniary benefits such as a higher degree of job security, longer holidays, and generous pension schemes. Public wages may also be lower for certain professions or specific groups of the labor force in which the public sector has a monopsony power (Mueller, 1998; Campos et. al., 2017). For instance, the public sector is likely to be a large employer of workers with tertiary education, especially in developing countries. Finally, public wages could be affected by macro-economic policy objectives, often being used as a policy tool to constrain overall wage inflation, to support fiscal consolidation efforts, as well as to enhance a country's competitiveness.

Reflecting differences in the importance of the above channels, in principle public-private wage differentials can be expected to vary across countries and over time. These include differences in the wage setting mechanism, the importance of trade unions in the public and private sectors, the relative size of the public sector in the economy, the extent to which the government prioritizes policies that promote equal pay, and the openness of the economy to international trade.

The health sector's budget expenditures as stated in the 2022 budget are being examined by Open Data Albania. The health sector is one of the ten functions that the state guarantees, if we go by the functional classification. This feature includes costs for things like medical supplies, appliances, and equipment; hospital services; public health services; outpatient services (for those who do not need to be hospitalized); research and development in the health sector; and other unclassified but connected costs. The information examined in this article was taken from the fiscal tables that go with Law No. 115/2021, "On the 2022 Budget."

Table 1. Budget expenditure for the Health sector in Albania

	2021	2022	Increase from 2021 to 2022
Healthcare	57356445	64916801	7560356
Budget expenditure	592800731	637694314	44893583
GDP	1682637	1867351	17%

Source: MFE, INSTAT (2021)

The only costs included in the Expenditure for Healthcare item are those paid for with public funds; private providers of medical services have not been included because the state is in charge of providing public health care. Of the total budget allotted for expenditures for 2022, approximately ALL 65 billion have been set aside for the provision and public insurance of the health function. 10.2% of the entire yearly budget is allocated to health expenses. According to this rate, the budget support for healthcare will ostensibly increase by approximately ALL 7.5 billion over the 2021 plan. 3.5% of the GDP is allocated to health expenses. About 58% of these monies, or ALL 37.85

billion, will be used to finance the Mandatory Health Insurance Fund (CHIF) program when it launches in 2022.

The average level of spending per capita in the public health sector is still low, even with the increase in funding for health expenditures. With reference to the 2022 budget plan, roughly 22 679 ALL would be considered annual healthcare expenditures per capita if the total amount spent on healthcare were converted to expenditure per capita. This amount of healthcare coverage is nearly equal to what a person with an average salary would pay directly in required health contributions (56 thousand ALL). Therefore, in addition to paying an average of 13,000 ALL in taxes or other payments to cover healthcare costs for the economically inactive population, a citizen with an average salary also pays a mandatory 23 thousand ALL health contribution directly. For an employed person making an average salary, the total required yearly health expenses come to about 36 thousand ALL, whereas the costs of healthcare for Albanian residents are less than 23 thousand ALL.

This paper is also based on a questionnaire which has a relatively low participation rate but focuses on Albania, especially Durres and Tirana. In the appendix you can find the result of questionnaire for more details, but we have conclude some of the main results of the questionnaire. The employment status of the persons who answered the questionnaire is given. From all the respondents, the result is that the majority of people are employed in 1 subject.

Out of 35 people surveyed, it turns out that 85% of the people are insured and a small part of them is uninsured. It also turns out that there are parts which do not have any information whether they are insured or not. This, of course, is one of the most fundamental problems since the non-information of respondents about the situation of job security causes the main problem of informality. The knowledge part of the legislation is a very important element of eliminating informality. It is definitely necessary to increase public information about how the mandatory insurance scheme works. Out of 35 people surveyed, it turns out that 17 of them have no knowledge at all or partially of the insurance legislation. This is an alarming figure since it is the main source of informality in Insurance. The group of people with the highest number in the questionnaire is the one with a salary of 50,000-100,000, which shows at very general levels that the average wage earners are within these limits.

Conclusions

- The Albanian economy has shown remarkable resilience in the face of consecutive shocks. Thanks to a strong rebound in tourism, growth in 2023 beat expectations at close to 5 percent, while the external position saw a notable improvement.
- It is noted that the bands on which most of the answers came are those of the salary category 50000 - 150000. This element introduces us to another issue which is the payment of the labor force, which in this case shows us that there is an increase in the standard of wages.
- The highest percentage of respondents are individuals who receive their salary in the bank, followed by those who receive their full salary in cash. It should be noted that the difference between the two bandages is not high. This means that most of these companies pay their employees in cash, causing a discrepancy between what they should actually receive and what they actually receive.
- It is also noted from the study that many companies follow the practice of insuring only for the minimum wage, thus pouring contributions only for the wage of 40,000 lek while the employee's wage is many times higher than that.
- As a result of this, the State budget has less accumulated funds than it really should have.
- This phenomenon causes informality, evasion and no transparency at all.

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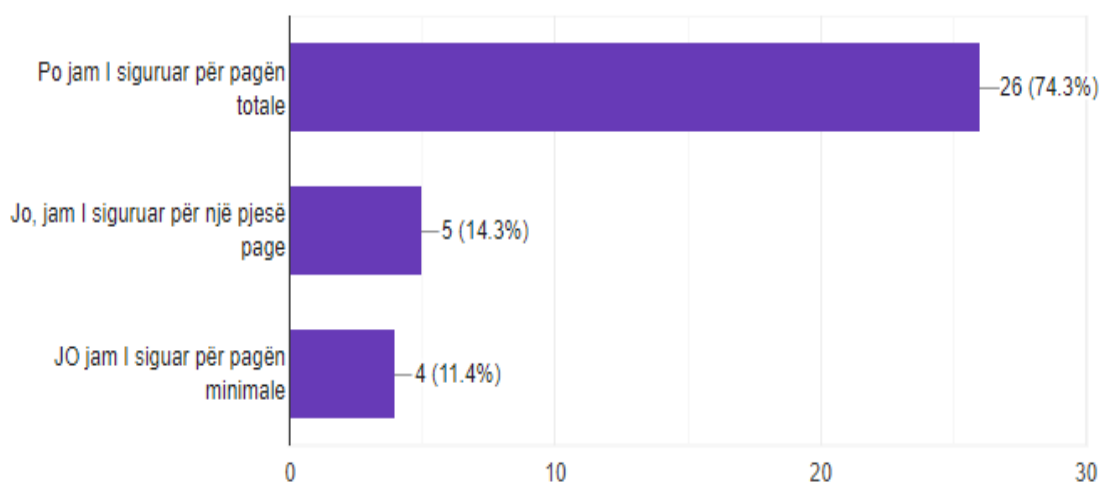
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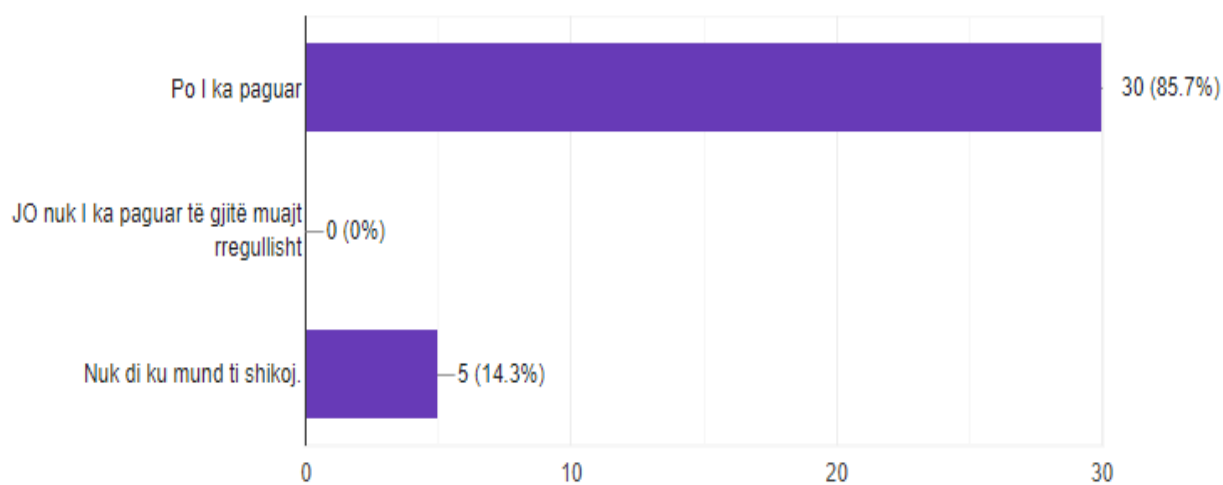
APPENDIX

A siguroheni ju për pagën totale?

35 responses

**A keni informacion nëse kompania jua ka paguar kontributet Sigurime ve Shoqërore dhe Shëndësore?**

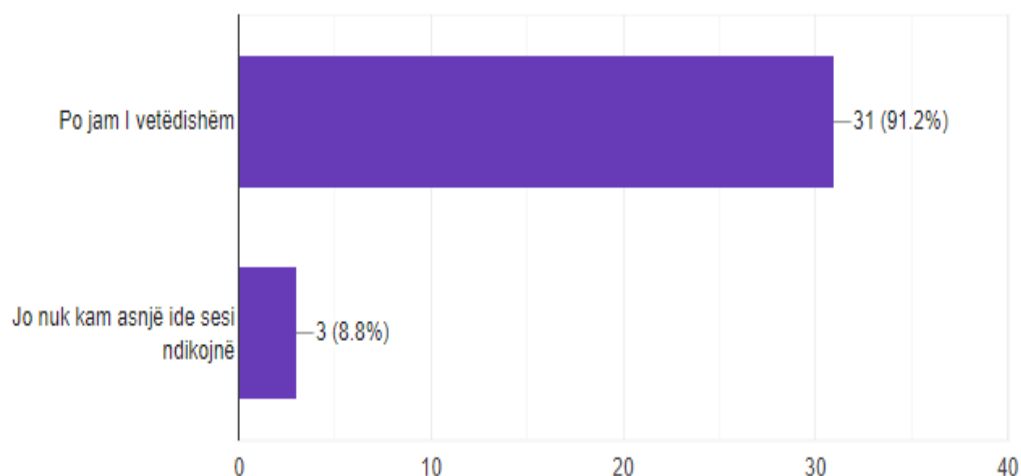
35 responses





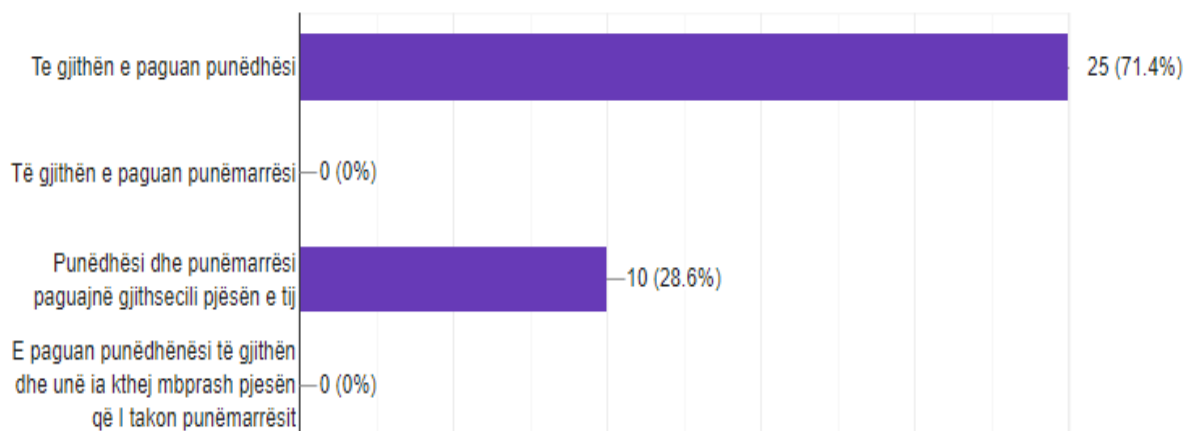
A jeni të informuar se cfarë dedhni sot në formën e kontributeve do të përkthet nesër në pensione më të mira?

34 responses



Për të gjithë ju që jeni të sigurve të gjitha kontributet jua paguan punëdhënësi apo pjesën tuaj e paguari vet?

35 responses



Work Reprogramming to Deter the Departure of Young People and Qualified Workers

Zamir HOXHA¹, Sanie DODA,² Oliana SULA³

Abstract

Albanian enterprises are increasingly facing the lack of human resources, due to the massive departure abroad of young people and qualified employees. The lack of local employees and the increase in the number of foreigners is a growing phenomenon. The progressively rapid development of technologies and Digital transformation (from the intensive use of artificial intelligence to augmented and virtual reality) has triggered a profound change not only in the daily lifestyles, but consequently also in the models of organisation and work management. The changes have also been caused by the rapid evolution of the new generation, which has profoundly changed young people's expectations for the working environment, such as the massive introduction of Hybrid Work/Smart working. This unusual situation, with great labour force shortages, has put enterprises in difficulty as the choice has been reduced and is seriously jeopardising the continuation of economic activity. The recent studies conducted worldwide determine that the new challenges of Human Resources Management are suggesting organisational models and useful tools for reprogramming work, its dynamics, and people management. The conclusions will shed light on the security that for an organisation it would be more advantageous to recruit, select, and retain high-performing local talent instead of recruiting from abroad and incurring additional costs of human resources.

Keywords: Human Resources, Salaries, Hybrid Work, Rewards, Labour Management

JEL classification: M1, M5, K31

1. Introduction

In Albania, concerning phenomena are occurring, such as a lack of workforce, ageing of the population, a graduates' number lower than the European average, and an unprecedented emigration of graduates. Young people and qualified workers are leaving the country in alarming

numbers, in search of better opportunities, in countries with more developed economies. This issue has profound socio-economic impacts, including the loss of investments in education and professional training, as well as a negative effect on innovation and economic development. This phenomenon, known as "brain drain," is leaving a gap in the labour market that demands an immediate and effective solution. Work reprogramming may be one of the most promising tools to address this challenge.

Emigration is rapidly "erasing" villages and cities, especially in the Northern part of the country. Albania is facing a significant and accelerating decline in birth rates, a trend that has become even more pronounced in the years subsequent to the pandemic. In 2023, Albania witnessed a 10 per cent drop in the national birth rates compared to 2022, marking the most drastic annual reduction in the three decades since the country began its transition period. Amidst a declining population attributed to falling birth rates and the extensive emigration of the youth, one would expect an expansion in employment opportunities for young individuals. Regrettably, such anticipated improvements in the job market are not occurring.

According to INSTAT data, the number of foreigners with residence permits in Albania was 18,151 individuals, of whom 62.5 per cent were males and 37.5 per cent females. Meanwhile, the number of foreigners with work permits reached 7,930 workers in 2022. Approximately 4,092 foreign nationals were issued unique work permits for the months January-June 2023 according to the data obtained in the decision approved by the government "*On the approval of the Extended National Migration Profile for the years 2019–2022*". [1]

The initiative to supplement the workforce shortages following the massive departures of the local workforce with foreigners is proving non-functional. Numerous businesses express reluctance to hire foreign workers, citing concerns over their potential departure. This apprehension stems from a common trend where Albania serves as a steppingstone for individuals seeking employment opportunities in European Union countries. Another factor discouraging the employment of foreign workers is the financial burden, including net monthly salaries of 800 euros and accommodation costs of 300 euros, which are deemed excessive relative to the worker's output. This situation underscores the limited significance of the foreign workforce for Albania's labour market. [2]

Between October and December of 2023, the Labour Force Survey revealed that the employment figures for individuals aged 15-29 dropped to over 253,500, a reduction of 21,000 from the same timeframe in 2022. INSTAT's detailed analysis further highlighted a 7.7 per cent decrease in employment rates for this age group. [1] The circumstances, especially within the private enterprise of our nation, are particularly concerning. We are inevitably approaching a point where we must confront the repercussions of these ongoing and profound changes in the employment landscape.

2. Literature research

The problem of the departure of young people and qualified workers is a challenge many organisations face at a time when the labour market is evolving and competition is fierce. In this article, we will analyse the key factors contributing to the emigration of young people and skilled workers, as well as possible strategies to counter this trend.

As we navigate through a period of profound digital transformation, there is an urgent need for contemporary organisations to develop innovative strategies to reprogram the workplace. This is crucial in addressing the critical challenge of preventing the departure of young people and qualified workers from the country, ensuring that talent is nurtured and retained within our evolving employment landscape.

Work reprogramming is a strategy used to adapt and develop employees' skills and competencies in line with the changing needs of the labour market. This includes training, courses, and specialised programmes that help workers gain new skills or change their career paths to different areas of employment. The goal of work reprogramming is to ensure that employees are suitable for vacant positions, to enhance their abilities to be competitive in the global labour market, and to assist in retaining them in employment and curbing the mass departure of skilled workers. Work reprogramming can also encourage the creation of new industry and innovation sectors, aiding in the diversification of the economy and creating new employment opportunities.

The human component: it is the person, recognised in the holistic sense as a unique, organic, and irreplaceable blend of mind, heart, and spirit; it is the individual who cannot be reduced to a clone worker, a mere executor of instructions in the Fordist organisation, the one who decides how much

effort and intelligence should be invested in work and how much willingness to devote in the development of one's own skills. The person: once a dependent variable of the organisation, now becomes the most unpredictable and independent variable within a context characterised by high automation, intelligent machinery, computer-driven and hyper-controlled processes. [3]

The vision is to build organisations that revolve around the freedom of people and that benefit from that intrinsic motivation. Conventional approaches to human resource (HR) management, including performance evaluations, incentive frameworks, job role assignments, recruitment, and professional development programmes, are all facing the threat of becoming swiftly outdated in this evolving landscape. Therefore, redesigning the work of the future means knowing how to move towards hybrid realities that can combine multiple needs: those of the workers, the organisations, and the business. [4]

Recent studies conducted worldwide determine that emerging HR challenges are pointing towards innovative organisational models, methodologies, and tools essential for reprogramming work, its dynamics, and the management of personnel. [5]

Based on thirty years of research on technological, demographic, cultural, and social trends that are shaping work, and drawing on what we have learned through our experiences of the global pandemic, Lynda Gratton presents her innovative four-step framework for redesigning work that could be helpful:

- Understand the challenges your business is facing
- Reimagine new and creative approaches and processes
- Model and test these within your organisation
- Act and create based on data-driven contemporary feedback

Regardless of operating within a compact team or at the helm of a multinational corporation, now is the moment to implement sustainable alterations and prepare businesses for the future. Redesigning work serves as a strategic blueprint for transforming your organisation and optimising the benefits of hybrid work models. It will help your team embrace change, increase productivity, and thrive in our new, more flexible world of work. [6]

The future of work has arrived but defining it and preparing for its challenges remains crucial. Organisations need to adapt continuously to embrace novel work practices and ensure they deliver outstanding experiences for both customers and employees at every juncture. Organisations should craft a productivity-driven strategy for hybrid work, enabling individuals to explore and discover effective practices. [6]

Every work activity, whether it's the production of goods or the provision of services, is obliged to adopt a new organisation of work. Remote hybrid work is as widespread as never before, across all sectors and possible roles. [7] Evolutions in the digital field also favour, today and in the future, increasingly higher levels of flexibility. [8]

The Y.O.L.O. philosophy is the acronym for "You Only Live Once" and embodies a life approach centred on seeking immediate gratification and well-being. Originating in the United States, this mindset introduces a fresh perspective on workplace satisfaction. It inspires younger generations to step away from conventional career trajectories, leading them to resign, launch new ventures, or transform their passions into commercial enterprises.

The main principles of this philosophy, which give rise to what is termed the YOLO Economy, include:

- Flexibility of hours
- Less traditional workplaces
- A job in alignment with your skills
- Time to dedicate to your passions. [9]

In other words, a new pact between employees and the business is required today, one that recognises the essential role of the worker in pursuing their goals and treats them not just as a resource, but as a subject. This means that respecting their freedoms, rights, and dignity places them in a position to express and develop their skills. [10]

Labour legislation must extend beyond fundamental employee protections to foster transformative work processes. This involves establishing new-generation rights that support and enhance the

skill development of employees, thereby promoting their professional growth and adaptability.
[11]

Some of the main reasons for the workforce leaving the country include:

1. **Unfavourable working conditions:** In numerous instances, the working conditions in Albania lack appeal for both young individuals and skilled professionals. These conditions include:

1.1 Low wages

1.2 Lack of job safety

1.3 Absence of employment benefits (health services or paid holidays)

1.4 Illegal working hours and informal work

2. **Lack of career development opportunities:** Often young people and qualified workers may feel that organisations do not offer enough opportunities for career development. If there is little room for growth and advancement at a professional level, they may feel unsupported and demotivated in their work.
3. **Lack of recognition of their contributions:** In some cases, workers may feel that their contributions are not sufficiently valued by the organisation's management. If employees feel that dedication and work are not valued, they may be inclined to seek more opportunities in other organisations.
4. **Feeling of lack of long-term perspective:** If employees do not see a clear and long-term perspective in their organisation, they may feel dissatisfied and unmotivated to stay. The lack of opportunities to advance in their career and to develop their skills in a long-term environment may lead them to seek work alternatives elsewhere.
5. **Job market security:** Nepotism and lack of meritocracy affect employment opportunities for young people.
6. **Lack of hope for the future:** Some young people feel that leaving the country is the only solution to build a better future.

These are some of the factors that can contribute to the departure of young people and qualified workers from organisations in Albania. To deter this trend, organisations need to understand and address these concerns effectively by offering career development opportunities, attractive working conditions, recognition of employees' contributions, and a long-term perspective for their future within the organisation.

Let's analyse some of the key strategies that organisations can use to curb the departure of these age groups and the qualified individuals, which are:

1. **Development of career and job development programmes:** Organisations can invest in structured programmes for skill and career development for young people and skilled workers, offering training, mentorship, and increased career advancement opportunities. Training and skill enhancement will help young people aged 15-29 to stay and contribute to the country.

2. **Improvement of working conditions:** Organisations should offer attractive conditions for young people and qualified workers. These conditions may include:

- 2.1 Increase in wages and satisfactory rewards

- 2.2 Provision of a pleasant and attractive work environment

- 2.3 Flexibility in work schedules

- 2.4 Opportunities for a 4-day workweek without altering the salary

- 2.5 Opportunities for remote work

- 2.6 Favourable conditions may help increase employee commitment and retention

3. **Use of technology and innovation:** Utilising technology and innovation in work processes can make work more interesting and stimulating, making workers feel more involved and important to the organisation. It can also create new job opportunities for young people.

4. **Special projects and schemes:** For instance, the Youth Guarantee is an important initiative and a programme that will be implemented with the support of the European Union, offering employment and training opportunities for young people. This scheme aims to

integrate young people into the labour market, intending to support a total of about 18,000 young people aged 15-29.

This study delves into an examination of existing literature concerning the reprogramming of work and strategies to prevent the departure of young people and qualified workers, particularly through the lens of the potential risks and additional costs associated with substituting them with foreign labour. By examining these strategies and their implications, the aim is to provide a valuable contribution to the discussion on how organisations can reprogramme their work to curb the departure of young people and skilled workers. If these steps and strategies are implemented with dedication, we can help deter the departure of young people and qualified individuals from the country and build a sustainable and developed labour market.

3. Methodology, Materials, and Methods

This study utilises a combined qualitative and quantitative approach to analyse data from various sources, including unemployment statistics, migration reports, and labour market studies by employment experts. New training and re-education programmes aimed at enhancing workers' skills and providing better job opportunities were also evaluated. Additionally, the country's labour laws and regulations were taken into consideration.

This work utilises secondary data to proceed with an in-depth review of the literature on the effects of the departure of young people and qualified workers. Common sources of secondary data include government documents, partners and non-governmental organisations, academic institutions, and websites. Literature reviews are essential to assist researchers in identifying what has been previously researched and written about this topic. They also help determine the extent to which a specific research area reveals any interpretable trends or patterns. The literature review can summarise empirical findings and help in generating new theories and frameworks. [12] However, a literature review can serve not only as a section within a research paper but also as the focal point of the article itself, offering a comprehensive survey of existing studies in a specific research area without the analysis of primary data.

This article offers a descriptive and cartographic literature review, aimed at systematically mapping the knowledge landscape on a specific research topic. It seeks to identify interpretable patterns or trends within propositions, established theories, methodologies, or empirical findings.

Articles were searched in the Proquest and Google Scholar databases with the key phrase "Reprogramming work to deter the departure of young people and qualified workers". Seven publications were found to be relevant, and the results are presented in the results section.

4. Results and Discussion

The findings indicate that reprogramming work by adapting schedules, enhancing flexibility, providing professional development opportunities, and increasing wages can positively impact the willingness of young people and qualified workers to remain within their home countries.

The discussion centres on interpreting the results and their application in devising impactful employment policies. Furthermore, the significance of a cohesive strategy that includes the private sector, educational bodies, and government is emphasised. Work reprogramming ought to go hand in hand with reforms in the education and professional systems, aligning the skills of young individuals with the needs of the labour market. Such an approach will foster a more conducive environment for retaining talent within the country.

5. Conclusions and Recommendations

This study delved into the critical theoretical knowledge concerning the risks associated with workforce shortages, with a particular focus on strategies to prevent the departure of young people and qualified workers, while also outlining the potential pitfalls of relying on the employment of foreign labour.

Work reprogramming could be an effective strategy to combat the departure of young people and skilled workers. Achieving this, however, necessitates a robust political and social will to establish a work ecosystem that cherishes and backs local talent. This includes the imperative to invest in education and training programmes, enhance labour laws, and foster a business climate conducive to innovation and the cultivation of skills.

This study analysed key theoretical insights concerning the perils of human resource deficits, particularly emphasising the risks associated with the outflow of young people and qualified workers. Drawing from secondary data, the literature review revealed that numerous organisations encounter challenges and risks in managing human resources while adopting diverse strategies to mitigate the exodus of young people and qualified workers from the country. The field of work reprogramming emerges as a nascent area of research, indicating its growing relevance and potential for further exploration.

This study uncovered notable insights related to the subject of investigation, revealing that a trio of key factors - salary levels, the option for remote work, and job security - significantly impact the retention of local employees. In addition, effective regulation of labour relations and hybrid work environments is crucial for ensuring an organisation's ability to attract, select, and retain high-performing local employees, thus avoiding the need and additional expenses associated with recruiting from abroad.

Work reprogramming represents a significant yet crucial challenge in deterring the departure of young people and skilled workers from Albania. Below are some recommended steps and strategies:

- The increase of salaries in alignment with tenure and performance serves as an incentive to motivate employees and retain them within the country.
- Emigration must become a national priority, recognising that the youth represent the country's most precious resource and should be retained within its boundaries.
- The vision and mentality of owners and entrepreneurs need to change. They should be more supportive of their employees, share profits and revenues that come from the workers' labour.
- Entrepreneurs and businesses need to commit to a sustainable relationship with their employees, characterised by the fair and open distribution of financial gains.
- Investment in the training and development of employees is essential. Training and skill enhancement will help young people stay and contribute to the country.

The primary contributions of this study were empirical rather than theoretical. It highlights the necessity for an expanded development of theoretical frameworks within these areas, particularly in understanding how strategies for mitigating or preventing workforce departure can influence an organisation's dynamics.

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The impact and management of e-commerce on traditional sellers in Albania

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Abstract

Albania is expected to benefit from the growth of e-commerce, which is defined as the sale of services and goods via the Internet. It is a fast-growing sector of the global economy that allows retailers to reach more customers. First, through e-commerce, Albania can connect its small domestic economy to larger markets abroad and to its urban centers. It also helps connect its rural communities to urban areas. Second, despite the small number of companies in Albania that have international brands, e-commerce can help increase the country's exports. Through a variety of platforms, customers can easily search and find products from the country. Third, due to the ease of doing business online, e-commerce can help small and medium-sized enterprises in Albania expand their operations. It eliminates the need for them to set up a physical store and allows them to experiment with new markets. The purpose of this study is to investigate the effects of e-commerce in Albania. It will also examine the various factors influencing the development and evolution of the country's traditional retail industry. The research will analyze the level of e-commerce adoption by various traditional retailers and the changes they are experiencing including changes in consumer behavior and competition. The methodology used for our study is qualitative and quantitative empirical research. The method used for data collection is statistical data analysis (Statista 2023). The data was collected in a period from July 10, 2023 to July 31, 2023. The data was taken raw from the statistical data and then the processing of our information was done using Excel. The data for the Western Balkans were taken from the database of a similar study where we referred to the questions we adapted for Albania.

Keywords: Traditional Retailers, E-commerce, Albania, Western Balkan.

Introduction

The rise of e-commerce has created new economic opportunities. E-commerce is quickly becoming a game-changing technology that is transforming the way businesses operate. E-commerce provides sellers with an opportunity to expand their reach and provide their customers

with a better and more convenient shopping experience. It allows them to reach customers who may not be able to physically visit their stores. Increasing the number of affluent customers can help online businesses improve their margins. They can also find new ways to lower their costs and improve their operations by sourcing equipment and supplies online. The emergence of an e-commerce ecosystem can help create new jobs. Through payment service providers, sellers can process their transactions online. Third-party logistics services allow them to deliver goods to their customers. Through e-commerce, buyers and sellers can connect easily. Services such as delivery, warehousing, and payment can be offered by various platforms, giving customers more choices and making shopping more convenient. With the ability to shop for products from different online shops, consumers have a wider choice of options than they would get at local stores. Product comparisons and reviews can help them make informed decisions and improve their purchasing experience. The rise of internet development has greatly impacted the lives of customers all around the world. It has revolutionized the way consumers shop for goods and services. (Singh & Rana, 2018). Online shopping is more convenient and gives customers a wider choice of products. Despite the advantages of online shopping, it is still perceived as a risky activity. (Orubu, 2016; Makhitha et al., 2019).

According to a study conducted by Panday and Parmar, various factors influence a consumer's decision to buy goods or services online. Some of these include social media, demographic factors, knowledge about computers and the internet, shopping experience, and payment options. (Panday and Parmar, 2019, p. 541). Due to the incapability to check the product before buying it, and the uncertainty about the after-sales service, the shopping process has become more unpredictable. (Farhana et al., 2017), (Arora & Sahney 2018).

Customers are more inclined to buy products and services from online businesses if they feel secure and trustworthy. A study conducted by Nittala in 2015 revealed that perceived price and risk are some of the factors that influence an individual's decision to purchase goods or services over the Internet. (Mapande & Appiah, 2018), Nittala (2015). A study conducted by Makhitha and Ngobeni in 2021 revealed that customers' attitudes toward online shopping are affected by security and privacy risks. Despite the increasing number of people in Albania who use the internet, a majority of them are not willing to shop for products and services online due to these risks. (Makhitha & Ngobeni, 2021). According to the E&P Communication Authority of Albania,

there has been a steady increase in the number of people who have internet access. In 2021, there were about 2 million active 3G/4G cellular internet users, while there were about 500,000 broadband users. (EPCA, 2021). The rising number of internet users has resulted in more people wanting to make purchases online. Many of them prefer to use bank cards.

In 2020, there were over a million debit cards in circulation, which is an increase of 5.6% from the previous year. The number of credit cards also decreased by 4.3%. The Bank of Albania reported that the electronic money card market grew by 7.5% in 2020 with 72,080 transactions. (Bank of Albania, 2021). The increasing number of debit cards has resulted in the development of a more mature and comprehensive demographic framework for consumers. This allows banks and other financial institutions to identify their ideal customers and develop effective marketing strategies. Different characteristics such as age, gender, and income level can be easily observed to identify the target consumer groups. (Braumllari and Mezini, 2018). The characteristics of consumers and businesses when it comes to buying products online can be used to develop a personalized shopping experience. Having a deeper understanding of these factors can help managers improve the efficiency of their operations.

Research Objectives

The objectives that have been created depending on the purpose of the study are:

1. To highlight the impact of e-commerce on traditional sellers in Albania.
2. Identify strategies to adapt to the changing retail landscape in Albania.
3. To record the buying habits of Albanian consumers during e-commerce purchases.
4. To identify the most attractive and challenging purchases, as well as the products that people buy most often and which websites are usually used in Albania.
5. To identify the factors that influence the use of e-commerce instead of traditional sellers in Albania.
6. To identify the factors that influenced the consumer experience when it came to buying products online.

Research Questions

The research questions of the study are as follows:

1. Does e-commerce have an impact on traditional sellers in Albania?
2. What are the strategies to adapt to the changing retail landscape in Albania?
3. What are the buying habits of Albanian consumers when they make purchases in electronic commerce?
4. What are the most attractive and challenging purchases, as well as the products that people buy most often?
5. Which websites are usually used in Albania for e-commerce purchases?

2. Literature Review

Factors that influence a person's decision-making process when it comes to buying goods and services online are numerous. Age can have a significant impact on a person's online shopping behavior. For instance, while older individuals tend to spend a lot on health-related expenses, younger ones are more likely to spend on lifestyle and entertainment. For instance, older customers tend to be more concerned with the origin of the product or service they're purchasing online. On the other hand, younger individuals are more likely to use the Internet due to their better skills and experience. In 2015, a study revealed that the younger generation was more cautious when it came to shopping online due to their financial situation. (Nittala, 2015), Pinca (2015) According to a study conducted in 2015, 24 to 34-year-old individuals are more likely to buy products and services online due to the lower prices and variety of products. In 2014, another study revealed that the main factors that influence older customers' decision to buy products and services online are social influence and performance expectation. On the other hand, the other factors that can prevent people from buying products and services online are tradition and risk. Baubonienė and Gulevičiūtė (2015), Lian & Yen (2014) In 2021, a study conducted by Ngobeni and Makhitha revealed that the relationship between privacy, security, and product risks moderated as people got older. In 2011, another study revealed that younger consumers were more likely to have a positive attitude toward online shopping. Makhitha & Ngobeni (2021). The buying decisions made by women and men are affected by their lifestyles and needs. In a study conducted in 2019, Mehrotra and colleagues discovered that male consumers spend more money and make more purchases online than women. They also stated that men are more likely to shop for goods and services online in the future. Mehrotra et al. (2019) . In 2021, a study conducted by researchers revealed that women are more likely to buy products and services online than men. The study also noted that women are more

likely to shop for goods and services both in stores and online. Jindal et al (2021). According to a 2012 study, gender has a significant impact on how consumers behave online. Kalia and colleagues (2016) claimed that women are more prone to taking risks and displaying unusual exploratory behavior when it comes to making purchases online. In 2015, Baubonen and Guleviciūtė noted that men are more inclined to buy products online due to the cheaper prices. Venkatesh et al. (2012), Kalia et al. (2016), Baubonienė and Gulevičiūtė (2015). A study conducted by Sethi and colleagues in 2017 revealed that men are more likely to buy products or services online than women. A similar study conducted by Pascual-Miguel and colleagues in 2015 revealed that gender had a significant impact on the purchase intention and effort expectancy of consumers. Sethi & Sethi (2017), Pascual-Miguel et al. (2015). Another demographic variable that has a big impact on how consumers behave online is marital status

3. Methodology

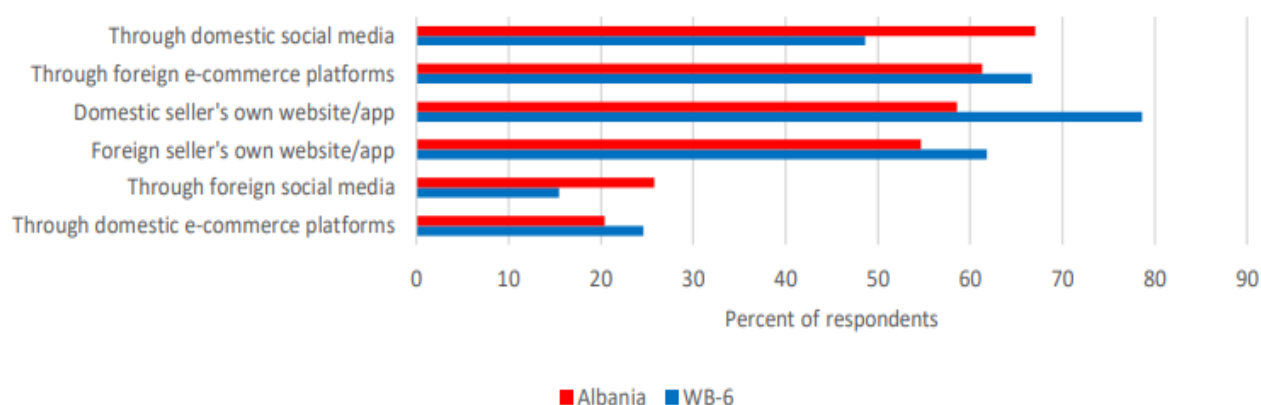
The methodology used for our study is qualitative and quantitative empirical research. The method used for data collection is statistical data analysis (Statista 2023). The data was collected in a period from July 10, 2023, to July 31, 2023. The data was taken raw from the statistical data and then the processing of our information was done using Excel. The data for the Western Balkans were taken from the database of a similar study where we referred to the questions we adapted for Albania. Data related to factors such as age, gender, marital status, location or residence, education, income, experience in years, and frequency of online shopping were obtained from Instant (2022).

4. Findings and Discussion

The e-commerce market in Albania is characterized by two main types of transactions: domestic sales through local webshop and social media platforms and international shopping through credit card transactions. According to a survey conducted in the country, 67 percent of the respondents said they use social media platforms to buy products from local sellers, while over 61 percent claim to do so on international marketplaces. Most of the time, cash on delivery is used as the primary method of payment when making e-commerce transactions in Albania. Card payments are also commonly used for international transactions. Although this trend is prevalent in the Western Balkans, the results of this survey are more pronounced in the country. Compared to other Western Balkans countries, the number of e-commerce transactions made by sellers in Albania from their

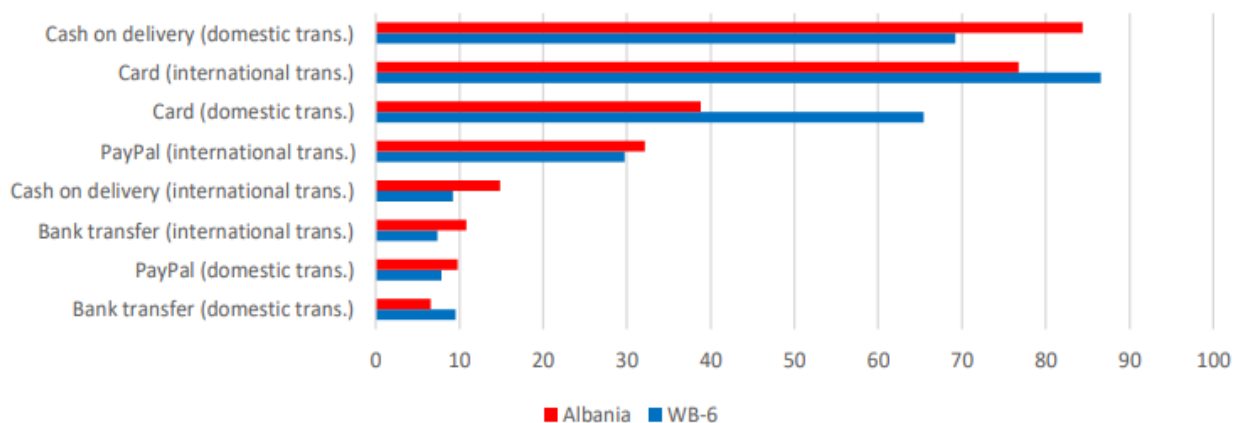
own websites is relatively low. This suggests that the country's e-commerce market is still developing. A variety of channels and payment methods are used for e-commerce transactions. To get an answer about this we have two questions?

Figure 1: Graphic representation of the question “Where do you typically buy online? “



Source of information: Fall 2020 World Bank Survey on online shopping in the Western Balkans; responses by respondents that already use e-commerce.

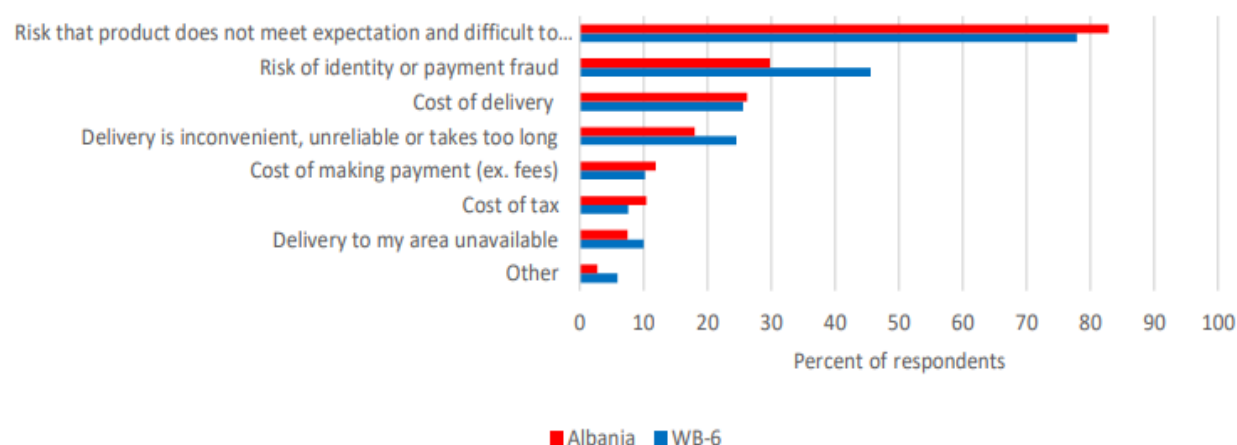
Figure 2: Graphic representation of the question “Which payment methods do you primarily use for online purchases?”



Source of information: Fall 2020 World Bank Survey on online shopping in the Western Balkans; responses by respondents that already use e-commerce.

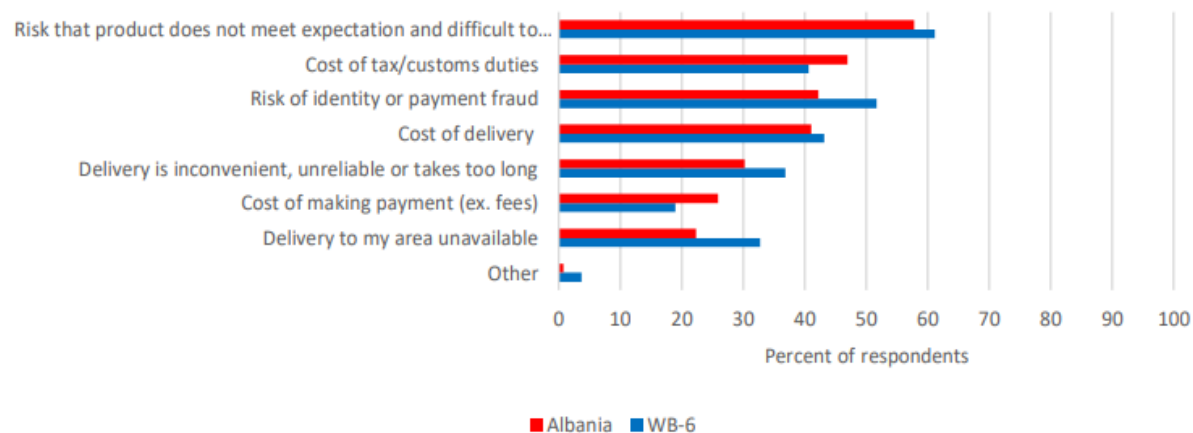
The lack of trust in online retailers is a key constraint to the growth of the e-commerce industry in Albania. According to a survey, over 80 percent of respondents noted that the risk of getting a product that doesn't meet their expectations is a key factor that affects the purchase process from domestic sellers. The survey also revealed that 30 percent of respondents are worried about the risk of payment theft and identity theft when doing cross-border transactions. Other concerns included high delivery costs and customs duties. The survey was conducted to gather opinions on the various constraints that prevent the general population from using e-commerce in their country. This includes the availability of online payments and English language skills, as well as the lack of internet access.

Figure 3: Graphic representation of the question “What are your main concerns when buying online from domestic sellers?”



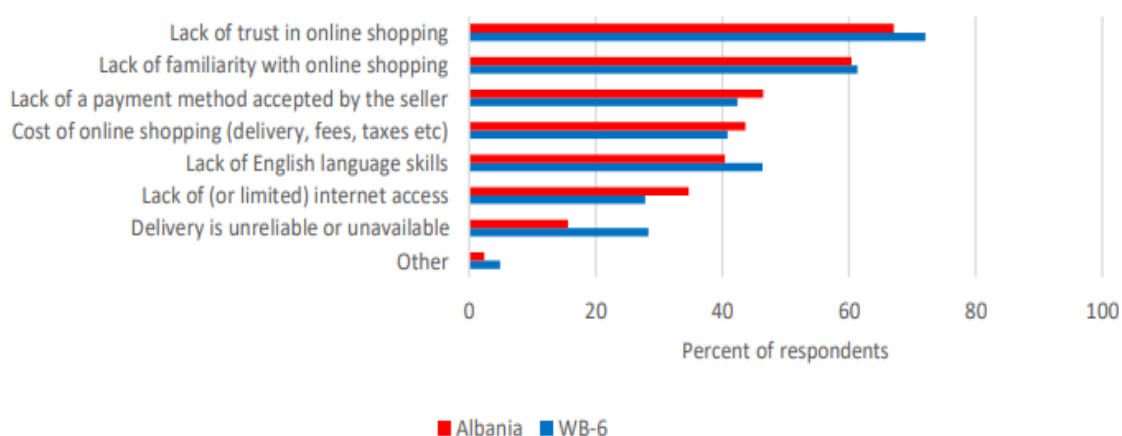
Source of information: Fall 2020 World Bank Survey on online shopping in the Western Balkans; responses by respondents that already use e-commerce.

Figure 4: Graphic representation of the question “What are your main concerns when buying online from foreign sellers?”



Source of information: Fall 2020 World Bank Survey on online shopping in the Western Balkans; responses by respondents that already use e-commerce.

Figure 5: Graphic representation of the question “For the general population, which of the following are major constraints for access to e-commerce?”



Source of information: Fall 2020 World Bank Survey on online shopping in the Western Balkans; responses by respondents that already use e-commerce.

According to a survey conducted in Albania, over 80 percent of consumers think that online shopping is beneficial for them, and they cite time-saving as one of the main benefits. More than half of respondents also said that the product choice offered by online retailers is a core value proposition. For most Albanians, e-commerce is a substitute for buying products from brick-and-

mortar establishments. About 34 percent of the respondents stated that their purchases were made through online retailers instead of local shops. For about 50 percent of the respondents, the main reason they use e-commerce is to purchase products that are not available in local stores. Another 15 percent said they mainly use it to buy from local shops. This suggests that although e-commerce is still in its early stages of development, it is still complementing the country's analogue markets.

5. Conclusion

The report aims to review the e-commerce environment in Albania and identify recommendations that can help the country improve its digital trade opportunities. E-commerce thrives when supported by a multi-sectoral enabling framework. However, there are still various constraints that need to be resolved in order to support the country's e-commerce ecosystem.

Logistics and customs: The customs and logistics sectors need to work together to support e-commerce businesses. To effectively handle the high-volume consignments that are typically associated with this industry, the customs administration should develop effective processes and improve the efficiency of its operations. E-commerce companies can also benefit from the warehousing strategies that they can implement.

Digital connectivity: Private and public sector entities need to work together to provide high-speed internet connectivity to all corners of the country. Investments in infrastructure, permits, and streamlining procedures are needed to facilitate this process. In addition to this, the roll-out of fifth-generation mobile technologies such as 5G is also crucial for ensuring that Albania is ready for the future of online business.

Online payments: Expanding the availability of electronic payment methods among consumers is a key priority for businesses. Nevertheless, enterprises must also invest in enhancing their payment processing capabilities to accommodate the needs of their customers. Positive feedback loops can be established as the growth of both sides of the market accelerates.

Private sector capabilities and skills: There is a need for a well-defined and supportive private sector framework for e-commerce in Albania. This can be done through the establishment of training programs and financing solutions. Besides creating a conducive business environment, the country also needs to develop a transparent and business-oriented customs and tax system. The

establishment of e-commerce platforms is a key component of the private sector's strategy to improve the efficiency and effectiveness of its operations in Albania. It can help local businesses develop effective sales channels and attract more potential customers. The key to becoming knowledgeable about online shopping is gradually learning how to do it.

E-commerce regulatory framework: The digital economy requires a robust regulatory framework. This ensures that all parties are protected when conducting transactions online. Due to the rise of online platforms, there is a need for a legal framework that will help clarify the responsibilities and rights of these businesses.

The COVID-19 pandemic has resulted in a significant incentive to accelerate the digital transformation of the Albanian economy. Online shopping has become an important component of this strategy. However, despite the increasing number of people using the internet, a significant number of them do not shop online due to various risks associated with it. Due to the rapid emergence and evolution of e-commerce, online vendors have been asking for research on the factors that influence the behavior of consumers when it comes to shopping online. Understanding the multiple demographic factors that influence the buying habits of consumers is very important for any company. By analyzing the various demographic factors that influence a consumer's buying habits, online retailers can efficiently categorize their products and services and determine their target audience.

6. Recommendation

1. As the e-commerce industry in Albania continues to develop, it is important that the authorities take the necessary steps to manage the various risks associated with the country's online market. This report aims to provide a comprehensive view of the country's digital trade environment.
2. As the number of e-commerce businesses in Albania continues to grow, it is important for the authorities to take the appropriate steps to manage the multiple risks associated with the industry. These include improving the procedures for managing e-commerce transactions and ensuring that the country's international players pay their taxes in a fair manner.

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E-economy, e-business, e-commerce, e-government në vendin tonë*Mirion Theodhosi*¹³⁹**Hyrje**

Disa nga kushtet bazë në marrëdhëniet ndërkombëtare janë zhvillimet e komunikimeve elektronike në ekonomi, biznes, tregti dhe gjithashtu në shërbimin shtetëror. Në terrenin e zhvillimit të tregtisë ndërkombëtare, është e nevojshme ndërtimi i infrastrukturës së komunikimeve elektronike. Vendet në mbarë botën po zhvillojnë ndërveprimet e tyre tregtare në largësi. Ligji “Për mbrojtjen e konsumatorit” në vendin tonë parashikon shitjen në largësi ndërmjet palëve. Shitja në largësi mund të realizohet nëpërmjet komunikimit elektronik ndërmjet palëve dhe faqeve elektronike në internet, ku shitësi ofron informacionin e nevojshëm lidhur me çmimin e produktit, cilësinë, sasinë, kushtet e konsumit, origjinën e produktit, modalitetin e përdorshmërisë së faqes elektronike në internet nga përdoruesit/blerësit e mundshëm.

Objekti i punimit është ndikimi i ekonomisë globale në shoqërinë shqiptare lidhur me zhvillimin e komunikimit teknologjik në sektorin publik dhe privat.

Është përdorur metodologji e përbërë nga kërkime në internet për kuadrin ligjor lidhur me komunikimet elektronike, aktualitetet, profilin e vendit tonë në lidhje me zhvillimin dixhital të publikuar nga Kombet e Bashkuara në Shqipëri.

Shërbimet e-albania

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Nëpërmjet platformës qeveritare e-albania, qytetarëve u ofrohen shërbime në fushat e gjendjes civile, të arsimit, punës, shëndetësisë, kontributet, pensionet, gjendjen gjyqësore, biznesit, leje, liçenca, transportit, pasurive të paluajtëshme, shërbimet konsullore dhe shërbimet doganore.

Përmes aplikimit online, qytetarët pajisen me certifikatat personale, certifikatat familjare, certifikatat nga akti i lindjes, certifikatat nga akti i vdekjes, certifikatat e martesës.

Nëpërmjet shërbimit e-albania, mund të aplikohet online për korrigjimin e të dhënave si gabim material.

Me anën e kësaj platforme elektronike, nxënësit mund të regjistrohen në arsimin parauniversitar, në gjimnaze. Ndërsa studentët që kanë përfunduar arsimin parauniversitar në shkollat jashtë vendit mund të aplikojnë për njehsimin e dëftesave të tyre. Njëkohësisht studentët, të cilët kanë përfunduar studimet në universitetet e huaja, mund të njehsojnë diplomat dhe certifikatat e lëshuara nga institucionet e huaja të arsimit të lartë.

Përmes platformës qeveritare e-albania, qytetarët mund të aplikojnë në lidhje me grada shkencore, doktoratura, fondin e ekselencës, certifikata për trajnime profesionale, për testin e maturës etj.

Qytetarët e rinj, nëpërmjet platformës së mësipërme qeveritare, mund të aplikojnë për arsimim, punësim, formim profesional e të tjera. Njëkohësisht, shtetasit mund të kërkojnë në rrugë elektronike punësim dhe punëdhënit mund të ofrojnë punë.

Në këtë shërbim elektronik gjenden dhe aplikime për nxitjen e programeve të punësimit.

Nëpërmjet platformës e-albania, personat fizikë dhe personat juridikë mund të aplikojnë për akt miratimin higjeno sanitar.

Në fushën e pronësisë, shtetasit mund të aplikojnë tek platforma qeveritare e-albania për kartela pasurie, vërtetime, certifikata, vërtetime pronësie, gjendjen juridike të pronësisë, informacion, dokumentacion, harta treguese për pronën, regjistrim, ndryshim, ose shuarje servituti, korrigjim gabimesh të të dhënave të pronësisë, regjistrimin e kontratave të shitjes, shitjes me kusht, dhurimit, shkëmbimit, regjistrimin e padisë, masës së sigurimit të gjykatës mbi pronën, saktësimin e kufijve, regjistrimin e pjesëtimit nëpërmjet vendimit të gjykatës, ose marrëveshjes noteriale, verifikimin në terren të pasurisë nëpërmjet rlevimit, regjistrimin e kontratës së hipotekës, heqjen dorë nga

pronësia, regjistrimin e aktit të trashëgimisë, akteve noteriale të lidhura midis zhvilluesit të pronës dhe pronarëve të truallit, apo palëve të treta, regjistrimin e përkohshëm të karabinasë, lejen e zhvillimit, vendosjen e sekuestros mbi pronën.

Qytetarët aplikojnë tek shërbimi e-albania për kontributet shoqërore, pensionet e tyre, gjendjen gjyqësore, dëshmi penaliteti.

Në fushën e biznesit, personat fizikë, ose juridikë aplikojnë për vërtetime lidhur me pagesat e kontributeve shoqërore, tatimeve, vërtetime për gjendjen e aktivitetit të tyre ekonomik.

Në sektorin e ndërtimit, shtetasit mund të aplikojnë për lejet e ndërtimit, liçencat.

Nëpërmjet platformës e-albania janë evituar pritjet e zgjata të qytetarëve tek sportelet.

Dokumentet e e-albania mund të përdoren prova në gjykata dhe kanë vlerë të plotë zyrtare për shkak të nënshkrimit dhe vulës elektronike.

Nëpërmjet platformës qeveritare e-albania, janë eliminuar rradhët e gjata nëpër sportele dhe ky shërbim online qeveritar ka ndikuar në parandalimin e korrupsionit, një fenomen negativ, i cili ka qenë plagë e shoqërisë sonë për një periudhë të gjatë kohore.

E-economy

Ekonomia kanalizohet në sektorët privatë dhe publikë.

Dualiteti i sektorëve privatë dhe publikë ndërthuret veçanërisht në legjislacionet Civil Law me reflektimin në raportin shtet – shoqëri, përkatësisht në vitin 800 për të garantuar një zhvillim të lirë dhe të plotë të ekonomisë në Gesellschaft¹⁴⁰.

Debati në doktrinë lidhet me kushtetutën ekonomike¹⁴¹.

Në fazën e parë të zhvillimit ekonomik, prospektiva e ekonomisë politike paraprirëse është ajo e ndërhyrjes minimale të shtetit, veçanërisht në vitin 1800. Shteti duhej të garantonte kushtet bazë

¹⁴⁰ Shoqëri

¹⁴¹ Saitto F., Ekonomia dhe Shteti kushtetues. Kontribut në studimin e “Kushtetutës ekonomike”, në Gjermani, Milano, 2015.

për aktivitetet e borgjezisë në zhvillim nëpërmjet instrumenteve të ligjit, Shtetit të së drejtës, Bankës Qendrore, një monedhe, mundësisht infrastrukturave¹⁴².

Një sistem industrial është i karakterizuar nga ndarja ndërmjet sektorëve prodhues që angazhojnë teknologji të prodhimit në numër të madh serie, normalisht në shkallë të gjerë dhe me kapital të madh dhe sektorë që angazhojnë prodhim në numër të vogël serie, në pika shitje pakice.

Në sektorët e llojit të parë përfshihen përqëndrimet e sipërmarrjeve në treg. Ndërsa sektorët e llojit të dytë janë të shpërndarë dhe konkurrues.

Sipërmarrjet e llojit të parë udhëhiqen nga arsyet teknologjike të maksimalizimit të prodhimit, në shpejtësinë e prodhimit. Ndërsa sipërmarrjet e vogla veprojnë me prodhimtari të ulët dhe procese të ngadalta të prodhueshmërisë¹⁴³.

Lind pyetja, a është dualizmi mënyra normale e një sistemi ekonomik?

Sipas doktrinës¹⁴⁴, qendra, përkatësisht sipërmarrjet e përqendruara në treg dhe periferia sipërmarrjet e vogla të shpërndara dhe konkurruese nuk janë dobësi për ekonominë, por dy mënyra të ndryshme të së njëjtës ekonomi.

Çështja e dytë lidhet me efikasitetin, ose funksionalitetin e dualizmit qendër periferi.

Funksionaliteti do të evidentohet në aftësinë e sipërmarrjeve të përqendruara dhe sipërmarrjeve të vogla e konkurruese për të prodhuar sipas kapaciteteve të tyre teknologjike¹⁴⁵.

Ekonomia moderne, bashkëkohore është karakterizuar nga dixhitalizimi, tregtia në largësi nëpërmjet faqeve WEB në internet, pa qenë e nevojshme prania e shitësit dhe blerësit në të njëjtin vend, të cilët mund të mos jenë të disponueshëm për shkak të punës dhe arsye familjare, ose shëndetësore, të arsimit.

e-business, e-commerce

¹⁴² Shteti dhe tregu: Një histori bashkëkohore, Emanuele Felice.

¹⁴³ Kontributi i analizës dualistike për kuptimin dhe kontrollin e një sistemi industrial të përparuar.

¹⁴⁴ Dualizmi në ekonominë industriale, Roberto Artioli, fq. 13.

¹⁴⁵ Dualizmi në ekonominë industriale, Roberto Artioli, fq. 13.

Për shkak të globalizimit, tregtisë ndërkombëtare, tregtisë ndërmjet disa zonave të ndryshme të një vendi, pamundësisë së individëve, personave fizikë, ose juridikë për të qenë tek i njëjti vend për të lidhur një marrëveshje tregtare, në ditët e sotme janë zhvilluar e-business, e-commerce.

Ligji i Republikës së Shqipërisë ka parashikuar lidhjen e kontratës në largësi¹⁴⁶.

Ligji përcakton të gjitha mjetet e komunikimit në largësi, të cilat pa praninë fizike të njëkohshme të të dy palëve, mund të përdoren për lidhjen e kontratës, si letërkëmbimi, materialet e shtypura, publiciteti në shtyp me formularë porosish, katalogu, posta elektronike, tregtia elektronike, faksi telefoni dhe televizori¹⁴⁷.

E-commerce, e-business, tregtia elektronike është parashikuar dhe nga ligji i vendit tonë¹⁴⁸.

Me E-business, electronic business, online business kuptohen transaksionet, ndërveprimet e biznesit, tregtisë nëpërmjet internetit, faqeve WEB në platformat e publikuara në internet.

E-business i ka patur fillimet e tij në vitin 1996.

Në praktikën E-business, për shkak të impenjimeve, arsyeve të punëve, angazhimeve familjare, shkaqeve shëndetësore, sociale, ose proceseve gjyqësore, shitësi dhe blerësi nuk takohen sëbashku për arritjen e marrëveshjes, të cilën e përfundojnë në distancë, nëpërmjet faqeve WEB të publikuara në internet.

Tek faqja WEB, sipas ligjit të vendit tonë¹⁴⁹, shitësi është i detyruar të publikojë kushtet e kontratës së shitblerjes, të dhënat mbi shitësin, cilësinë e mallit të tregtuar, markën, shenjat dalluese të tij, afatet e konsumimit, nëse është mall i konsumueshëm, mënyrën e përdorimit të tij, nëse është mall i përdorueshëm, çmimin, kushtet e ambalazhimit, vendin e prodhimit, garancinë, afatin e garancisë, afatin e përdorimit nëse është mall i përdorueshëm, sigurinë e përdorimit të faqes së tij WEB nga përdoruesit, përgjegjësitë e përdoruesve nëse të dhënat e tyre të përdorimit të faqes në internet ia u japin palëve të treta dhe mungesën e përgjegjësisë së shitësit në këtë rast.

¹⁴⁶ Ligji nr. 9902, datë 17.04.2008 “Për mbrojtjen e konsumatorit”, neni 36, paragrafi 1.

¹⁴⁷ Ligji nr. 9902, datë 17.04.2008 “Për mbrojtjen e konsumatorit”, neni 36, paragrafi 2.

¹⁴⁸ Ligji nr. 9902, datë 17.04.2008 “Për mbrojtjen e konsumatorit”.

¹⁴⁹ Ligji nr. 9902, datë 17.04.2008 “Për mbrojtjen e konsumatorit”, nenet 28, 29, 30 dhe 31.

Të hapësh një aktivitet të tregtisë elektronike, mund të jetë një mundësi konkrete për të zhvilluar aktivitetin nga tregtia në një dyqan në tregtinë elektronike, ku të dhënat e mësipërme mbi shitësin dhe mallin e tregtuar, konsumatorët mund t'i lexojnë online, nëpërmjet internetit, në platformën e-commerce.

Sipas raportit Europe e-Commerce 2023, rritja eksponenciale e shitjes online, nëpërmjet internetit, e përforcuar gjatë periudhës së pandemisë, ka vazhduar dhe në vitin 2023, me një faturim të 899 milion Euro dhe një rritje prej 12 % krahasuar me 849 milion të vitit 2022. Ky ritëm duket i konfirmuar për vitin 2024 dhe në vijim.

Shitja online është subjekt i dispozitave të caktuara ligjore dhe fiskale, përveç detyrimeve administrative.

Detyrimet për hapjen e një aktiviteti të shitjes online janë të natyrës ligjore, fiskale dhe administrative.

Aktiviteti i shitjes elektronike është subjekt i tatimeve, taksave vendore dhe kombëtare.

Për fillimin e aktivitetit të shitjes online, duhet zgjedhur forma e shoqërisë tregtare, ose person fizik.

Kodi i konsumit i Republikës Italiane, dekreti legjislativ i datës 06.09.2005, numër 206, përcakton shumë aspekte të kontratave me konsumatorët, ndër të tjera të kontratave në largësi, duke filluar nga paraqitja e tipologjisë së kontratës, deri në aspekte më të veçanta si përjashtimet për konsumatorët, detyrimet për shitësit, modalitetet në bazë të cilave realizohen kontratat në platformat e-commerce, të drejtat e konsumatorëve, çmimet, pagesat shtesë, penaltitetet¹⁵⁰.

Përfundim

Me zhvillimin e teknologjisë dhe tregtisë ndërkombëtare si dhe tregtisë nëpërmjet zonave të ndryshme të një vendi, është zhvilluar tregtia elektronike, e-commerce, e-business, online, nëpërmjet publikimit në faqet WEB të internetit.

¹⁵⁰ Confcommercio, Udhëzues informues mbi shitjen në distancë.

Individët, personat fizikë, ose personat juridikë nuk mund të jenë të pranishëm njëkohësisht në të njëjtin vend për të realizuar kontratën e shitblerjes për shkak të gjendjes së tyre shëndetësore ose të përfaqësuesve të tyre, arsyet e punësimit, lidhjeve familjare, shoqërore, detyrimeve shtetërore, ose proceseve gjyqësore.

Për këtë arsye, nëpërmjet platformave e-commerce, personat fizike, ose personat juridikë hapin faqet e tyre WEB në internet, tek të cilat publikojnë të dhënat mbi shitësin, cilësinë e mallit të tregtuar, markën, shenjat dalluese të tij, afatet e konsumimit, përdorimit të tij, çmimin, kushtet e ambalazhimit, vendin e prodhimit, garancinë, afatin e garancisë, afatin e përdorimit nëse është mall i përdorueshëm, afatin e konsumimit, nëse është mall i konsumueshëm, sigurinë e përdorimit të faqes së tij WEB nga përdoruesit, përgjegjësitë e përdoruesve nëse të dhënat e tyre të përdorimit të faqes në internet ia u japin palëve të treta dhe mungesën e përgjegjësisë së shitësit në këtë rast.

Me zhvillimin e tregisë elektronike, e-commerce, e-business, është zhvilluar me ritme të shpejta dhe tregtia ndërmjet shteteve, tregtia ndërmjet zonave të ndryshme të një vendi.

Konsumatorët në faqet WEB të internetit marrin informacionet e mësipërme në lidhje me të dhënat e shitësit, cilësitë e mallit, pa qenë e nevojshme të paraqiten në dyqanin e shitësit, duke kursyer kohë dhe shpenzimet e udhëtimit.

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